Computronics Holdings Limited ABN 73 082 573 108 and Controlled Entities

Financial Report for the Year Ended 30 June 2011

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Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2011.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

Licence Holders, Development, Manufacture and Distribution of specialised electronic technology and products for the Forensic, Industrial, Rural and Resources sectors.

The following significant changes in the nature of the principal activities occurred during the financial year:

The company issued 1 free bonus option, exercisable at $0.02 per share, to all eligible shareholders.

The company also identified two new technology licences to balance the risk of the Point of Pay technology being the only focus of the Company. These new licences were in Advanced Light Emitting Diode (LED) technology and Facial Recognition technology.

Operating Results and Review of Operations for the Year

Operating Results

The net assets of the consolidated group have increased by $519,315 to $640,082 (2010: ($120,767)). The increase of the consolidated group's net asset position was due to the return to profitability plus the issuing of new shares in the amount of $233,950.

The Company has subsequently entered into a convertible loan agreement providing funding totalling $1m. A shareholders meeting to approve the convertible note issue was convened on 4 July 2011, and shareholders approved the issue of the convertible notes. The $1,039,540 convertible notes subscribed for may be converted to 69,135,891 fully paid, ordinary shares at the election of the company.

The Company has also broadened its licence technology base. The Company has entered into exclusive arrangements with third parties to licence Facial Recognition Technology and a LED based lighting technology. Both of these licence agreements include an option for the Company to purchase the business for a price five (5) times EBIT within 5 Years.

The directors pursued an expansion of the product marketing licences of technologies. This strategy has seen the completion of exclusive international agreements for the Facial Recognition Technology licensed to and currently in use by the Victoria Police and Vic Roads, and the LED lighting used in both forensic and commercial arenas and in use by various Australian and international law enforcement authorities. These technologies have resulted in orders being placed with Computronics Holdings Limited of which the Company has fulfilled and delivered. These licences earn Computronics Holdings Limited a margin of up to 30% on international transactions and up to 20% on domestic transactions.

As announced on 26 November 2010, the Company made a bonus issue of options to all existing share holders being approximately 337,357,325 options at $0.02 per option. The record date for the issue is 8 December 2010 and the options are intended to expire on 30 November 2015. Full take-up of these options would result in the Company raising the sum of $6,747,146.

The Directors are of the view that the income being generated from the marketing of its licensed technologies along with the potential income from option exercise should mean that the Company will have a secure income from sales and a solid base for expansion. The directors believe the Group is in a financial position to expand and grow its current licensing operations.

After Balance Date Events

The Company has previously announced to the market that Mr. Constantine Scrinis had lodged a claim against the Company for $740,000 and that the Company had immediately issued a counterclaim. The matter has now been agreed with the Company making a $50,000 payment to Mr Scrinis as settlement.

On 13 July 2011 the company announced to the market that an action has commenced against the company in the County Court by Melbourne Finance Broking for the repayment of the amount $722,500 relating to the convertible note agreement in May 2010. The directors of the Company intend to strenuously defend the claim.

Future Developments, Prospects and Business Strategies

To further improve the consolidated group's profit and maximise shareholder wealth, the following developments are intended for implementation in the near future:

The entering into of the exclusive international licences for the marketing and development of the Facial Recognition products and of the LED lighting technology opens the company to the markets for identity theft and personal security, crime prevention and counter terrorism, and various other forensic areas with commercial acceptance both in Australia and internationally.

Environmental Issues

The consolidated group's operations are not subject to any particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory and as a consequence, there are no obligatory compliance disclosure items to report.

Information on the Directors

Sachlan Fraval	—	Chairman
Qualifications	—	Qualified as a Chartered Accountant in the United Kingdom in 1973.
Experience	—	Appointed Chairman 2007. Board member since 17 October 2007. (Resigned 8 February 2012)
Interest in Shares and Options	—	28,000,000 ordinary shares in Computronics Holdings Limited.
Special Responsibilities	—	Given his experience with research and development, Mr Fraval provides input into technology identification and negotiation of agreements. He is also a member of the audit committee.
Directorships held in other listed entities during the three years prior to the current year	—	Nil

David Hin-Leung Wu	—	Non-Executive Director
Qualifications	—	B.Econ Chung Nan Financial University
Experience	—	Appointed Director 23 April 2010.
Interest in Shares and Options	—	NIL
Special Responsibilities	—	Mr Wu is your Company's Asian Market Director and is responsible for negotiations with third parties in Asia.
Directorships held in other listed entities during the three years prior to the current year	—	NIL

Constantine Scrinis	—	Managing Director
Qualifications	—	Corporate structuring.
Experience	—	Appointed Managing Director 20 April 2010. Board member since 23 April 2010. (Resigned 1 December 2010).
Interest in Shares and Options	—	NIL
Special Responsibilities	—	Relisting company and the management of that process.
Directorships held in other listed entities during the three years prior to the current year	—	Former director of Traffic Technologies International Ltd. (Resigned 13 August 2007).

Murray Smith	—	Executive Director
Qualifications	—	NIL
Experience	—	Appointed Director and Company Secretary on 6 December 2010.
Interest in Shares and Options	—	43,950,000 ordinary shares in Computronics Holdings Limited through Nelcor Pty Ltd (a company of which Mr Smith is a director).
Special Responsibilities	—	NIL
Directorships held in other listed entities during the three years prior to the current year	—	NIL

John Graham	—	Non-executive director (Appointed 14/02/2012)

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Murray Smith (Appointed 6 December 2010)

Hemant Amin (Appointed 23 April 2010) (Resigned 3 December 2010)

Sachlan Fraval (Appointed 25 March 2010) (Resigned 9 June 2011)

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

			Committee Meetings							
	Directors' Meetings		Audit Committee		Nominating Committee		Human Resources Committee		Operations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sachlan Fraval	12	12	-	-	-	-	-	-	-	-
David Hin-Leung Wu	12	12	-	-	-	-	-	-	-	-
Constantine Scrinis	5	5	-	-	-	-	-	-	-	
Murray Smith	6	6	-	-	-	-	-	-	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premium.

