FACILITATE DIGITAL HOLDINGS LIMITED (FAC)

AND CONTROLLED ENTITIES

ABN 84 093 823 253

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

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CORPORATE INFORMATION

Company

Facilitate Digital Holdings Limited

ABN 84 093 823 253

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Website: www.facilitatedigital.com

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Directors

Mr. Stuart Simson (Non Executive Director and Chairman)

Mr. Geoff Dixon (Non Executive Director)

Mr. Charles Sweeney (Non Executive Director)

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

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

Company Secretary

Mr. Jim Story

Share Registry

Link Market Services Limited

Level 12, 680 George Street,

Sydney NSW 2000 Australia

Telephone: 1300 554 474 or +61 2 8280 7111

Fax: + 61 2 9287 0303

Website: www.linkmarketservices.com.au

Auditor

Ernst & Young

8 Exhibition Street,

Melbourne Victoria 3000 Australia

Telephone: + 61 3 9288 8000

Fax: + 61 3 8650 7777

Corporate Advisor

Cooper Grace Ward Lawyers

Level 21, 400 George Street,

Brisbane 4000 Australia

ASX Code

FAC

Chairman and Chief Executive Officer's Message

Dear Shareholder

We are pleased to report on the Company's performance for the 2011 financial year and provide an update on the period ahead.

As detailed in the accompanying Operating Review, 2011 was a challenging year for the Company, with continued strengthening of the Australian Dollar, a protracted sales cycle, and softening in global market confidence. However revenue growth continued and we are confident the year ahead will yield a significantly improved result.

The Company secured its single most significant contract in the form of an exclusive global agreement with Mediabrands (a division of Interpublic Group), one of the world's largest agency groups. This contract will see the Company deploy its Symphony technology across the Mediabrands global organisation over three years, and is the first such contract in the world.

This is strong validation of the Company's unique technology, and of the Symphony workflow and trading platform in particular. The Mediabrands contract will contribute to our growth in 2012 and beyond.

The Company also made strong progress deploying Symphony into key Asia Pacific markets under a multi-year contract with GroupM (a division of WPP, the world's largest agency group). Many of these deployments were completed or substantially completed late in the 2011 financial year, and so have had little impact on 2011 performance but will contribute to 2011-2012 performance and beyond.

The Company also progressed major potential sales opportunities with various other international agency groups.

Underpinning this business development has been the continued and significant progress of our technology. With continuous innovation critical, we have maintained a vigorous program of product development throughout 2011, the results of which will continue to advance our market status and, in some areas, first mover advantage. Major projects completed include continued internationalisation of the Symphony and adserving platforms (managing to multiple languages, currencies and time zones), several new integrations with software vendors in North America, Europe, United Kingdom, China and Australia, market release of the adserving platform FFA version 5.0, and wide reaching customisation of Symphony. These important milestones will underwrite multiple deployments for major clients such as GroupM and Mediabrands in 2012 and beyond.

Most importantly, this technology development positions us well for big changes occurring in our global marketplace.

Up until quite recently the take up of digital workflow automation technology in the media industry has been gradual, resulting in a prolonged sales cycle. This is however changing rapidly.

As media agencies continue to experience strong growth within their digital practice, they are transitioning to establish scalability and create operating efficiencies. The Company's integrated workflow, trading and adserving has been designed and developed in anticipation of precisely this requirement, and so we will be able to meet this fast emerging opportunity with a mature, proven and industry leading technology.

It is in this context that the Company's activities are attracting interest from a wide range of industry players. The wave of digital automation in the media industry is beginning to drive global consolidation in our sector and having significant scale in operations is becoming more and more important.

The company wants to be in a position to participate in these opportunities and, following a number of approaches, appointed M H Carnegie and Co as an advisor. We are encouraged by the interest being shown by a number of parties and discussions are ongoing.

Finally, we would like to thank the staff of Facilitate Digital and our fellow directors for their contribution throughout 2011 and continued effort for an exciting year ahead.

Stuart Simson	**Ian Lowe**
Chairman	CEO

Directors' Report

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

Directors

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

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

Information on Directors

Mr. Stuart Simson - Chairman

Stuart Simson has more than 40 years experience in the Australian media and marketing industries. He is a former Managing Director of The Age and Sunday Age and Editor and CEO of BRW Publications. He is also former chairman of leading online media agency, emitch Limited.

Today, Stuart owns an advertising agency, Optimo Designs, and is Chairman and shareholder of online media agency, Switch Digital.

Stuart served as Associate Commissioner on the Productivity Commission Inquiry into the Broadcasting Services Act, and is a Council member of Leadership Victoria and a member of the CSIRO's ICT sector advisory council.

Mr. Geoff Dixon – Non Executive Director

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

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

Charles Sweeney has been involved with Facilitate Digital since its inception as a non-executive Director. Charles is a Partner at Cooper Grace Ward Lawyers where he practices in Corporate Law, Intellectual Property and Information Technology. Charles is an experienced company Director, member of the AICD, a member of the Company Law Committee of the Queensland Law Society and is a frequent presenter on such topics as Corporate Governance, Mergers and Acquisitions, Capital Markets, Intellectual Property and Information Technology law.

Mr. Ian Lowe, ASCM – Chief Executive Officer

Ian Lowe has broad cross media and marketing experience, accumulated over 20 years of working in and managing media and media related organisations; including George Patterson Bates, Thompson Media, and PMP Limited (ASX:PMP).

Prior to joining Facilitate Digital in 2002, Ian held executive management positions in various technology and media technology companies, including Managing Director of Red Sheriff Ltd and CEO of Traffion Pty Ltd. During Ian's tenure Red Sheriff grew from a staff of 10 to become a global leader in web analytics and market intelligence, with more than 1000 clients in 52 countries.

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

Mr. Ben Dixon – Chief Operating Officer

Ben's career in the advertising industry goes back over 15 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular Ben was responsible for the development and implementation of eCommerce and online strategies across a number of advertisers.

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

Interests in the shares and options of the company

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

	Number of ordinary shares	Number of options over ordinary shares
S. Simson	664,753	750,000
G. Dixon	7,494,063	750,000
C. Sweeney	7,996,095	5,249,105
I. Lowe	6,958,823	3,724,321
B. Dixon	17,878,825	9,802,097

Information on Company Secretary

Mr. Jim Story BA LLB FCIS

Mr Jim Story was appointed Company Secretary on 18 July, 2008.

Jim is a Senior Solicitor and Company Secretary with almost 33 years' experience in corporate and commercial law. He has been Company Secretary of a number of ASX listed entities.

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

Principal Activities

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

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

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

Operating Results

The consolidated loss of the Group, after providing for income tax amounted to $553,032 (2010: profit $12,848).

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no dividend was paid or declared during the financial year. The Directors have not recommended the payment of a dividend and no dividend was paid or declared in period since the end of the 2011 financial year and the issuance of this report.

Review of Operations

	2011	2010	**MOVEMENT**	
	$	$	$	%
Revenue related to the continuing operations	**7,202,649**	7,414,835	(212,186)	(3)
Earnings/(loss) before interest, tax, depreciation, amortisation and option expense from continuing operations	**1,031,355**	1,755,716	(724,361)	(41)
Net profit/(loss) before tax attributable to members from continuing operations	**(505,359)**	(38,931)	(466,428)	(1,198)
Net profit/(loss) after tax attributable to members from continuing operations	**(553,032)**	12,848	(565,880)	(4,405)
Revenue comparison based on 2010 foreign exchange rates	**7,705,374**	7,414,835	290,539	4

Full Year 2011 Results

The 2011 Financial Year produced a net loss after tax of $553,032 as compared to a net profit after tax of $12,848 in 2010.

Revenue for the 2011 financial year was adversely impacted by the strengthening of the Australian Dollar, which saw year-on-year revenue reduced by three per cent versus the 2010 financial year. Organic revenue growth was also affected somewhat by the softer economic environment in some markets including Europe. On a like-for-like basis however, with revenues adjusted for the effects of foreign exchange movements, revenue grew by $290,539 from $7,414,835 to $7,705,374, or four per cent.

Revenues were also affected by a longer than expected sales cycle. The effect of this saw revenues which had been anticipated to commence in the second half of financial year delayed until the first half of the 2012 financial year. Most importantly, the company secured material new contracts in the second half of the current period (see commentary below), from which new revenues will flow commencing the first half of the 2012 financial year.

Furthermore, some significant sign on fees already invoiced in full have for accounting purposes been deferred into the 2012 financial year. These sign on fees relate to major contracts secured in the second half of the 2011 financial year.

The combined effect of revenue lost to currency movement of $502,725, and timing issues associated with the commencement of new business, saw a corresponding impact on earnings before interest, tax, depreciation and amortisation, and net profit before tax. Earnings before interest, tax, depreciation and amortisation were $1,031,355 a reduction of 41 per cent on the previous year, and net profit before tax was a loss of $505,359 versus a loss of $38,931 in 2010, a variance of $466,428.

Continued focus on the management of costs saw costs reduced by $194,051 from the first to the second half of the 2011 financial year, a reduction of six per cent which will produce ongoing savings into the 2012 financial year. However, for the 12 months to 30 June, 2011, non-recurring expenses in the form of market establishment and compliance costs in both US and China, contributed to an increase in total expenses for the full year (excluding amortisation and depreciation) of seven per cent.

Notwithstanding the volatile global economic and currency environment, the Company believes that sales and technology milestones achieved in the current period places the Company in a sound position to deliver a significantly improved trading performance in the 2012 financial year and beyond.

Significant Sales Progress

Despite a delay in finalising major new contracts, the Group successfully completed large contract negotiations and progressed with key deployment projects. This ensures the Group is well placed for revenue growth commencing the first half of the 2012 financial year.