Options

At the date of this report, the unissued ordinary shares of Computronics Holdings Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
8 December 2010	30 November 2015	$ 0.02	337,357,325
			337,357,325

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of 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 those proceedings.

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

Non-audit Services

During the year Grant Thornton Audit Pty Ltd, the Company's auditor, has not performed any other services in addition to their statutory audit duties.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 11 of the Annual Report.

Remuneration Report (Audited)

The remuneration policy of Computronics Holdings Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Computronics Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Relationship between Remuneration Policy and Company Performance

Notwithstanding the above policies the Board has taken the view that an important matter required to be considered for remuneration is the re-listing of the Company. Constantine Scrinis prior to his resignation was provided with remuneration in the sum of $15,000 per month to facilitate that target. Only directors fees have been accrued until such time as the company is fully reconstructed and the above policies will be implemented when a viable business based on the licensing of technologies has been developed.

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In determining whether or not a KPI has been achieved, Computronics Holdings Limited bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, to market, independent reports are obtained.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the five Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Employment Details of Members of Key Management Personnel and Other Executives

Group Key Management Personnel	Position held as at 30 June 2010 and any change during the year	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
		Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
		%	%	%	$	%
Sachlan Fraval	Chairman	-	-	-	30,000	100
David Hin-Leung Wu	Non Executive Director	-	-	-	23,100	100
Constantine Scrinis	Managing Director (Resigned 1 December 2010)	-	-	-	152,576	100
Murray Smith	Executive Director	-	-	-	95,450	100

The employment terms and conditions of key management personnel and Group executives are formalised in contracts of employment.

Remuneration Details for the Year Ended 30 June 2011

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the Year Ended 30 June 2011

Group Key Management Personnel		Short-term benefits		Post-employment benefits		Long-term benefits	Termination benefits	
		Salary, fees and leave	Other	Pension and super-annuation	Other	Incentive plans		Total
		$	$	$	$	$	$	$
Sachlan Fraval	2011	**30,000**	**-**	**-**	**-**	**-**	**-**	**30,000**
	20010	30,000	-	-	-	-	-	30,000
David Hin-Leung Wu	2011	**23,100**	**-**	**-**	**-**	**-**	**-**	**23,100**
	2010	7,500	-	-	-	-	-	7,500
Constantine Scrinis	2011	**152,576**	**-**	**-**	**-**	**-**	**-**	**152,576**
	2010	52,500	-	-	-	-	-	52,500
Freeman Wyllie	2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2010	186,722	16,805	-	-	-	28,846	232,373
Douglas Townsend	2011	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2010	22,500	-	-	-	-	-	22,500
Murray Smith	2011	**51,500**	-	-	-	**43,950**	-	**95,450**
	2010	-	-	-	-	-	-	-
Total Key Management Personnel	**2011**	**257,176**	**-**	**-**	**-**	**43,950**	**-**	**301,126**
	2010	299,222	16,805	-	-	-	28,846	344,873

Options and Rights Granted

No options are issued to directors and executives as part of their remuneration.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

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Murray Smith
Director

Dated: 29th March 2012

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Auditor's Independence Declaration
To The Directors of Computronics Holdings Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Computronics Holdings Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 29 March 2012

The Board of Directors of Computronics Holdings Limited ("the Company") is responsible for the corporate governance of the Company. The Board monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarized in this statement. Commensurate with the spirit of the August 2007 ASX Corporate Governance Council's
Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice.

The Company has not established (and therefore has not made publicly available) a formal Nomination Committee Charter, Policy and Procedure for Selection and (Re) Appointment of Directors, or Procedure for Selection, Appointment and Rotation of External Auditor. Where applicable, the Company's "If Not, Why Not" disclosure for each of the Recommendations to which this charter and the policies and procedures relate, is provided below.

Disclosure - Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the year ended 30 June 2011 ("Reporting Period").

<u>Principle 1: Lay Solid Foundation for Management and Oversight</u>

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Board and senior management of the Company are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. The Board accepts responsibility for the overall corporate governance of the Company and has consequently developed and adopted corporate governance practices and policies that have been implemented throughout management and governance.

The Company has established the functions reserved to the Board and is in the process of formalizing these functions in a Board Charter. The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities includes setting strategic and policy direction, monitoring performance against strategy, identifying principal risks and opportunities and ensuring risk management systems are established and reviewed, approving and monitoring financial reports, capital management, compliance, significant business transactions and investments, appointing senior management and monitoring performance, remuneration, development and succession, adopting procedures to ensure the business of the Company is consistent with Company values, continuous disclosure compliance, ensuring effective shareholder communication, ensuring the Board remains appropriately skilled, reviewing and approving corporate governance systems and enhancing and protecting the Company's reputation.

The Board is also governed by the Company's constitution, and on appointment each Director is provided with a formal letter of appointment setting out key terms and conditions of the appointment their duties and responsibilities, the role of the Board and committees, the Company's constitution and the Company's policies.

The Company has established the functions delegated to senior executives and will set out these functions in its Board Charter. Senior executives are responsible for supporting the Executive Director and assisting the Executive Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Principle 1: Lay Solid Foundation for Management and Oversight (continued)

Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:
Evaluation of the Executive Director is carried out by the Remuneration Committee each year together with the ongoing monitoring of management and Company performance, with informal discussions undertaken as required. The Executive Director conducts a formal review each year assessing the performance of Senior Executives and reports back to the Board.

Recommendation 1.3:
Companies should provide the information indicated in the "Guide to reporting on Principle 1."

Disclosure:
The Remuneration Committee conducted an evaluation of the Managing Director in March 2010. The Chairman conducted an evaluation of Senior Executives in June 2011. The performance evaluation was undertaken in accordance with the process disclosed above.

Principle 2: Structure the Board to add value

Recommendation 2.1:
A majority of the Board should be independent Directors.

Disclosure:
The Board is currently comprised of three Directors with two being non-executive Directors, including the Chairman and one executive Director. The Company complies with this recommendation, as two of the three Directors are considered independent.

The independent Director of the Company is:

David Hin-Lueung Wu

The Board regularly assesses the independence of each Director with the intention to have a majority of Directors being independent. Each Director is required to provide to the Board all relevant information to assist the Board in this regard.

The Board will continue to monitor developments and consider any guidelines that may be issued with respect to the maximum tenure of Directors in order to meet 'independence' guidelines.

Recommendation 2.2:
The Chair should be an independent Director.

Disclosure:
The Chairman is not considered independent due to the size of the shareholding in his control.

Recommendation 2.3:
The roles of the Chair and Managing Director should not be exercised by the same individual.

Disclosure:
The Executive Director was Mr Murray Smith who was not Chair of the Board.

Recommendation 2.4:
The Board should establish a Nomination Committee.

Disclosure:
The Company has not established a separate Nomination Committee.

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

Explanation for Departure:
The Board considers the present Directors are able to discharge the responsibilities of a Director, having regards to the law and the highest standards of governance. Should a vacancy exist, for whatever reason, or where considered that the Board would benefit from the services of a new Director, the Board will select appropriate candidates with relevant qualifications, skills and experience. The Board has not established a separate Nomination Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Nomination Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made.

Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:
Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

Disclosure:
The Company has adopted self-evaluation processes to measure Board performance. The performance of all Directors is assessed through analysis and review by, and discussion with, the Chair on issues relating to individual Directors' attendance at and involvement in Board meetings, interaction with management, performance of allocated tasks and any other matters identified by the Chair or other Directors. Evaluation of any Board committees is conducted on a similar basis. Due to the Board's assessment of the effectiveness of these processes, the Board has not formalized qualitative performance indicators to measure individual Director's performance.

Recommendation 2.6:
Companies should provide the information indicated in the "Guide to reporting on Principle 2."

Disclosure:
Skills, Experience, Expertise and Term of Office of each Director
The composition of the Board has been determined on the basis of providing the Company with the benefit of a broad range of commercial, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level. The names and further information regarding the skills, experience, qualifications, relevant expertise and term of office of the Directors are set out in the most recent Directors' Report.

Board Access to Information and Independent Advice
All Directors have access to employees and, subject to the law, access to all Company records and information held by employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Consistent with ASX Principle 2, the Company allows each Director to seek individual external advice at the expense of the Company.

Committees of the Board
The Board has established an Audit Committee and a Remuneration Committee to assist the Board in the discharge of it's responsibly.

Further information about the Audit Committee is provided in the statement under Principal 4: Safeguard Integrity in Financial Reporting.

Further information about the Remuneration Committee is provided in the statements under Principal 8: Remunerate Fairly and Responsibility.

Principle 2: Structure the Board to add value (continued)
Identification of Independent Directors
The policy on Director Independence defines an independent Director as a non-executive Director (not a member of management) and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the independent exercise of their judgment.
In determining the independent status of a Director the Board considers whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder the Company;

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

- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has 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 provider;
- is 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;
- has a material contractual relationship with the Company or another group member, other than as a Director of the Company.

Materiality for these purposes is determined on both a quantitative and qualitative bases. An amount of over 5% of annual turnover or 5% of the individual Director's net assets is considered material for these purposes.

Nomination Matters
The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however the Board discusses nominated-related matters from time to time during the year as required. The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation
During the Reporting Period no review or evaluation of the performance of the Board, individual Directors and applicable Committees was undertaken in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re)/Appointment of Directors
The Company has not established (and therefore has not made publicly available) a formal Policy and Procedure for Selection and (Re)/Appointment of Directors.
In determining candidates for the Board, the Nomination Committee (or equivalent) considers the balance of independent Directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Under the Company's constitution, at every annual general meeting one third of the Directors (except the Executive Director) must retire from office and is eligible for re-election at that meeting. The Directors to retire must be those who have been longest in office since their last election and, in any event, Directors cannot hold office for more than three years without submitting themselves for re-election. Re-appointment of Directors is not automatic.

Principle 3: Promote Ethical and Responsible Decision Making
Recommendation 3.1:
Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Principle 3: Promote Ethical and Responsible Decision Making (Continue)

Disclosure:
The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision making by Directors. The Code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors and embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of shareholder opportunity.
The principles of the Code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must not take improper advantage of the position of Director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a Director in the course of the exercise of directional duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The Managing Director or in his absence the Executive Director is responsible to the Board for the day-to- day management of the Company.
The Company has adopted a Code of Ethics and Conduct for all employees and Directors of the Company which details policies, procedures and guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability. The Directors of the Company are also obliged to comply with the Code of Conduct for Directors.

Objective
The code of Ethics and Conduct confirms that the Company's primary objective is to provide a satisfactory return to shareholders. The Company aims to achieve this by:

- Satisfying the needs of the customers and Franchisees through the provision of goods and services on a competitive and professional basis;
- Providing a safe and fulfilling working environment for employees, rewarding good performance and providing opportunities for advancement;
- Conducting existing operations in an efficient manner and by seeking out opportunities for expansion;
- Responding to the attitudes and expectations of the communities in which the Company operates;
- Acting with integrity and honesty in dealings both inside and outside the group.

Principle 3: Promote Ethical and Responsible Decision Making (continued)

Values

All employees are expected to:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse information, assets or facilities;
- Value and maintain professionalism;
- Avoid real or perceived conflicts of interest;
- Act in the best interests of shareholders;
- By their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the communities and environments in which it operates;
- Perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- Exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with Franchisees, customers, suppliers, and the public generally; and
- Act with honesty, integrity, decency and responsibility at all times.