Sales and revenue related milestones for 2012 Financial Year include:

- The Company secured an exclusive global contract for its *Symphony* platform with Mediabrands, one of the world’s largest international agency groups. The Mediabrands contract is the most significant in the Company’s history, and is the first global agreement of its kind for the media industry. Mediabrands have commenced deployment of *Symphony* in Germany and China from which revenues will begin to flow in the first half of the 2012 financial year.
- Significant progress was made in the ongoing deployment of *Symphony* across APAC for GroupM, the world’s largest media agency group, with deployments into Australia and Singapore concluded in the second half of the 2011 financial

year from which revenues are now flowing. In addition, deployment projects for China, Malaysia and Japan commenced, which will see revenues commence in the first quarter of the 2012 financial year.

- Off the back of successful deployments in Australia and South East Asia, a contract was secured with GroupM to deploy *Symphony* in Japan. The deployment project has commenced and will see revenues commence in second quarter of the 2012 financial year.

The geographical diversity of these contracts will see revenue from offshore operations grow significantly in the 2012 financial year, building on the sixty three per cent of revenue already derived from markets other than Australia in the 2011 financial year. A continued focus throughout the 2011 financial year on innovation and global sales has resulted in securing international contracts which will drive revenue growth for the 2012 financial year and beyond.

Sales progress is also being made with a number of other regional and international agency groups. The Company is in various stages of discussion, negotiation and pilot with these groups.

Building on recent sales success and the revenue growth this will deliver, and the pressing need for media agencies to automate workflow and trading, the Company is confident further sales success will follow given the Company's strong category leadership in this area.

Furthermore, the Company believes the capture of significant market share in the emerging online workflow and trading sector will be a key driver of long term strategic value.

Major Technology Enhancements

Continued investment in technology saw major enhancements to the core platforms *Symphony* and FFA (*Facilitate for Agencies*), released in the third and fourth quarters of the 2011 financial year respectively. These enhancements are valuable as they provide the functionality and scale through which we will successfully service large user volumes and activity across our primary technology hubs in North America, Europe and Australia.

Other product milestones include:

- full double byte enablement of both FFA and Symphony;
- translation of Symphony into Chinese and German;
- management of cascading multiple discount schedules for markets such as Europe, China, Japan;
- management of local tax schedules for markets such as Europe, China, Japan;
- campaign performance forecasting;
- electronic trading and purchase order management;
- phase 2 integration with adserver API's;

In support of new revenues from deployments for Mediabrands and GroupM in China, the Company has registered (8 July, 2011) a Chinese entity and established operations in Shanghai. The Shanghai business is now the Group's base of operations for the broader Asian region, including South East Asia, China and Japan.

The Group's growing presence in China aligns with broader opportunities as the Chinese economy expands. China has already overtaken Japan and Germany to become the world's second largest economy, and is expected to surpass Japan as the second largest advertising market in the world in 2011 (source: eMarketer).

Corporate Update

Against this overall backdrop of putting in place a sales and technology platform for continued growth, there is significant interest being shown in the Company's technologies and products from a number of global groups.

On 26 May 2011, the Company stated that it had appointed M H Carnegie & Co as an Advisor and that it had received informal and incomplete approaches from a number of parties regarding the Company's interest in being acquired.
A number of discussions are ongoing and the Company is encouraged by the interest being shown from various parties.

Financial Position

The net assets of the Facilitate Group have increased by $33,940 from $4,718,106 at 30 June 2010 to $4,752,046 at 30 June 2011. The cash balance at 30 June 2011 was $1,336,933.

The *current ratio* (current assets to current liabilities) decreased from 1.46 at 30 June 2010 to 1.33 as at 30 June 2011.

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

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

Significant Changes in State of Affairs

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

(a) Capital raising

On 30th June, 2011, 8,824,693 fully paid ordinary shares, at $0.08 per share, were issued through a fully underwritten 1 for 14 rights issue. The proceeds from the issue are being utilised for working capital purposes.

(b) New regional and global contracts

On 1st July 2010, the Company announced it had secured a regional contract with Citibank. Refer "ASX: FAC Release July 1st, 2010" for further details.

On 29th March 2011, the Company announced it had secured an exclusive global contract with Mediabrands – one of the world's largest media agency groups. Refer "ASX: FAC Release March 29th, 2011" for further details.

Future Developments, Prospects and Business Strategies

Facilitate Digital is well positioned for the 2012 financial year and beyond by virtue of:

- Significant new business contracts recently secured, including the global contract with Mediabrands and continued deployments for GroupM across APAC, including large markets such as China and Japan;
- A clearly differentiated and unique product offering that meets a pressing need for media agencies around the world;

- Unrivalled experience deploying workflow and trading technology into agencies and markets around the world;
- A sales and service footprint encompassing large, strategic markets such as Germany, China and US;
- Continued cost management discipline as evidenced by the downward trend in second half expenses;
- Retention of key talent to manage and grow international operations.

Key industry trends further strengthen the Company's growth prospects in the form of:

- Continued growth of the digital media sector generally. Digital advertising now accounts for $2.45b in Australia alone and is growing at approximately twenty per cent per annum. This growth trajectory is also evident in major markets around the world;
- Advertisers will continue to redirect budgets into digital media given its highly accountable nature and the general convergence of media platforms;
- Agencies and their clients want to work with technology and technology providers that are independent. As such Facilitate Digital's independence is seen as increasingly valuable and industry awareness and knowledge of its products and value proposition has grown significantly;
- Agencies are entirely dependent on technology to service their client's digital media advertising spend;
- Facilitate Digital offers a clearly differentiated technology that directly addresses the market's need to secure operational and process efficiencies.

Environmental Regulations

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

Indemnifying Officers or Auditor

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

Proceedings on Behalf of the Company

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

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

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

In relation to our audit of the financial report of Facilitate Digital Holdings Limited for the 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

David Petersen
Partner
30 September 2011

Non-audit Services

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

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

The following fees for non-audit services were paid or payable to the External Auditors, Ernst and Young, for the year ended 30 June 2011:

Non- Audit Services	**2011**	2010
	$	$
Taxation services	**55,530**	55,050
Other services	**14,924**	33,535
Total	**70,454**	88,585

Directors' Meetings

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

COMMITTEE MEETINGS				
	Directors' Meetings		**Audit & Risk Committee**	
	Held	**Attended**	**Held**	**Attended**
Directors				
Mr. Stuart Simson	10	10	3	3
Mr. Geoff Dixon	10	10	3	3
Mr. Charles Sweeney	10	10	3	3
Mr. Ian Lowe	10	10	3	3
Mr. Ben Dixon	10	10	3	3

Remuneration Report

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

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

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

Key Management	Position
Directors	
Stuart Simson	Non Executive Chairman
Geoff Dixon	Non Executive Director
Charles Sweeney	Non Executive Director
Ian Lowe	Chief Executive Officer and Executive Director
Ben Dixon	Chief Operating Officer and Executive Director
Executives	
Tom Peacock	Commercial Director
Kees de Jong	Managing Director Europe (Resigned 31 July 2010)
Julian Baring	Senior Vice President North America
Damien Thomson	Managing Director Asia Pacific
Damien Healy	Managing Director United Kingdom (Resigned 15 October 2010)
Oliver Weiss	General Manager Europe
Stewart Emerson	Managing Director United Kingdom (Appointed 31 January 2011)
Jonathan Axworthy	General Manager China (Appointed 9 August 2010)

There were no other changes to key management personnel after the reporting date and before the date the financial report was authorised for issue.

Remuneration Committee

The remuneration committee did not convene during the year.

Functions of the Committee

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

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

Structure and composition

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

Responsibilities

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

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

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

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

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

Other Matters

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

Independent Advice and Access

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

Frequency of Meetings

The Committee will convene as and when required.

Non-Executive Director Remuneration Policy

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

Non-executive directors are entitled to statutory superannuation.

The remuneration of non-executive directors for the period ending 30 June 2011 and 30 June 2010 is detailed in table 1 and 2 respectively of this report.

Senior Executive Remuneration Policy

Objective

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

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

Structure

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

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

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out in table 1 for the period ended 30 June 2011 and table 2 for the period ended 30 June 2010.

Fixed remuneration

Objective

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

Structure

Executives receive their fixed (primary) remuneration in cash.

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

Variable remuneration — short term incentive (STI)

Objective

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

Structure

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

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

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

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

STI bonus for 2010 and 2011 financial years

For the 2011 financial year, $51,901 (2010: $74,365) was paid by way of an STI bonus, as detailed in tables 1 and 2 respectively of this report.

Variable remuneration — long term incentive (LTI)

Objective

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

Structure

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

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

Company Performance, Shareholder Wealth and Director and Executive Remuneration

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

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

	2011	2010	2009	2008	2007
	$	$	$	$	$
Revenue related to continuing operations	**7,202,649**	7,414,835	6,407,263	3,694,966	3,890,610
Net (loss)/profit after tax	**(553,032)**	12,848	**(9,163,486)	(124,564)	*(54,096)
Share Price at Year-end	**.085**	0.060	0.060	0.160	0.540
Dividends Paid	**-**	-	-	-	-

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

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

Employment contracts

Chief Executive Officer

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

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

Other executives (standard contracts)

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

Details of Remuneration for Year Ended 30 June 2011

The remuneration for each director, key management personnel and five highest paid executives of the Company and the Group during the year is outlined on pages 22 and 23 of this Report.