Under the Code of Ethics and Conduct, all employees are required to comply with the letter and spirit of all applicable laws and regulations in performance of their duties and their dealings with fellow employees, customers, Franchisees, suppliers and all third parties with whom they have contact in the performance of their duties. In addition, all employees have a responsibility to adhere to the Code and ensure that no breaches occur. An employee who breaches the Code may face disciplinary action.
If an employee suspects that a breach of the Code has occurred or will occur, he or she must report that breach to the appropriate Company manager.

No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach.
All reports will be acted upon and kept confidential. In addition, the whistleblower provisions of the Corporations Act 2001provide specific protection to employees who report breaches or suspected breaches of Corporations Legislation under certain circumstances.

Responsibility for the administration, implementation and periodic review of the Code of Ethics and Conduct lies with the Company Secretary, in consultation with the Managing Director/Executive Director.

Recommendation 3.2:

Companies should establish a policy concerning trading in Company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

Apart from observing all legal requirements, it is the policy of the Board that all Directors and Senior Executives advise the Board before dealing in Computronics Holdings Ltd shares. In order to encourage as active a market as possible in Company shares Directors and Senior Executives are encouraged to trade in Company shares except during periods when they are aware of material matters or activities which are not yet known by the market in general. For example during the period from the finalisation of the annual and half yearly results and their release, The Board will not authorise trading in Computronics Holdings Ltd shares by Directors or Senior Executives if, in its opinion, that Director or Executive has knowledge of any fact that may affect the share price. The Board also accepts responsibility for reviewing any transactions between the Company and Directors or any interest associated with Directors, to ensure the structure and the terms of the transaction is in compliance with the Corporations Act 2001 and is properly disclosed.

Recommendation 3.3:
Companies should provide the information indicated in the "Guide to reporting on Principle 3."

Disclosure:
Please refer to the disclosure in Recommendation 3.1 and Recommendation 3.2 above for a summary of the Code of Conduct and Trading Policy.

Principle 4: Safeguard Integrity in Financial Reporting

Recommendation 4.1:
The Board should establish an Audit Committee.

Disclosure:
The Company has established an Audit Committee.

Recommendation 4.2:
The Audit Committee should be structured so that it:

- consists only of non-executive Directors
- consists of a majority of independent Directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Disclosure:
The due to its current size the Company is unable to comply with this requirement.

The Audit Committee comprises of:

- Mr. Sachlan Fraval
- Mr. Murray Smith (Chair)

Recommendation 4.3:
The Audit Committee should have a formal charter.

Disclosure:
The Company has adopted an Audit Committee Charter.

Recommendation 4.4:
Companies should provide the information indicated in the "Guide to reporting on Principle 4."

Disclosure:
Details of each of Director's qualifications and attendance at the Audit Committee meetings are set out in the Directors' Report. All Directors are financially literate and have an understanding of the industry in which the Company operates.

Appointment of Auditor
The effectiveness, performance and independence of the external auditor are reviewed by the Audit Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the Audit Committee will formalise the procedure and policy for selecting a new external auditor.

Audit Committee
The Audit Committee monitors internal control policies and procedures designed to safeguard Company assets and to maintain the integrity of financial reporting, which is consistent with ASX Principle 4. A copy of the Audit Committee Charter is available on the Company's website under Governance.

The Audit Committee has the following responsibilities as set out in its Charter:

- the main responsibilities include oversight and making recommendations on internal and external reporting, the oversight of risk management activities, and external audit; as well as communication between the external auditors and the Board
- the Audit Committee will comprise only non-executive Directors and at least three members. The Chairman of the Committee is appointed by the Board and cannot be the Chairman of the Board
- the Audit Committee may invite any person deemed appropriate to attend meetings and may take such independent advice as it considers appropriate.
- The Audit Committee is required to meet as and when required by the Chairman of the Committee. Any member of the Committee may request the Chairman to call a meeting.
- The Audit Committee is required to assess its effectiveness periodically. In addition the Charter is required to be revised annually and updated as required.

Principle 5: Make Timely and Balanced Disclosure

Recommendation 5.1:
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:
The Company has established procedures to ensure there is timely disclosure to the ASX of price sensitive information which may have a material effect on the price or value of the entity's securities.

The Company also posts announcements on its web site to complement the official release of information to the market.

Recommendation 5.2:
Companies should provide the information indicated in the "Guide to reporting on Principle 5."

Disclosure:
A copy of the Continuous Disclosure Policy is available on the Company's website in the Governance section.

Principle 6: Respect the Right of Shareholders

Recommendation 6.1:
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:
The Company has an effective shareholder communication procedure. Communication of information to shareholders is through the distribution of an annual report and half yearly report, announcements through the ASX and the media regarding changes in its business.

The Company's annual general meeting is a major forum for shareholders to ask questions about the Company performance and the external auditors also are invited to attend the annual general meeting and answer shareholder questions.

The Company maintains a web site which includes copies of all Corporate Governance policies and procedures as well as all shareholder communications both current and historical.

Recommendation 6.2:
Companies should provide the information indicated in the "Guide to reporting on Principle 6."

Principle 6: Respect the Right of Shareholders

Disclosure:
A copy of the Shareholders Communications Policy is available on the Company's website in the Governance section.

Principle 7: Recognise and Manage Risk

Recommendation 7.1:
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:
The Company has developed a Risk Management and Oversight Policy, which sets out systems for risk oversight, management and internal control. A copy of this policy is available on the Company website.

Recommendation 7.2:
The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:
The Company is yet to complete the formalization of its risk management system and reporting on identified material business risks, accordingly the Board has not received a report as to the effectiveness of the management of its material business risks.

Following the recent development of the Risk Management and Oversight Policy the Board has determined to review, formalise and document the management of its material business risks and expects to implement this system by the end of this year. This system will include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be formally reviewed at least annually and updated as required.

During this process the Board will continue to monitor the Company's risk management through ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management on the management of risks associated with pending and existing legal issues, approval procedures for significant expenditures, the functioning of the Audit Committee, comprehensive written policies on specific activities and corporate governance, and regular communication between Directors on compliance and risk.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Board requires assurance from the Executive Director and Chief Financial Officer that the declaration in relation to section 295A of the Corporations Act is founded in a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

Recommendation 7.4:

Companies should provide the information indicated in the "Guide to reporting on Principle 7."

Disclosure:

The Board has not received the report from management under Recommendation 7.2. Additional information regarding this departure and the departure from Recommendation 7.2 is detailed above.

Principle 7: Recognise and Manage Risk (continued)

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief

Financial Officer (or equivalent) under Recommendation 7.3.

A copy of the Risk Management and Oversight Policy is available on the Company's website in the Governance section.

Principle 8: Remunerate Fairly and Responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure

The Board has established a Remuneration Committee.

Recommendation 8.2:
Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

Disclosure:
Non-executive Directors are remunerated at a fixed fee for time, commitment and responsibilities.

Remuneration for non-executive Directors is not linked to the performance of the Company.

Pay and rewards for executive Directors and senior executives consists of a base salary and performance incentives. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:
Companies should provide the information indicated in the "Guide to reporting on Principle 8."

Disclosure:
Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms a part of the Directors' Report. The Company's remuneration policies are reflected in the Company's Remuneration Committee Charter.

These policies are to establish competitive remuneration, including performance incentives, consistent with long term development and success, to ensure remuneration is fair and reasonable, taking into account all relevant factors, and within appropriate controls or limits, ensure performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

A copy of the Remuneration Committee Charter is available on the Company's website under Governance. The Remuneration Committee held seven meetings during the Reporting Period. The Remuneration Committee comprises of the following Directors:

- Mr. Sachlan Fraval
- Mr. Murray Smith (Chair)

Details of each of the Director's attendance at the Remuneration Committee meeting are set out in the Directors' Report. There are no termination or retirement benefits for non-executive Directors (other than superannuation). During the Reporting Period the Company did not publicly disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Company's position is that such transactions are prohibited.

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		2011 $	2010 $
Continuing operations			
Commission revenue		**2,327,177**	-
Other revenue		**731**	-
Administration expenses	2	**(1,639,730)**	(127,941)
Finance costs		**(106,054)**	-
Employee costs		**(55,225)**	-
Profit / (Loss) before income tax		**526,899**	(127,941)
Income tax expense	3	**-**	-
Profit / (Loss) from continuing operations		**526,899**	(127,941)
Discontinued operations	4	**-**	(2,184,885)
Loss from discontinued operations after tax		**-**	(2,184,885)
Profit / (Loss) for the year		**526,899**	(2,312,826)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income / (loss) for the year		**526,899**	(2,312,826)
Earnings per share			
From overall operations:			
Basic profit/(loss) per share (cents)	7	**0.001**	(0.022)
Diluted profit/(loss) per share (cents)	7	**0.001**	(0.022)
From continuing operations:			
Basic profit/(loss) per share (cents)	7	**0.001**	(0.008)
Diluted profit/(loss) per share (cents)	7	**0.001**	(0.008)
From discontinued operations:			
Basic (loss) per share (cents)	7	**-**	(0.022)
Diluted (loss) per share (cents)	7	**-**	(0.022)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Consolidated Group	
		2011	2010
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	17,378	81,461
Trade and other receivables	9	1,280,616	82,315
Other assets	10	648,493	
TOTAL CURRENT ASSETS		1,946,487	163,776
NON-CURRENT ASSETS			
Property, plant and equipment		2,222	-
Other assets	11	1,000,000	255,000
TOTAL NON-CURRENT ASSETS		1,002,222	255,000
TOTAL ASSETS		2,948,709	418,776
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,163,034	175,005
Borrowings	13	1,145,593	-
TOTAL CURRENT LIABILITIES		2,308,627	175,005
NON-CURRENT LIABILITIES			
Borrowings	13	-	364,538
TOTAL NON-CURRENT LIABILITIES		-	364,538
TOTAL LIABILITIES		2,308,627	539,543
NET ASSETS		640,082	(120,767)
EQUITY			
Issued capital	14	14,179,810	13,945,860
Accumulated losses		(13,539,728)	(14,066,627)
TOTAL EQUITY		640,082	(120,767)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011

	Issued Capital Ordinary	Accumulated Losses	Asset revaluation reserve	Total
	$	$	$	$
Balance at 1 July 2009	13,945,860	(11,753,801)	79,421	2,271,480
Shares Issued	-	(2,312,826)	-	(2,312,826)
Total comprehensive loss for the period	-	-	(79,421)	(79,421)
Balance at 30 June 2010	13,945,860	(14,066,627)	-	(120,767)
Balance at 1 July 2010	**13,945,860**	**(14,066,627)**	**-**	**(120,767)**
Total comprehensive profit for the period	**-**	**526,899**	**-**	**526,899**
Options exercised during the period	**190,000**	**-**	**-**	**190,000**
Share based payment expense	**43,950**	**-**	**-**	**43,950**
Balance at 30 June 2011	**14,179,810**	**(13,539,728)**	**-**	**640,082**

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,128,548**	6,967,685
Payments to suppliers and employees		**(472,975)**	(7,055,335)
Net cash provided by (used in) operating activities	21	**655,573**	(87,650)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,163)**	(97,112)
Purchase of other non-current assets		**(745,000)**	(255,000)
Cash lost on disposal of subsidiary		**-**	24,858
Net cash provided by (used in) investing activities		**(746,163)**	(327,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from convertible notes facility		**675,000**	364,538
Loan provided	10	**(648,493)**	-
Net cash provided by (used in) financing activities		**26,507**	364,538
Net decrease in cash held		**(64,083)**	(50,366)
Cash and cash equivalents at beginning of financial year	8	**81,461**	131,827
Cash and cash equivalents at end of financial year		**17,378**	81,461

The accompanying notes form part of these financial statements.