Table 1. Remuneration for the Year ended 30 June 2011	Short-term			Post employment	Other Long-term	Share-based payment	Total	Performance Related
Name	Salary & fees	Cash bonus	Non Monetary Benefits	Super-annuation	Long service leave	Options		
	$	$	$	$	$	$	$	%
Non-executive directors								
C. Sweeney	30,000	-	-	-	-	-	30,000	-
S. Simson	100,000	-	-	9,000	-	-	109,000	-
G. Dixon	-	-	-	-	-	-	-	-
Sub-total non-executive directors	130,000	-	-	9,000	-	-	139,000	
Executive directors								
I. Lowe	237,989	-	-	22,500	10,047	-	270,536	-
B. Dixon	156,778	-	-	14,438	6,691	-	177,907	-
Other personnel								
J. Baring	182,017	25,280	19,628	6,589	-	10,613	244,127	14.70
K. de Jong	14,002	-	-	1,163	(7,400)	-	7,765	-
T. Peacock	166,404	-	-	15,750	4,990	8,600	195,744	4.39
D. Healy	45,203	-	-	7,626	-	-	52,829	-
O. Weiss	131,849	18,468	4,599	15,864	-	-	170,780	10.81
D. Thomson	150,238	8,153	-	15,359	3,403	-	177,153	4.60
S. Emerson	83,552	-	-	8,766	-	2,153	94,471	2.28
Sub-total	1,168,032	51,901	24,227	108,055	17,731	21,366	1,391,312	
Total	1,298,032	51,901	24,227	117,055	17,731	21,366	1,530,312	

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

Table 3. Compensation Options granted and vested during the year	Terms and Conditions for each Issue of Options								Vested	
30 June 2011	Tranche No.	Granted No.	Grant date	Fair value per option at grant date (note 28)	Exercise price per option (note 28)	Expiry date	First exercise date	Last exercise date	No.	%
Executives				$	$					
J. Baring	5	250,000	01-Jul-2010	0.0172	0.100	30-Jun-2011	01-Jul-2010	30-Jun-2011	250,000	100%
	6	325,000	01-Jul-2010	0.0138	0.200	30-Jun-2012	01-Jul-2010	30-Jun-2012	325,000	100%
	7	425,000	01-Jul-2010	0.0043	0.300	30-Jun-2013	30-Jun-2011	30-Jun-2013	425,000	100%
T. Peacock	6	325,000	30-Jun-2009	0.0138	0.200	30-Jun-2012	30-Jun-2010	30-Jun-2012	325,000	100%
	7	250,000	30-Jun-2009	0.0043	0.300	30-Jun-2013	30-Jun-2011	30-Jun-2013	250,000	100%
	8	250,000	01-Jul-2010	0.0139	0.125	30-Jun-2012	01-Jul-2010	30-Jun-2012	250,000	100%
	9	250,000	01-Jul-2010	0.0205	0.125	30-Jun-2013	01-Jul-2011	30-Jun-2013	-	-
D. Thomson	6	62,500	30-Jun -2009	0.0138	0.200	30-Jun-2012	30-Jun-2010	30-Jun-2012	62,500	100%
	7	62,500	30-Jun -2009	0.0043	0.300	30-Jun-2013	30-Jun-2011	30-Jun-2013	62,500	100%
O. Weiss	6	37,500	27-Nov-2009	0.0138	0.200	30-Jun-2012	30-Jun-2010	30-Jun-2012	37,500	100%
	7	37,500	27-Nov-2009	0.0043	0.300	30-Jun-2013	30-Jun-2011	30-Jun-2013	37,500	100%
S Emerson	10	33,333	30-Apr-2011	0.0237	0.150	30-Apr-2013	30-Apr-2011	30-Apr-2013	33,333	100%
	11	33,333	30-Apr-2011	0.0205	0.250	31-Jan-2014	31-Jan-2012	31-Jan-2014	-	-
	12	33,334	30-Apr-2011	0.0204	0.400	31-Jan-2015	31-Jan-2013	31-Jan-2015	-	-

Table 4. Options granted as part of remuneration

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	$	$	$	%
J. Baring	10,613	-	47,774	4.35
K. de Jong	-	-	13,126	-
T. Peacock	8,600	-	42,254	5.10
D. Healy	-	-	21,590	-
D. Thomson	-	-	13,633	-
O. Weiss	-	-	-	-
S. Emerson	2,153	-	-	2.28

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

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

No options were exercised during the period.

Signed in accordance with a resolution of the Directors

S Simson

Chairman

Dated this 30th of September, 2011

Corporate Governance Statement

The Company's practices are largely consistent with those of the ASX Corporate Governance Council Guidelines. Where the Company did not have certain policies or committees recommended by the guidelines in place for the entire reporting period, we have identified when such policies or committees were introduced, or the reason why those policies or committees were not implemented.

1. Board of Directors

1.1 Role of the Board

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

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

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

1.2 Composition of the Board

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

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

The Company recognises the importance of non executive directors and the external perspective and advice that non executive directors can offer. Messrs Simson, Sweeney and Geoff Dixon are non-executive directors. Mr Simson is the Chairman, and meets the Company's criteria for independence and therefore satisfies the ASX Council's recommendation that the role of Chairman be exercised by an independent director.

Charles Sweeney and Geoff Dixon both also have a relevant interest in a substantial number of shares (either directly or indirectly) of the Company and as such do not meet the Company's criteria for independence. However, their experience and knowledge of the Company make their contributions to the Board such that it is appropriate for them to remain on the Board. All directors are required to bring an independent judgment to bear in decision-making regardless of whether they satisfy the Company's definition of independence.

An independent director is a non executive director, and:

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

Jim Story has been the Company Secretary since 2008.

1.3 Responsibilities of the Board

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

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

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

developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.

9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

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

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

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

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

1.4.2 Commitments

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

1.4.3 Confidentiality

Directors and key executives of the Company must keep confidential, information received in the course of the exercise of their duties and must not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

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

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

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

1.4.5 Education and Induction

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

Information conveyed to new directors will include:

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

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

1.4.6 Independent Professional Advice

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

1.4.7 Related Party Transactions

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

1.4.8 Shareholder Communication

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

1. communicating effectively with shareholders through releases to the market via ASX, the Company’s website, information sent to shareholders and at general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the Annual General Meeting and be available to answer shareholder

questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

The Company also has a facility on its website for persons to make enquiries of the Company.

1.4.9 Trading in Company Shares

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

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

Dealing through Third Parties

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

Facilitate Digital Employee Share Option Plan (ESOP)

The prohibition does not apply to applications for options resulting from the operation of the Facilitate Digital Employee Share Option Plan (the Plan). The prohibition could apply to the exercise of options issued under the Plan if the employee was in possession of price sensitive information at that time.

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

Share Trading Guidelines

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

The following rules have been established to assist directors, senior managers and employees in fulfilling their obligations:

a) Directors, senior managers and employees must not engage in short term trading i e. the buying and selling of the same parcel of shares (or part thereof) within a twelve month period.
b) There is an absolute prohibition on any trading of shares in the period from the close of books until the date of announcement of the full year and half year results respectively, and in the two week period prior to the Annual General Meeting.
c) Directors, senior managers and employees may trade in the Company's shares in the period commencing one day after the announcement of the full year results, half year results and the Annual General Meeting, provided always that the director, senior manager or employee is not in possession of price sensitive information at the time of trading.

Approval to Trade in Securities

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

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

ASX Notification

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

1.4.10 Performance Review/Evaluation

Each year the Board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company and to ensure that an appropriate mix of skills is available to the Company at Board level. The process for this evaluation has been by discussion among the directors.

1.4.11 Attestations by CEO and CFO

The CEO and the Chief Financial Officer (CFO) give the attestations recommended by the ASX Council as to the Company's financial condition prior to the Board signing the Annual Report. The CEO and the CFO will also be required to state in writing to the Board that the attestation in relation to the financial statements is founded on a sound system of risk management and that this system is operating efficiently and effectively in all material aspects.

2. Board Committees

2.1 Audit & Risk Committee

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

2.1.1 Role

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

2.1.2 Composition

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

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

2.1.3 Responsibilities

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

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

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

2.2 Remuneration Committee

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

2.2.1 Role

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

2.2.2 Composition

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

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

2.2.3 Responsibilities

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

2.2.4 Remuneration Policy

2.2.4.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. The remuneration of senior executives may comprise the following:

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

- statutory superannuation.

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

2.2.4.2 Non-Executive Director Remuneration Policy

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

2.3 Nomination Committee

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

2.3.1 Criteria for Selection of Directors

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

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

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. The “Company Code of Conduct” was adopted by resolution of the Board and is available on the Company’s website under “Investor Relations” and then “Governance”.

This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

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

Responsibilities to Clients, Customers and Consumers

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

Employment Practices

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

Obligations Relative to Fair Trading and Dealing

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

Responsibilities to the Community

As part of the community, the Company:

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

Responsibility to the Individual

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

Conflicts of Interest

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

How the Company Complies with Legislation Affecting its Operations

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

How the Company Monitors and Ensures Compliance with its Code

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

4. Risk management

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

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;

- regulatory compliance and integrity in reporting are achieved; and
- senior management, the Board and investors understand the risk profile of the Company. In line with these objectives the risk management policy covers:
    - operations risk;
    - financial reporting; and
    - compliance

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

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

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

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

Hedging Policy

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

5. Diversity Policy

The Board has adopted a policy on diversity which addresses the requirements in Recommendation 3 of the ASX Guidelines. The policy is available on the Company's website under "Investor Relations" and then "Governance".