This financial report includes the consolidated financial statements and notes of Computronics Holdings Limited and controlled entities ('Consolidated Group' or 'Group') and notes of Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Computronics Holdings Limited at the end of the reporting period. A controlled entity is any entity over which Computronics Holdings Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 17 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

Tax consolidation

Computronics Holdings Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2009. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

d. **Property, Plant and Equipment**

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

Plant and equipment

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset’s useful life to the consolidated group 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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	3-10 years
Plant and equipment	2.5 – 10 years
Motor Vehicles	6 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. **Financial Instruments**

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

ii. Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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 subsequently measured at amortised cost.

iii. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

iv. If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses 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 an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are
de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. **Impairment of Non-Financial Assets**

At each the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;

income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

i. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

j. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

l. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from commission sales are recognised at the point legal ownership of the goods sold have past to the buyer and the sale transaction is completed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST)

m. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

n. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

o. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. **Comparative Figures**

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

q. **Critical Accounting Estimates and Judgments**

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

Key estimates

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

r. **Adoption of New and Revised Accounting Standards**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

r. **Adoption of New and Revised Accounting Standards (Cont)**

– AASB 9: *Financial Instruments* (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053: *Application of Tiers of Australian Accounting Standards* establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

r. **Adoption of New and Revised Accounting Standards (Cont)**

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie: full IFRS):

- for-profit private sector entities that have public accountability; and the Australian Government and state, territory and local governments.
-

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

– AASB 2009–12: *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8: *Operating Segments* to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

– AASB 2009–14: *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

– AASB 2010–4: *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7: *Financial Instruments: Disclosures* that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

r. **Adoption of New and Revised Accounting Standards (Cont)**

- amending AASB 101: *Presentation of Financial Statements* to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

- adding a number of examples to the list of events or transactions that require disclosure under AASB 134: *Interim Financial Reporting*; and

- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

– AASB 2010–5: *Amendments to Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).
This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).
This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, and AASB 7: *Financial Instruments: Disclosures*, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the 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] (applies to periods beginning on or after 1 January 2013).
This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: *Financial Instruments* in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9: *Financial Instruments*.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9: *Financial Instruments*.

– AASB 2010–8: *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* [AASB 112] (applies to periods beginning on or after 1 January 2012).

r. **Adoption of New and Revised Accounting Standards (Cont)**

This Standard makes amendments to AASB 112: *Income Taxes*.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: *Investment Property*.

Under the current AASB 112: *Income Taxes*, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112: *Income Taxes*.

The amendments are not expected to impact the Group.

– AASB 2010–9: *Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [AASB 1] (applies to periods beginning on or after 1 July 2011).
This Standard makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*.
The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.
This Standard is not expected to impact the Group.

– AASB 2010–10: *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters* [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: *Amendments to Australian Accounting Standards arising from AASB 9*, and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: *First-time Adoption of Australian Accounting Standards* and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: *Financial Instruments* that was issued in December 2009) as it has been superseded by AASB 2010–7.]
This Standard is not expected to impact the Group.

r. **Adoption of New and Revised Accounting Standards (Cont)**

- AASB 2011-1: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]
  This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054 (applicable for annual reporting periods beginning on or after 1 July 2011).

- AASB 10: *Consolidated Financial Statements*
  AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 27: *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12: *Consolidation – Special Purpose Entities*.

  The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group (applicable for annual reporting periods beginning on or after 1 January 2013).

- AASB 11: *Joint Arrangements*
  AASB 11 replaces AASB 131: *Interests in Joint Ventures* and SIC-13: *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group (applicable for annual reporting periods beginning on or after 1 January 2013).

- AASB 12: *Disclosures of Interests in Other Entities*
  AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether the control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests 1 January 2013.

- AASB 13: *Fair Value Measurement*
  AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provide guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined (applicable for annual reporting periods beginning on or after 1 January 2013).

NOTE 2: PROFIT FOR THE YEAR

	Consolidated Group	
	2011	2010
	$	$
(a) Significant Expenses		
Consultants	**437,784**	-
Legal fees	**99,836**	-
Assembly costs	**871,678**	-

NOTE 3: INCOME TAX EXPENSE

	Consolidated Group	
	2011	2010
	$	$
a. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
— consolidated group	**158,070**	(693,848)
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	**-**	-
— other non-allowable items	**-**	-
		-
Less:		
Tax effect of:		
Recoupment of prior year tax losses	**(158,070)**	
Carried forward losses not brought to account	**-**	693,848
Income tax attributable to entity	**-**	-

The Company has not recognised potential carried forward losses at 30 June 2011.

NOTE 4: DISCONTINUED OPERATIONS

	Consolidated Group	
	2011	2010
	$	$

On 23 April 2010, the consolidated group announced its decision to place its subsidiary Computronics Corporation Ltd into administration that included the operations of its Farmscan and Signs Divisions, thereby discontinuing its operations in these business segments.

This announcement was made subsequent to approval by the Group's management and shareholders.

Financial information relating to the discontinued operation to the date of disposal have been included in the profit and loss above. Separately set out below are the discontinued operations.