Consolidated Financial Statements for the year ended 30 June 2011

Consolidated statement of financial position
as at 30 June 2011

	Notes	Consolidated 2011 $	2010 $
ASSETS			
Current Assets			
Cash & cash equivalents	12	**1,336,933**	1,435,366
Trade and other receivables	13	**1,653,703**	1,720,053
Other current assets	14	**21,486**	7,333
Total Current Assets		**3,012,122**	3,162,752
Non Current Assets			
Property, plant and equipment	15	**195,485**	157,484
Goodwill and intangible assets	16	**3,512,542**	3,230,864
Other non-current assets	17	**487,665**	470,745
Total Non Current Assets		**4,195,692**	3,859,093
Total Assets		**7,207,814**	7,021,845
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**1,760,069**	1,624,057
Finance lease liabilities	28(b)	**37,726**	32,865
Current tax liabilities	9(c)	**43,485**	44,670
Other current liabilities	19	**427,159**	468,052
Total Current Liabilities		**2,268,439**	2,169,644
Non Current Liabilities			
Finance lease liabilities	28(b)	**18,806**	65,730
Other non-current liabilities	20	**168,523**	68,365
Total Non Current Liabilities		**187,329**	134,095
Total Liabilities		**2,455,768**	2,303,739
Net Assets		**4,752,046**	4,718,106
EQUITY			
Issued Capital	22(b)	**14,703,743**	14,014,642
Foreign Currency Translation Reserve	23(a)	**(322,565)**	(206,526)
Other Reserves	23(b)	**334,596**	320,686
Accumulated losses	23	**(9,963,728)**	(9,410,696)
Total Equity		**4,752,046**	4,718,106

Consolidated statement of comprehensive income
for the year ended 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Rendering of services	5(a)	**7,185,481**	7,395,755
Interest revenue		**17,168**	19,080
Revenue		**7,202,649**	7,414,835
Cost of Sales		**(1,153,867)**	(948,534)
Gross Profit		**6,048,782**	6,466,301
Other income	5(b)	**102,210**	95,377
Marketing expenses		**(33,008)**	(40,263)
Occupancy expenses		**(457,276)**	(429,408)
Administrative expenses	7	**(4,601,119)**	(4,480,523)
Amortisation of capitalised development costs	16	**(1,436,820)**	(1,643,737)
Finance costs		**(49,248)**	(33,004)
Gain/(loss) on foreign exchange		**(78,880)**	26,326
Profit/(loss) for the period before income tax		**(505,359)**	(38,931)
Income tax benefit/(expense)	9(a)	**(47,673)**	51,779
Profit/(loss) for the period after income tax		**(553,032)**	12,848
Other comprehensive income			
Foreign currency translation reserve	23(a)	**(116,039)**	(93,987)
Income tax on items of other comprehensive income		**-**	-
Other comprehensive income for the period, net of tax		**(116,039)**	(93,987)
Total comprehensive loss for the period		**(669,071)**	(81,139)

Earnings per share	**Cents**	Cents
Earnings/(Loss) per share attributable to the ordinary equity holders of the Company (note 11)		
Basic and diluted earnings / (loss) per share	**(0.42)**	0.01

Consolidated statement of changes in equity
for the year ended 30 June 2011

Consolidated	Note	Ordinary Shares	Accumulated Losses	ESOP Reserve	Foreign Currency Translation	Total
		$	$	$	$	$
Balance at 1 July 2009		**13,298,055**	**(9,423,544)**	**264,247**	**(112,539)**	**4,026,218**
Profit for the period		-	12,848	-	-	12,848
Other comprehensive income		-	-	-	(93,987)	(93,987)
Total comprehensive loss for the period		-	12,848	-	(93,987)	(81,139)
Shares issued during the year	22(b)	760,326	-	-	-	760,326
Costs of equity raising	22(b)	(43,739)	-	-	-	(43,739)
Share based payments	27(a)	-	-	56,439	-	56,439
Sub-total		716,587	12,848	56,439	(93,987)	691,887
Balance at 30 June 2010		**14,014,642**	**(9,410,696)**	**320,686**	**(206,526)**	**4,718,106**
Loss for the period		-	(553,032)	-	-	(553,032)
Other comprehensive income	23(a)	-	-	-	(116,039)	(116,039)
Total comprehensive loss for the period		-	(553,032)	-	(116,039)	(669,071)
Shares issued during the year	22(b)	705,975	-	-	-	705,975
Costs of equity raising	22(b)	(16,874)	-	-	-	(16,874)
Share based payments	27(a)	-	-	13,910	-	13,910
Sub-total		689,101	(553,032)	13,910	(116,039)	33,940
Balance at 30 June 2011		**14,703,743**	**(9,963,728)**	**334,596**	**(322,565)**	**4,752,046**

Consolidated statement of cash flows
for the year ended 30 June 2011

	Note	Consolidated	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**7,589,713**	7,492,228
Payments to suppliers and employees (inclusive of GST)		**(6,418,802)**	(6,158,858)
Government grants		**31,985**	-
Finance costs		**(49,248)**	(33,004)
Income tax paid	9(c)	**(46,791)**	(51,306)
Net cash from operating activities	24	**1,106,857**	1,249,060
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	**(117,290)**	(78,582)
Disposal of property, plant and equipment	15	**2,953**	2,768
Capitalised development costs	16	**(1,718,498)**	(1,862,738)
Interest received		**17,168**	19,080
Net cash used in investing activities		**(1,815,667)**	(1,919,472)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	22(b)	**705,975**	760,326
Cost of equity raising	22(b)	**(16,874)**	(43,739)
Net cash provided from financing activities		**689,101**	716,587
Net increase (decrease) in cash held		**(19,709)**	46,175
Net foreign exchange differences		**(78,724)**	(36,759)
Cash at beginning of financial year		**1,435,366**	1,425,950
Cash and cash equivalents held at end of financial year	12	**1,336,933**	1,435,366

Notes to the Consolidated Financial Statements

for the year ended 30 June 2011

Note 1: Corporate Information

The financial report of Facilitate Digital Holdings Limited (the Company) for the year ended 30 June 2011 was authorised by the Directors, for issue in accordance with a resolution of the Board on 30 September 2011. The entity's owners or others have the power to amend the financial statements after issue, if found to be applicable.

Facilitate Digital Holdings Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

Note 2: Basis of Preparation and Accounting Policies

a) Compliance with IFRS

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

b) New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows and as outlined in note 8.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010:

- ► AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 8, 107, 136 & 139]* effective 1 January 2010
- ► AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights issues [AASB 132]* effective 1 February 2010
- ► AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 July 2010*

The adoption of the Standards or Interpretations set out above is not deemed to have an impact on the financial statements or performance of the Group.

Annual Improvements Project

In May 2009 and June 2010 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

► AASB 8 *Operating Segments*: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in note 6.

► AASB 107 *Statement of Cash Flows*: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will have no impact on the presentation of the statement of cash flows.

► AASB 136 *Impairment of Assets*: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from the Annual Improvements Project to the following Standards did not have any impact on the accounting policies, financial position or performance of the Group.

(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 and have not been adopted by the Group for the annual reporting period ending 30 June 2011, outlined below:

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.	1 January 2013	The impact has not yet been determined	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	► These amendments arise from the issuance of AASB 9 *Financial Instruments* that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.	1 January 2013	The impact has not yet been determined	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	1 January 2011	The impact has not yet been determined	1 July 2011

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	The impact has not yet been determined	1 July 2013

The remaining new accounting standards and interpretations that have been issued but not yet effective are not expected to have a material impact on the group financial report.

c) Basis of Preparation

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

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

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

The presentation and classification of comparative items in the financial report has been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

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

Continuation as a going concern

The accounts have been prepared on a going concern basis as the Directors are confident that the company can meet its debts as and when they become due and payable. The Directors have taken into account all available information for the twelve months from the end of the reporting period including their forecast of positive operating profits as well as expected debt repayment and potential sources of financing.

Accounting Policies

(a) Principles of Consolidation

Controlled entities

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

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

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

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

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

(b) Business Combination

Business combinations are accounted for using the acquisition method of accounting in the consolidated financial statements.

(c) Foreign Currency Translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

(d) Income Tax

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

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

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

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

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

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

(e) Property, Plant and Equipment

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

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

(f) Depreciation

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

Class of Fixed Asset	*Depreciation Rate*
Leasehold improvements	20%
Office/Computer Equipment	33%
Furniture	100%
Software	40%
Leased Assets	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the reporting date.

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

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

(g) Leases

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

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

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(h) Financial Assets

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

(i) Financial Instruments

Loans and Receivables

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

Impairment

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

(j) Impairment of Assets

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

Impairment testing is performed annually for goodwill.

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

(k) Intangibles

Goodwill

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

Research and development

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

Capitalised development costs are amortised on a straight line basis once the products or services to which the costs relate have been commercialised or are being sold to customers. The methodology underlying the amortisation of development costs was revised from 48 months to 60 months from 1 January 2011, see Note. 8.

(l) 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.

The expense relating to any provision is presented in profit and loss net of any reimbursement.

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

Employee leave benefits

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

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

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to 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.

(m) Equity-settled compensation

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

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

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

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

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

(n) Cash and Cash Equivalents

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

(o) Revenue

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

(i) Rendering of services

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

Revenue from contract software development services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to project milestones for each contract with the customer. All revenue is stated net of the amount of goods and services tax (GST).

(ii) Interest revenue

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

(p) Borrowing Costs

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

(q) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

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

(r) Government Grants

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

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

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

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(s) Comparative Figures

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

(t) Earnings/(loss) per share

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

(u) Rounding

Amounts in this report are rounded to the nearest $1.

Note: 3: Financial Risk Management Objectives and Policies

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivables and payables, and finance leases.

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

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

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 June 2011.

Financial Risk Exposures and Management

(i) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents.

(ii) Foreign Currency Risk

The group is exposed to fluctuations in foreign currency arising from transactions in currencies other than the functional currencies of entities within the group. In addition, the Group has significant operations in the United States, Europe, New Zealand and Asia, as a result the Group's Statement of Financial Position and profit or loss can be affected considerably by movements in the AUD$ exchange rate against the USD$, EUR€ and NZD$. Sixty three percent of sales are in currencies other than AUD$.

(iii) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash. The Group manages liquidity risk by monitoring total flows and outflows on a monthly basis. The group believes the sound relationship with its banking institutions mitigates this risk significantly.

(iv) Credit Risk

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

There was no material amount of collateral held as security at 30 June 2011.

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

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

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

b. Liquidity Risk and Maturity Analysis

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

Consolidated	< 6 months		6 – 12 months		1 to 5 Years		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$	$	**$**	$	**$**	$	**$**	$
Financial Assets								
Cash and cash equivalents	**1,336,933**	1,435,366	**-**	-	**-**	-	**1,336,933**	1,435,366
Loans and receivables	**1,675,189**	1,727,386	**-**	-	**666,238**	717,576	**2,341,427**	2,444,962
Total Financial Assets	**3,012,122**	3,162,752	**-**	-	**666,238**	717,576	**3,678,360**	3,880,328
Financial Liabilities								
Trade & other payables	**1,663,809**	1,548,727	**139,745**	120,000	**-**	-	**1,803,554**	1,668,727
Finance Lease liabilities	**18,863**	16,433	**18,863**	16,433	**18,806**	65,730	**56,532**	98,595
Total Financial Liabilities	**1,682,672**	1,565,160	**158,608**	136,433	**18,806**	65,730	**1,860,086**	1,767,322

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

c. Net fair values

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

d. Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

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

Interest Rate Sensitivity Analysis

At 30 June 2011, the effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Interest Rate Risk	Consolidated	
	2011	2010
	$	$
Change in profit/(loss)		
Increase in interest rate by 2%	**9,282**	8,522
Decrease in interest rate by 2%	**(9,282)**	(8,522)

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

Foreign Currency Risk Sensitivity Analysis

At 30 June 2011, the effect on profit as a result of changes in the foreign currency exchange rates, with all other variables remaining constant would be as follows:

Foreign Currency Risk	Consolidated	
	2011	2010
	$	$
Change in profit/(loss)		
Increase in AUD exchange rate by 5%	**(11,284)**	(19,220)
Decrease in AUD exchange rate by 5%	**12,472**	17,020

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

Note 4: Significant Accounting Judgments, Estimates and Assumptions

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

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

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

(i) Significant accounting judgements

Impairment of intangible assets including capitalised development costs

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

Taxation

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

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

These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the reporting date 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 profit and loss.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

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

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

Share-based payment transactions

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

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

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

Estimation of useful lives of assets

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

Note 5: Revenue

(a) Rendering of Services

Reported revenues include contract commencement fees totalling approximately $140,000 in respect of contracts signed just prior to the end of the financial year.
The amount recognised represents management's best estimate of the proportion of the fees earned in respect of services performed prior to the end of the financial year in respect of the relevant contracts.

(b) Other income:

	Consolidated	
	2011	2010
	$	$
Government grants	**51,078**	50,000
Unwinding of discounting on deferred consideration receivable	**51,132**	45,377
Total other income	**102,210**	95,377

Note 6: Operating Segments

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

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

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

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

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the years ended 30 June 2011 and 30 June 2010.

	Operations			
	Asia Pacific	**Europe**	**Other**	**Total**
Revenue for the year ended 30 June 2011				
Sales to external customers	3,612,745	2,729,954	842,782	7,185,481
Interest revenue	17,162	6	-	17,168
Total revenue per the statement of comprehensive income	3,629,907	2,729,960	842,782	7,202,649
Result for the year ended 30 June 2011				
Segment net operating profit/(loss) after tax	(766,170)	389,224	(176,086)	(553,032)
Income tax expense/(benefit)				47,673
Net profit/(loss) before tax per the statement comprehensive income				(505,359)
Assets and liabilities				
Segment assets	2,411,369	830,855	453,048	3,695,272
Intangibles	3,352,215	160,327	-	3,512,542
Total assets	5,763,584	991,182	453,048	7,207,814
Segment liabilities	1,966,591	204,276	284,901	2,455,768
Total liabilities	1,966,591	204,276	284,901	2,455,768
Other segment information	**Asia Pacific**	**Europe**	**Other**	**Total**
Capital expenditure	(107,484)	(7,532)	(2,274)	(117,290)
Depreciation and amortisation	(1,481,943)	(27,276)	(22,597)	(1,531,816)
Other non-cash expenses	39,886	12,333	(18,118)	34,101

	Operations			
	Asia Pacific	Europe	Other	Total
Revenue for the year ended 30 June 2010				
Sales to external customers	3,698,768	2,942,532	754,455	7,395,755
Interest revenue	19,073	7	-	19,080
Total revenue per the statement of comprehensive income	3,717,841	2,942,539	754,455	7,414,835
Result for the year ended 30 June 2010				
Segment net operating profit/(loss), excluding 2009 distribution fees, after tax	(315,365)	476,738	(148,525)	12,848
Distribution fees relating to 2009 charged in the 2010 year	652,606	(551,002)	(101,604)	-
Segment net operating profit/(loss) after tax	337,241	(74,264)	(250,129)	12,848
Income tax expense/(benefit)				(51,779)
Net profit/(loss) before tax per the statement comprehensive income				(38,931)
Assets and liabilities				
Segment assets	2,233,472	938,070	619,439	3,790,981
Intangibles	3,070,536	160,327	-	3,230,864
Total assets	5,304,008	1,098,398	619,439	7,021,845
Segment liabilities	1,795,492	206,846	301,402	2,303,740
Total liabilities	1,795,492	206,846	301,402	2,303,740
Other segment information	**Asia Pacific**	**Europe**	**Other**	**Total**
Capital expenditure	(28,231)	(49,423)	(927)	(78,582)
Depreciation and amortisation	(1,715,288)	(19,525)	(24,968)	(1,759,781)
Other non-cash expenses	(137,037)	(28,408)	(18,014)	(183,459)

Note 7: Expenses

	Consolidated	
	2011	2010
	$	$
Profit/(loss) before income tax has been determined after:		
Expenses:		
Employee benefit expense:		
Wages and salaries	**3,067,818**	3,015,487
Defined contribution superannuation expense	**203,827**	116,176
Other employee benefit expenses	**334,696**	313,096
Total employee benefit expense	**3,606,341**	3,444,759
Other expenses:		
Operating lease payments	**359,978**	354,617
Finance costs - external	**49,248**	33,004
Foreign currency translation losses/(gains)	**78,880**	(26,326)
Bad and doubtful debts	**(1,968)**	(15,565)
Depreciation and amortisation expense:		
Depreciation of plant and equipment	**94,998**	116,044
Amortisation of non-current assets	**1,436,820**	1,643,737
Total depreciation and amortisation	**1,531,818**	1,759,781

Note 8: Revisions of Accounting Estimates

During the year, the company reassessed the period over which capitalised development costs were being amortised from 48 months to 60 months. As a result, the change in amortisation has been applied prospectively from 1 January 2011. The net effect of this change in the current financial year was a decrease in the amortisation charge of $514,591.

The revised method will also effect the amortisation of development costs in the following financial years, with decreases in the amortisation charge of $433,299 (2012) and $55,709 (2013).

During the 2010 year, the company ceased using services relating to implementation and management of the company's products. As a result the estimation of fees payable for these services was revised down. The net effect of the changes in the 2010 financial year was a decrease in cost of sales of $321,492, the revised estimate will have no further effect in future years.

Note 9: Income Tax

a) Income Tax Expense:

	Consolidated	
	2011	2010
	$	$
The major components of income tax expense are:		
Current income tax		
Current income tax charge	**35,256**	65,219
Adjustments in respect of current income tax of previous years	**12,417**	(116,998)
Income Tax expense/(benefit) reported in the statement of comprehensive income	**47,673**	(51,779)

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

	Consolidated	
	2011	2010
	$	$
Accounting profit/(loss) before tax from continuing operations	**(505,360)**	(38,931)
At the Parent Entity's statutory income tax rate of 30% (2010: 30%)	**(151,608)**	(11,679)
Adjustment in respect of current income tax of previous years	**12,417**	(116,998)
Foreign tax rate adjustment	**10,217**	32,451
Non-deductible expenses	**12,512**	(20,812)
Tax losses utilised	**-**	(45,388)
Research & development claim	**(164,307)**	(186,609)
Current year losses not recognised	**332,306**	318,237
Other	**(3,864)**	(20,980)
Aggregate income tax expense/(benefit)	**47,673**	(51,779)

c) Current Tax Liability:

	Consolidated	
	2011	2010
	$	$
Balance at the beginning of the period	**44,670**	155,519
Charged to income	**35,256**	65,219
Adjustments in respect of current income tax of previous years	**12,417**	(116,998)
Foreign exchange translation	**(2,067)**	(7,763)
Other payments	**(46,791)**	(51,306)
Balance at the end of the period	**43,485**	44,670

d) Recognised deferred tax assets and liabilities

	Consolidated	
	2011	2010
	$	$
Deferred income tax at 30 June 2011 relates to the following:		
Deferred tax liabilities		
Development costs	**1,005,664**	**893,726**
Gross deferred tax liabilities	**1,005,664**	**893,726**
Set off of deferred tax assets	**(1,005,664)**	**(893,726)**
Net deferred tax liabilities	**-**	**-**
Deferred tax assets		
Doubtful debts	**7**	358
Provisions	**402,801**	305,782
Future tax benefits of current year losses	**258,418**	329,946
Future tax benefit of prior year losses	**342,828**	256,030
Other	**1,610**	1,610
Gross deferred tax assets	**1,005,664**	893,726
Set-off of deferred tax liabilities	**(1,005,664)**	(893,726)
Net deferred tax assets	**-**	-

e) Tax Losses

The Group has Australian tax revenue losses for which no deferred tax asset is recognised on the statement of financial position of $6,351,582 which are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

This deferred income tax benefit will only be obtained if:

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

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

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

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

f) Tax consolidation

Facilitate Digital Holdings Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 12 April 2007. Facilitate Digital Europe Marketing Technology Limited was also included into the tax consolidated group with effect from July 1, 2010. Facilitate Digital Holdings Limited is the head entity of the tax consolidated group.