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:

	2011 $	2010 $
Revenue	-	5,633,842
Expenses	-	(12,632,089)
Loss before income tax	-	(6,998,247)
Gain on disposal of discontinued operations	-	4,813,362
Loss attributable to members of the parent entity	-	(2,184,885)

The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:

	2011 $	2010 $
Net cash inflow/(outflow) from operating activities	-	72,254
Net cash inflow from investing activities	-	(97,112)
Net cash (outflow)/inflow from financing activities	-	-
Net cash increase in cash generated by the discontinuing division	-	(24,858)

NOTE 5: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2011 $	2010 $
Short-term employee benefits	**257,176**	316,027
Post-employment benefits	**43,950**	-
Termination benefits	-	28,846
	301,126	344,873

NOTE 5: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) (CONT)

KMP Shareholdings

The number of ordinary shares in Computonics Holdings Limited held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Sachlan Fraval	28,000,000	-	-	-	28,000,000
David Hin-Leung Wu	-	-	-	-	-
Constantine Scrinis	-	-	-	-	-
Murray Smith	-	43,950,000	-	-	43,950,000

30 June 2010	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Sachlan Fraval	28,000,000	-	-	-	28,000,000
David Hin-Leung Wu	-	-	-	-	-
Constantine Scrinis	-	-	-	-	-
Freeman Wyllie	1,500,000	-	-	-	1,500,000
Douglas Townsend	7,700,000	-	-	-	7,700,000
Murray Smith	-	-	-	-	-

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 23: Related Party Transactions.

NOTE 6: AUDITORS' REMUNERATION

	Consolidated Group	
	2011	2010
	$	$
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	**42,500**	40,076

NOTE 7: EARNINGS PER SHARE

		Consolidated Group	
		2011	**2010**
		$	**$**
a.	Reconciliation of earnings to profit or (loss)		
	Profit / (loss)		
	Earnings used to calculate basic EPS	**526,899**	(2,312,826)
	Earnings used in the calculation of dilutive EPS	**526,899**	(2,312,826)
b.	Reconciliation of earnings to profit or (loss) from continuing operations		
	Profit / (loss) from continuing operations	**526,899**	(127,491)
	Earnings used to calculate basic EPS from continuing operations	**526,899**	(127,491)
	Earnings used in the calculation of dilutive EPS from continuing operations	**526,899**	(127,491)
c.	Reconciliation of earnings to profit or loss from discontinuing operations		
	Loss from discontinuing operations		
	Earnings used to calculate basic EPS from discontinuing operations	**-**	(2,184,885)
	Earnings used to calculate basic EPS from discontinuing operations	**-**	(2,184,885)
		No.	No.
d.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**356,357,325**	293,407,325
	Weighted average number of dilutive options outstanding	**337,357,325**	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**373,714,650**	293,407,325

NOTE 8: CASH AND CASH EQUIVALENTS

	2011	2010
Cash at bank and in hand	**17,378**	**81,461**

NOTE 9: TRADE AND OTHER RECEIVABLES

		2011	2010
CURRENT			
Trade receivables		**1,090,616**	**82,315**
Other receivables	**(a)**	**190,000**	**-**
Total current trade and other receivables		**1,280,616**	**82,315**

(a) During the period the company's options holders exercised 19,000,000 options for consideration totalling $190,000. The company issued the shares to the option holders on 15 December 2010. Included within the balance of other receivables is a total of $30,000 owing by a Director related entity.

At the date of this report the consideration for the exercise of the options was outstanding.

NOTE 9: TRADE AND OTHER RECEIVABLES (CONT)

Credit Risk — Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount $000	Past due and impaired $000	Past due but not impaired (days overdue) < 30 $000	31–60 $000	61–90 $000	> 90 $000	Within initial trade terms $000
2011							
Trade and term receivables	**1,090,616**	**-**	**-**	**-**	**1,090,616**	**-**	**-**
Other receivables	**190,000**	**-**	**-**	**-**	**-**	**190,000**	**-**
Total	**1,280,616**	**-**	**-**	**-**	**1,090,616**	**190,000**	**-**
2010							
Trade and term receivables	**82,315**	**-**	**82,315**	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**82,315**	**-**	**82,315**	**-**	**-**	**-**	**-**

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

NOTE 10: FINANCIAL ASSETS

Loan	**(a)**	**648,493**	**-**

(a) On the 18th of April 2011 the Company provided a secured loan totalling $648,748. The loan was provided at 10% interest with a repayment due on the 18th of July 2011. Subsequent to the repayment date the Company has extended the repayment terms on a monthly basis. As at the date of this report the loan amount has not been repaid. The loan is secured by a registered first charge against a residential property. The borrower is currently engaged by the Company as a consultant.

NOTE 11: OTHER ASSETS

		Consolidated Group	
		2011	2010
		$	$
NON CURRENT			
Technology licence – at cost	a	**1,000,000**	255,000

(a) On 20 October 2010 the Company entered into an agreement with Point of Pay Pty Ltd (POP) to purchase the Australian Master Rights to point of pay EFTPOS technology. Consideration for the Australian Master Rights payable under this agreement is $1.0m. The EFTPOS technology has not yet reached product certification and there currently exists a dispute between the Company and POP in relation to the payment of the licence fee under the agreement. The Company intends to mediate with POP to resolve these matters, and commence commercialisation of the technology.

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	**1,133,034**	112,910
Sundry payables and accrued expenses	**30,000**	62,095
	1,163,034	175,005

NOTE 13: BORROWINGS

CURRENT			
Convertible note facility draw-down	**a**	**1,145,948**	-
NON CURRENT			
Convertible note facility draw-down	**a**	**-**	364,538

a. Summary of terms of the Convertible Note Facility

Term - 1 year secured convertible notes.
In May 2010 the company entered into a Convertible note agreement, and drew down on the facility during this period. Subsequent to shareholder approval, the Company issued 69,135,891 convertible notes in September 2011.

Interest is accrued at a rate of 10% per annum. Any interest which remains unpaid for 14 days will be capitalised unless the noteholders have previously advised the company that interest cannot be capitalised for that period.

Conversion Price – Notes are redeemable for cash on the first anniversary of the issue of the convertible notes and convertible into shares at the option of the Company, subject to shareholder approval and re-quotation to the ASX. Refer Note 19 and Note 22 for further details.

NOTE 14: ISSUED CAPITAL

	Consolidated Group	
	2011	**2010**
	$	**$**
376,857,325 (2010: 293,407,325) fully paid ordinary shares	**14,179,810**	13,945,860

The company has no maximum authorised share capital. Ordinary shares have no par value.