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

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

Note 10: Dividends

The Directors do not recommend the payment of a dividend and no dividend was paid or declared during the financial year. The Directors have not recommended the payment of a dividend and no dividend was paid or declared in period since the end of the 2011 financial year and the issuance of this report.

Note 11: Earnings per Share

	Consolidated	
	2011	2010
	Cents	Cents
Earnings per share attributable to members of Facilitate		
Basic and diluted earnings per share from operations	**(0.42)**	0.01
Profit (Loss) attributable to members of Facilitate		
Net profit/(loss) attributable to ordinary equity holders	**(553,032)**	$12,848
Weighted average number of shares		
Weighted average number of shares (basic and dilutive) as at 30 June	**130,551,768**	122,607,531

Note 12: Current Assets – Cash & Cash Equivalents

	Consolidated	
	2011	2010
	$	$
Cash at bank and in hand	**1,336,933**	1,435,366
	1,336,933	1,435,366

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:

Cash and cash equivalents	**1,240,218**	1,435,366
Term deposit #	**96,715**	-
	1,336,933	1,435,366

The term deposit is restricted as it must be held as security for a bank guarantee.

Note 13 Current Assets – Trade & Other Receivables

	Consolidated	
	2011	2010
	$	$
Current		
Trade receivables	**1,523,374**	1,661,149
Provision for impairment of trade receivables	**(23)**	(7,207)
Other receivables	**130,352**	66,111
	1,653,703	1,720,053

All trade debtors are unsecured and the Group does not hold collateral in relation to these debts.

Unimpaired receivables

As at 30 June 2011, trade receivables of $180,423 (30 June 2010: $161,014) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and management expects these receivables to be fully collectible. The ageing analysis of the trade receivables is as follows:

	2011	2010
	$	$
0 to 30 days	**749,544**	848,110
30 to 60 days	**499,584**	500,582
60 to 90 days	**93,800**	144,236
90 to 180 days past due but not impaired	**85,490**	143,275
180 days and greater days past due but not impaired	**94,933**	17,739
	1,523,351	1,653,942

Impaired receivables

As at 30 June 2011, current trade receivables of the group with a nominal value of $23 (30 June 2010: $7,207) were impaired. The amount of the provision was $23 (30 June 2010: $7,207). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. It was assessed that no portion of these receivables are expected to be recovered.

The ageing of this group of receivables is as follows:

	2011	2010
	$	$
0 days to 180 days overdue	**-**	-
180 days and greater	**23**	7,207
	23	7,207

Note 14: Current Assets – Other

	Consolidated	
	2011	2010
	$	$
Current		
Prepayments	**20,877**	**7,333**
Other assets	**609**	**-**
	21,486	**7,333**

Note 15: Non-current Assets – Property, Plant and Equipment

	Consolidated	
	2011	2010
	$	$
Plant and Equipment		
Office & Computer Equipment		
At cost	**377,369**	342,577
Accumulated depreciation	**(296,532)**	(262,703)
	80,837	79,874
Computer Software		
At Cost	**60,706**	24,366
Accumulated depreciation	**(17,360)**	(14,031)
	43,346	10,335
Furniture, Fixtures and Fittings		
At Cost	**18,031**	19,379
Accumulated depreciation	**(16,954)**	(19,379)
	1,077	-
Leasehold Improvements		
At Cost	**44,061**	33,190
Accumulated depreciation	**(4,013)**	(27,537)
	40,048	5,653
Leased Assets		
At Cost	**80,461**	98,595
Accumulated depreciation	**(50,284)**	(36,973)
	30,177	61,622
Total Property, Plant and Equipment	**195,485**	157,484

Movements in Carrying Amounts

Consolidated	Office & Computer Equipment	Computer Software	Furniture Fixtures & Fittings	Leasehold Improvement	Leased Assets	Total
	$	$	$	$	$	$
Balance at 30/06/2009	**94,991**	**4,361**	**1,155**	**14,029**	**90,761**	**205,297**
Additions	66,077	12,505	-	-	-	78,582
Disposals	(2,768)	-	-	-	-	(2,768)
Exchange difference	(2,615)	-	-	-	(4,968)	(7,583)
Depreciation expense	(75,811)	(6,531)	(1,155)	(8,376)	(24,171)	(116,044)
Balance at 30/06/2010	**79,874**	**10,335**	**-**	**5,653**	**61,622**	**157,484**
Additions	57,440	43,839	1,692	44,064	-	147,035
Disposals	(2,953)	-	-	-	-	(2,953)
Exchange difference	(1,189)	-	-	-	(9,894)	(11,083)
Depreciation expense	(52,335)	(10,828)	(615)	(9,669)	(21,551)	(94,998)
Balance at 30/06/2011	**80,837**	**43,346**	**1,077**	**40,048**	**30,177**	**195,485**

Note 16: Non-current Assets – Goodwill and Intangible Assets

	Consolidated	
	2011	2010
	$	$
Development		
Cost	**8,511,171**	6,792,673
Accumulated amortization	**(5,158,956)**	(3,722,136)
Net carrying value	**3,352,215**	3,070,537
Goodwill		
Cost	**160,327**	160,327
Impairment	**-**	-
Net carrying value	**160,327**	160,327
Total intangibles	**3,512,542**	3,230,864

Reconciliation of carrying amounts for the period ending 30 June 2011

Consolidated	Development Costs	Goodwill	Total
	$	$	$
At 1 July 2009 net of accumulated amortisation and impairment	**2,851,536**	**160,327**	**3,011,863**
Additions	1,862,738	-	1,862,738
Amortisation	(1,643,737)	-	(1,643,737)
At 30 June 2010 net of accumulated amortisation and impairment	**3,070,537**	**160,327**	**3,230,864**
Additions	1,718,498	-	1,718,498
Amortisation	(1,436,820)	-	(1,436,820)
At 30 June 2011 net of accumulated amortisation and impairment	**3,352,215**	**160,327**	**3,512,542**

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

i. Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 60 months, refer Note. 8. The amortisation has been recognised in profit and loss in the line item “depreciation and amortisation”. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

ii. Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. No impairment loss on goodwill as recognised in the 2011 financial year (2010: nil).

b) Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to and is tested at the level of its respective cash generating unit for impairment testing. Goodwill as of 30 June 2011 has been allocated to the Europe cash generating unit.

The recoverable amount of this cash generating unit has been determined using a discounted cash flow approach. Projections are based on financial budgets and forecasts covering a five year period as there is no active market against which to compare the fair value of the unit. The pre-tax, risk-adjusted discount rate applied to these cash flow projections is 15% (2010: 15%) and cash flows beyond the five-year period are extrapolated using a 2% growth rate (2010: 2%).

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

Note 17: Non-current Assets – Other

	Consolidated	
	2011	2010
	$	$
Net present value of deferred consideration	**454,301**	403,169
Premise – make good	**17,126**	-
Other non-current assets	**16,238**	67,576
	487,665	470,745

Net present value of deferred consideration

	2011	2010
	$	$
Non-current	**403,169**	357,793
Increase in present value for the period	**51,132**	45,376
Present value of deferred consideration is shown in “Other Assets”	**454,301**	403,169

Note 18: Current Liabilities – Trade and Other Payables

	Consolidated	
	2011	2010
	$	$
Trade payables	**421,321**	344,636
Sundry payables and accrued expenses	**1,338,748**	1,279,421
	1,760,069	1,624,057

Note 19: Other Current Liabilities

	Consolidated	
	2011	2010
	$	$
Employee Entitlements	**371,349**	424,690
Income in Advance	**55,810**	43,362
	427,159	468,052

Note 20 Other Non-current Liabilities

	Consolidated	
	2011	2010
	$	$
Employee Entitlements *	**60,056**	68,365
Premise – make good allowance	**19,526**	-
Premise – rental incentive	**88,941**	-
	168,523	68,365

* Refer Note 2(l) for the relevant accounting policies in the measurement of these provisions.

Note 21: Government Grants

	Consolidated	
	2011	2010
	$	$
Export Market Development Grant	**51,078**	50,000
	51,078	50,000

Note 22: Contributed Equity

	Consolidated	
	2011	2010
	$	$
a. Share Capital		
At 30 June		
Issued and paid up capital		
139,352,284 (2010: 130,527,591) ordinary shares	**14,703,743**	14,014,642
	14,703,743	14,014,642
b. Movement in Share Capital (Value)		
At 1 July	**14,014,642**	13,298,055
Shares issued during the year		
- Rights issue, 1 for 14 to fund working capital	**705,975**	-
- Rights issue, 1 for 12 to fund working capital	**-**	760,326
- Costs in raising equity	**(16,874)**	(43,739)
At 30 June	**14,703,743**	14,014,642

c. Movement in Share Capital (Number)

Number of Security Holders and Securities on Issue

Facilitate has issued 139,352,284 Ordinary Fully Paid Shares, all shares rank equally and each share carries one vote.

	Consolidated	
	2011	2010
	No.	No.
At 1 July	**130,527,591**	121,023,519
Shares issued during year		
- Rights issue, 1 for 14 to fund working capital	**8,824,693**	-
- Rights issue, 1 for 12 to fund working capital	**-**	9,504,072
At 30 June	**139,352,284**	130,527,591

d. Options

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

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

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

e. Capital Management

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

Management are constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. On 30 June, 2011, 8,824,693 fully paid ordinary shares, at $0.08 per share, were issued through a fully underwritten 1 for 14 rights issue.

Note: 23: Accumulated Losses and Reserves

	Consolidated	
	2011	2010
	$	$
Accumulated losses		
Accumulated (losses) at the beginning of the financial year	**(9,410,696)**	(9,423,544)
Net profit /(loss) attributable to the operations of the Company	**(553,032)**	12,848
Accumulated losses at the end of the financial year	**(9,963,728)**	(9,410,696)
a. Foreign Currency Translation Reserve		
Movements during the financial year:		
Opening balance	**(206,526)**	(112,539)
Adjustment arising from foreign exchange translation	**(116,039)**	(93,987)
Closing balance	**(322,565)**	(206,526)

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

b. ESOP Reserve		
Movements during the financial year:		
Opening balance	**320,686**	264,247
Additions	**13,910**	56,439
Closing balance	**334,596**	320,686

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 27 for further details of these plans.

Note 24: Cash Flow Statement Reconciliation

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

	Consolidated	
	2011	2010
	$	$
Profit/(loss) after income tax	**(553,032)**	12,848
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- Amortisation	**1,436,820**	1,643,737
- Depreciation	**94,998**	116,044
- Currency translation	**78,880**	(26,326)
- Share based payments expense	**13,910**	56,439
Changes in assets and liabilities		
- (Increase)/decrease in trade and term receivables	**49,430**	(310,678)
- (Increase)/decrease in other assets	**(166,177)**	(26,445)
- Increase/(decrease) in trade payables and accruals	**92,764**	(289,054)
- Increase/(decrease) in other payables and accruals	**59,264**	72,495
Cash flow from operating activities	**1,106,857**	1,249,060

Note 25: Related Party Disclosures

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

Legal Advice

Charles Sweeney, a Director of the Company, is a Partner of Cooper Grace Ward Lawyers (CGW), the Company's Corporate Solicitors. Transactions with CGW occur within a normal supplier relationship. Total fees incurred in the 2011 year amounted to $14,685 (2010: $41,176).

Note 26: Key Management Personnel

a) Key management personnel compensation

	2011	2010
	$	$
Short-term employee benefits	**1,374,161**	1,600,129
Post-employment benefits	**117,055**	145,751
Other long-term benefits	**39,097**	76,606
	1,530,312	1,822,486

b) Options

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

Options Holdings

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

Options 2011	Balance 1.7.2010	Granted during the year	Options Exercised	Net Change Other* during year	Balance 30.6.2011	Vested & exercisable at year end
Directors						
Stuart Simson	750,000	-	-	-	750,000	750,000
Geoff Dixon	750,000	-	-	-	750,000	750,000
Charles Sweeney	5,249,105	-	-	-	5,249,105	5,249,105
Ian Lowe	3,724,321	-	-	-	3,724,321	3,724,321
Ben Dixon	9,802,097	-	-	-	9,802,097	9,802,097
Executives & other personnel						
Tom Peacock	1,320,000	500,000	-	(745,000)	1,075,000	825,000
Robyn Parker	287,500	-	-	(162,500)	125,000	125,000
Timothy Whitfield	483,616	-	-	(50,000)	433,616	433,616
Kees de Jong	287,500	-	-	(287,500)	-	-
Julian Baring	823,945	1,000,000		(1,073,945)	750,000	750,000
Damien Thomson	302,500	-	-	(177,500)	125,000	125,000
Michael Lane	5,104,992	-	-	-	5,104,992	5,104,992
Damien Healy	635,714	-	-	(635,714)	-	-
Oliver Weiss	75,000	-	-	-	75,000	75,000
Stewart Emerson	-	100,000	-	-	100,000	33,333
Total	**29,596,290**	**1,600,000**	**-**	**(3,132,159)**	**28,064,131**	**27,747,464**

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

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

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

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

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

c) Shareholdings

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

Shares 2011	Balance 1.7.2010	Granted as remuneration	Exercised	Net Change Other* during year	Balance 30.6.2011
Directors					
Stuart Simson	620,436	-	-	44,317	664,753
Geoff Dixon	1,620,436	-	-	5,873,627	7,494,063
Charles Sweeney	7,996,095	-	-	-	7,996,095
Ian Lowe	6,958,823	-	-	-	6,958,823
Ben Dixon	16,686,903	-	-	1,191,922	17,878,825
Executives & other personnel					
Tom Peacock	585,600	-	-	25,125	610,725
Timothy Whitfield	552,828	-	-	-	552,828
Damien Thomson	340,000	-	-	-	340,000
Michael Lane	7,462,130	-	-	-	7,462,130
Jonathan Axworthy	-	-	-	85,250	85,250
Damien Healy	440,000	-	-	-	440,000
Total	**43,263,251**	**-**	**-**	**7,220,241**	**50,483,492**

* Refers to shares purchased, sold or cancelled during the financial year. There were no shares granted during the reporting period as compensation and there were no unissued ordinary shares of Facilitate Digital Holdings Limited during the year.

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

Note 27: Share Based Payments

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

	Issue Date	Expiry Date	Exercise Price $	Balance at beginning of year (Number)	Issued during the year (Number)	Exercised during the year (Number)	Share options lapsed / cancelled	Balance at the end of year (Number)
1	12-04-2007	12-04-2012	0.210	41,455,743	-	-	-	41,455,743
2	20-07-2008	30-06-2011	1.000	1,454,659	-	-	(1,454,659)	-
3	30-06-2009	30-06-2011	0.120	1,050,000	-	-	(1,050,000)	-
4	30-06-2009	30-06-2011	0.100	687,500	330,000	-	(1,017,500)	-
5	30-06-2009	30-06-2012	0.200	625,000	405,000	-	(207,500)	822,500
6	30-06-2009	30-06-2013	0.300	550,000	535,000	-	(237,500)	847,500
7	19-10-2009	31-10-2012	0.100	500,000	-	-	-	500,000
8	19-10-2009	31-10-2012	0.175	500,000	-	-	-	500,000
9	19-10-2009	31-10-2012	0.250	500,000	-	-	-	500,000
10	01-07-2010	30-06-2012	0.150	-	250,000	-	-	250,000
11	01-07-2010	30-06-2013	0.200	-	250,000	-	-	250,000
12	30-04-2011	30-04-2013	0.150	-	33,333	-	-	33,333
13	30-04-2011	31-01-2014	0.250	-	33,333	-	-	33,333
14	30-04-2011	31-01-2015	0.400	-	33,334	-	-	33,334

1. Tranche 1S options - Initial and performance options granted to the Vendors upon the merger of Facilitate Digital Pty Ltd and Purus Energy Ltd.
2. Tranche 3 options lapsed under the Employee Share Option Plan (ESOP).
3. Tranche 4 options lapsed under the Employee Share Option Plan (ESOP).
4. Tranche 5 options lapsed under the Employee Share Option Plan (ESOP).
5. Tranche 6 options issued under the Employee Share Option Plan (ESOP).
6. Tranche 7 options issued under the Employee Share Option Plan (ESOP).
7. Tranche 2S options issued to directors.
8. Tranche 3S options issued to directors.
9. Tranche 4S options issued to directors.
10. Tranche 8 options issued under the Employee Share Option Plan (ESOP).
11. Tranche 9 options issued under the Employee Share Option Plan (ESOP).
12. Tranche 10 options issued under the Employee Share Option Plan (ESOP).
13. Tranche 11 options issued under the Employee Share Option Plan (ESOP).
14. Tranche 12 options issued under the Employee Share Option Plan (ESOP).

No options or shares were issued to employees for services performed in 2011, the only exceptions being the granting of options, to qualifying employees under the Employee Share Option Plan.

(a) Recognised share-based payment expenses

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

	Consolidated	
	2011	2010
	$	$
Expense arising from equity-settled Share-based payment transactions	**13,910**	**56,439**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2011 and 2010.

(b) Types of share-based payment plans

Employee share option plan (ESOP)

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

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

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

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

Director share option plan (DSOP)

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

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

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

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

(c) Summaries of options granted under ESOP arrangements

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

	2011	2010
	No.	No.
Outstanding at the beginning of the year	**4,367,159**	4,947,898
Granted during the year	**1,870,000**	75,000
Forfeited during the year	**(237,500)**	-
Exercised during the year	**-**	-
Expired during the year	**(3,729,659)**	(655,739)
Outstanding at the end of the year	**2,270,000**	4,367,159
Exercisable at the end of the year	**1,953,333**	3,817,159

The outstanding balance of the ESOP options above excludes 41,455,743 performance options outstanding at 30 June 2011 (30 June 2010: 41,455,743) which were previously granted to vendors upon the merger of Facilitate Digital Pty Ltd and Purus Energy Ltd and the 1,500,000 DSOP options were previously issued to the directors, being Stuart Simson and Geoff Dixon.

The outstanding balance of the ESOP options as at 30 June 2011 is represented by:

- Tranche 6: 822,500 options over ordinary shares with an exercise price of $0.20 with vesting in 1 year from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 7: 847,500 options over ordinary shares with an exercise price of $0.30 with vesting in 2 years from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 8: 250,000 options over ordinary shares with an exercise price of $0.125 vesting immediately from the date of grant (1 July 2010) and with an exercise period of 2 years from the date of vesting.
- Tranche 9: 250,000 options over ordinary shares with an exercise price of $0.125 with vesting in 1 year from the date of grant (1 July 2010) and with an exercise period of 2 years from the date of vesting.
- Tranche 10: 33,333 options over ordinary shares with an exercise price of $0.15 vesting immediately from the date of grant (30 April 2011) and with an exercise period of 2 years from the date of vesting.
- Tranche 11: 33,333 options over ordinary shares with an exercise price of $0.25 were granted on 30 April 2011 with vesting on 31 January 2012 and with an exercise period of 2 years from the date of vesting.
- Tranche 12: 33,334 options over ordinary shares with an exercise price of $0.40 were granted on 30 April 2011 with vesting on 31 January 2013 and with an exercise period of 2 years from the date of vesting.

(d) Range of exercise price

The range of exercise price for options outstanding at the end of the year was $0.12 - $0.40 (2010: $0.10 - $1.00).

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

(e) Option pricing model

Equity-settled transactions

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

The following table illustrates the inputs to the models used for the years ended 30 June 2011 and 30 June 2010:

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

Model used: Black-Scholes	**Tranche 8**	**Tranche 9**	**Tranche 10**	**Tranche 11**	**Tranche 12**
Share price at measurement date	**0.600**	**0.600**	**0.850**	**0.085**	**0.085**
Expected volatility (%)	**75.00**	**75.00**	**75.00**	**75.00**	**75.00**
Risk-free interest rate (%)	**5.75**	**5.75**	**6.50**	**6.50**	**6.50**
Expected life of option (years)	**2.00**	**3.00**	**2.00**	**3.00**	**4.00**
Option exercise price ($)	**0.125**	**0.125**	**0.15**	**0.25**	**0.40**
Black-Scholes value	**0.01**	**0.02**	**0.02**	**0.02**	**0.02**

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

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

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

The weighted average fair value of ESOP options granted during the year was 0.0113 (2010: 0.0140).
The weighted remaining contractual life for the ESOP options outstanding 30 June 2011 was 1.56 years (2010: 1.40 years).

The weighted average fair value of DSOP options granted during the year was nil (2010: 0.0369).
The weighted remaining contractual life for the DSOP options outstanding 30 June 2011 was 1.34 years (2010: 1.34 years).

Note 28: Leasing and Capital Commitments

a. Operating Lease Commitments

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

	Consolidated	
	2011	2010
	$	$
Payable - minimum lease payments		
- not later than 12 months	**259,572**	146,964
- between 12 months and 4 years	**978,354**	-
	1,237,926	146,964

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

b. Finance Lease Commitments

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

	Consolidated	
	2011	2010
	$	$
Payable - minimum lease payments		
- not later than 12 months	**37,726**	32,865
- between 12 months and 4 years	**18,806**	65,730
	56,532	98,595

Note 29: Contingent Liabilities and Assets

Contingent Liabilities

The Company and its controlled entities had no contingent liabilities as at 30 June 2011 and are not subject to any litigation.

Contingent Assets

The Company has no contingent assets as at 30 June 2011.

Note 30: Events After Balance Date

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

Note 31: Auditors' Remuneration

	GROUP	
	2011	**2010**
	$	**$**
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	**105,339**	**117,500**
- Taxation services	**55,530**	**55,050**
- Other services	**14,924**	**33,535**
	175,793	**206,085**

Note 32: Controlled Entities

Controlled Entities

Name	Country of Incorporation	Percentage Owned %	
		2011	2010
Parent Entity			
Facilitate Digital Holdings Limited	Australia	100	100
Controlled Entities			
Facilitate Digital Pty Ltd	Australia	100	100
Symphony Media Pty Ltd	Australia	100	100
Ironbark Mineral Sands Pty Ltd *	Australia	-	100
Facilitate Digital Limited	New Zealand	100	100
Facilitate Digital UK Limited	United Kingdom	100	100
Facilitate Digital Europe Marketing Technology Limited	Ireland	100	100
Facilitate Digital LLC	United States	100	100
Facilitate Digital Deutschland GmbH	Germany	100	100

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

Note 33: Company Details

The registered office of the Company:

Facilitate Digital Holdings Limited

6/241 Commonwealth Street, Surry Hills, NSW 2010, Australia

The principal places of business are:

Australia	Level 6, 241 Commonwealth Street, Surry Hills, NSW 2010
New Zealand	Level 3, Cathedral House, 48-52 Wyndham Street, Auckland
Europe	3 Inns Quay, Dublin 7, Republic of Ireland
United Kingdom	31-35 Kirby Street, London EC1N8TE, England
United States – East Coast	1040 Avenue of the Americas 40th Street 24th Floor New York, NY 10018
United States – West Coast	Level 9, Suite 9049, 153 Townsend Street, San Francisco CA 94107
Singapore	27 Cantonment Road, Singapore 089745
China	503 Shanghai Universal Centre, 175 Xiangyang Road, Shanghai, 200031
Sweden	Frejgatan 13, 114 79 Stockholm
Germany	Hamburg Business Centre, Poststrasse 33, 20354 Hamburg

NOTE 34: Parent Entity Information

	2011	2010
	$	$
Information relating to: Facilitate Digital Holdings Limited		
Current assets	**3,374,277**	2,911,555
Total assets	**12,622,826**	11,555,837
Current liabilities	**1,886,767**	701,225
Total liabilities	**1,995,234**	701,225
Net assets	**10,627,592**	10,854,612
Issued capital	**31,996,041**	31,306,940
Accumulated losses	**(21,703,045)**	(20,773,014)
Reserves	**334,596**	320,686
Total shareholder's equity	**10,627,592**	10,854,612
Profit/(loss) of the parent entity	**(1,021,481)**	989,319
Total comprehensive income of the parent company	**(1,021,481)**	989,319

Directors' Declaration

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

1. In the opinion of the directors:

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

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

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

   b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the board

Stuart Simson
Chairman

Dated this 30th of September, 2011

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Independent audit report to members of Facilitate Digital Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Facilitate Digital Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 2(c), 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position 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 Note 2(c).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 16 to 25 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 Facilitate Digital Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David Petersen
Partner
Melbourne
30 September 2011

Shareholder Information as at 14th September 2011

Number of Security Holders and Securities on Issue

Facilitate has issued 139,352,284 Ordinary Fully Paid Shares and these are held by 498 shareholders.

Voting Rights

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

Distribution of Security Holders

Number of Equity Securities	Number of Shareholders	Ordinary Shares on Issue
1 – 1000	17	9,472
1,001 – 5,000	82	238,536
5,001 – 10,000	118	964,909
10,001 – 100,000	185	6,785,595
100,001 +	96	131,353,772
Total	**498**	**139,352,284**

Unmarketable Parcel of Shares

The number of security investors holding less than a marketable parcel of 7,143 securities ($0.07 on 14 September, 2011) is 118 and they hold 358,117 securities.

Shareholders

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

Shareholder	Number of Shares	Percentage
DG Fast Channel Inc.	16,257,616	11.67%
Ian Lowe & Ben Dixon (Ambleside Investments A/C)	16,090,943	11.55%
T & J Superannuation Fund Pty Ltd	8,741,902	6.27%
Dunsmore Nominees Pty Ltd	7,473,954	5.36%
Michael Lane	7,462,130	5.35%
HSBC Custody Nominees (Australia) Limited	7,150,209	5.13%
National Nominees Limited	7,121,940	5.11%
G & D Dixon Investments Pty Ltd	6,262,860	4.49%
Ian Lowe & Ben Dixon (The Big Green A/C)	6,201,627	4.45%
Registry Systems LLC	4,136,362	2.97%
Internet Associates Inc	3,916,170	2.81%
Hazelwood Pty Ltd	3,850,000	2.76%

Shareholder	Number of Shares	Percentage
Austock Nominees Pty Ltd	2,116,854	1.52%
Publicis Communications Pty Ltd	2,089,104	1.50%
JP Morgan Nominees Australia	2,083,754	1.50%
Internet Billing Services Ltd	1,919,962	1.38%
Ben Dixon	1,787,882	1.28%
Robert MacFadyen Pty Ltd	1,466,222	1.05%
Geoffrey Nash	1,250,000	0.90%
Dawn Dixon	1,231,203	0.88%

Substantial Holders

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

Ben Dixon	17,878,825	12.83%
DG Fast Channel Inc.	16,257,616	11.67%
T & J Superannuation Fund Pty Ltd	8,741,902	6.27%
Dunsmore Nominees Pty Ltd	7,996,095	5.74%
Private Portfolio Managers Pty Ltd	7,803,768	5.60%
Geoffrey & Dawn Dixon	7,494,063	5.38%
Michael Lane	7,462,130	5.35%
Republic Investment Management Pte Ltd	7,140,614	5.12%

Unquoted Equity Securities

6,376,450 unlisted Options have been allocated to the Facilitate Digital Holdings Limited Employee Share Option Plan (ESOP), as at 30 June, 2011, 2,270,000 had been issued and were current for 7 option holders and the Options remain unexercised.

Number of Options	Options allocated to ESOP	Balance of issued ESOP Options 1.7.2010	ESOP Options issued during the year	ESOP Options lapsed/cancelled during the year	Balance of issued ESOP Options 30.06.2011	Balance of unissued ESOP Options 30.06.2011
ESOP Options	6,376,450	4,367,159	1,870,000	(3,967,159)	2,270,000	4,106,450
Option Holders	-	23	3	(19)	7	-

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

- Tranche 6: 822,500 options over ordinary shares with an exercise price of $0.20 with vesting in 1 year from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 7: 847,500 options over ordinary shares with an exercise price of $0.30 with vesting in 2 years from the date of grant (30 June 2009) and with an exercise period of 2 years from the date of vesting.
- Tranche 8: 250,000 options over ordinary shares with an exercise price of $0.125 vesting immediately from the date of grant (1 July 2010) and with an exercise period of 2 years from the date of vesting.
- Tranche 9: 250,000 options over ordinary shares with an exercise price of $0.125 with vesting in 1 year from the date of grant (1 July 2010) and with an exercise period of 2 years from the date of vesting.
- Tranche 10: 33,333 options over ordinary shares with an exercise price of $0.15 vesting immediately from the date of grant (30 April 2011) and with an exercise period of 2 years from the date of vesting.
- Tranche 11: 33,333 options over ordinary shares with an exercise price of $0.25 were granted on 30 April 2011 with vesting on 31 January 2012 and with an exercise period of 2 years from the date of vesting.
- Tranche 12: 33,334 options over ordinary shares with an exercise price of $0.40 were granted on 30 April 2011 with vesting on 31 January 2013 and with an exercise period of 2 years from the date of vesting.

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

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

Details Regarding Escrow

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

On-Market Buy Back

There is no current on-market buy-back.

Statement Regarding Use of Cash and Assets

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

Glossary Of Terms Used In The Annual Report

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