				2011	2010
				No.	No.
a.	**Ordinary Shares**				
	At the beginning of reporting period			**293,407,325**	293,407,325
	Shares issued during the year				
	—	06/12/2010	**(a)**	**43,950,000**	-
	Options exercised during the period				
	—	15/12/2010	**(b)**	**19,000,000**	-
	At the end of the reporting period			**356,357,325**	293,407,325

(a) This represents 43,950,000 shares issued to Neclor Pty Ltd a related party of the Executive Director Murray Smith for consulting services totalling $43,950. A share based payment expense has been recognised in the period.

(b) During the period the company's options holders exercised 19,000,000 options for consideration totalling $190,000. The company issued the shares to the option holders on 9 March 2011. Included within the balance is a total of $30,000 owing by former Director Sachlan Fraval. At the date of this report the consideration for the shares was outstanding.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b.	**Options over unissued shares**		
	At the beginning of reporting period	**19,500,000**	19,500,000
	Options exercised during the year	**(19,000,000)**	-
	Options forfeited during the year	**(500,000)**	-
	Options issued during the year (08/12/2010)	**337,357,325**	-
	At the end of the reporting period	**337,357,325**	19,500,000

c. **Capital Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group continues as a going concern.
The Group's debt and capital includes ordinary share capital, convertible note facilities and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.
Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group. The group's capital management strategy is currently under review as the re-structure of the group's activities are undertaken, a re-alignment of the groups capital management activities to its operating activities in on-going.

NOTE 17: CONTROLLED ENTITIES

a. Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of Computronics Holdings Ltd		**2011**	**2010**
Computronics Corporation Ltd (a)	**Australia**	**-**	**100%**
Precision Farming Australia Pty Ltd (c)	**Australia**	**100%**	**100%**
AgGuide Pty Ltd (b)	**Australia**	**100%**	**100%**

a. On 23 April 2010, the parent entity placed Computronics Corporation Ltd into voluntary administration. The creditors subsequently determined to put the company into liquidation. Refer to note 4.

b. Computronics Corporation Ltd acquired all the assets and liabilities of Agguide Pty Ltd. Agguide Pty Ltd have no assets or liabilities at 30 June 2011.

c. Precision Farming Pty Ltd subsequent to balance date was de-registered. Precision Farming Pty Ltd had no assets or liabilities at 30 June 2011.

NOTE 18: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2011	2010
	$	$
a. **Finance Lease Commitments**		
Payable — minimum lease payments		
— not later than 12 months	**-**	51,328
— between 12 months and 5 years	**-**	-
— greater than 5 years	**-**	-
Minimum lease payments	**-**	51,328
Less future finance charges	**-**	(4,967)
Present value of minimum lease payments	**-**	46,361
b. **Operating Lease Commitments**		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	**-**	**-**
— between 12 months and 5 years	**-**	**-**
— greater than 5 years	**-**	**-**
	-	-
c. **Capital Expenditure Commitments**		
Capital expenditure commitments contracted for:		
Capital expenditure projects		
— not later than 12 months	**-**	995,000
— between 12 months and 5 years	**-**	-
— greater than 5 years	**-**	-
	-	-

NOTE 19: CONTINGENTS LIABILITIES AND COMMITMENTS

On 13 July 2011 the company announced to the market that an action has commenced against the company in the County Court by Melbourne Finance Broking for the repayment of the amount $722,500 relating to the convertible note agreement of May 2010. The Directors strongly believe the Court proceedings commenced by Melbourne Finance Broking will be successful defended as their action is misconceived and ignores the clear terms of the Convertible Note Agreement which is the basis upon which the funds were provided.

The company have entered into consulting arrangements with Nelcor Pty Ltd a related party of Murray Smith (Executive Director) and Vantow Pty Ltd. The agreements provide an incentive for the re-quotation of Computronics Holdings Ltd to the ASX. The company will issue options to each individual on the following basis:

Name	Number of options granted	Exercise price	Expiry
Nelcor Pty Ltd (Murray Smith)	2,000,000	$0.02	5 year from issue
Vantow Pty Ltd	4,000,000	$0.02	5 year from issue

NOTE 20: OPERATING SEGMENTS

Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

In prior reporting periods the Company had defined the segments relating to its controlled subsidiary Computronics Corporation Ltd as a separate reporting segment. During the prior reporting period the company placed Computronics Corporation Ltd into administration resulting in a significant reduction in the activities of the group. At the reporting date the company operates in one segment being the distribution of technological products.

As a result the Company's only material reportable segment for the financial period has been identified as the Company as a whole and as such the reporting segment is represented by the primary statements forming these financial statements.

NOTE 21: CASH FLOW INFORMATION

		Consolidated Group	
		2011	2010
		$	$
a.	**Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax**		
	Profit / (loss) after income tax from continuing operations	**526,899**	(2,312,826)
	Cash flows excluded from profit attributable to operating activities		
	Non-cash flows in profit		
	Amortisation/impairment	**-**	3,233,931
	Gain on discontinued operations	**-**	(4,813,362)
	Depreciation	**-**	344,431
	(Increase)/decrease in trade and term receivables	**(1,199,360)**	1,262,839
	(Increase)/decrease in prepayments	**-**	154,774
	(Increase)/decrease in inventories	**-**	1,862,764
	Increase/(decrease) in trade payables and accruals	**1,328,034**	179,799
	Cash flows from operations	**655,573**	(87,650)

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

Con Scrinis Settlement

The Company's former director Con Scrinis brought an action against the Company for unpaid expenses incurred by him on behalf of the Company. Computronics Holdings Ltd and Con Scrinis have settled the claimed per the ASX announcement on 16 November 2011.

Convertible Notes

A general meeting of shareholders was held on 4 July 2011 to approve the issue of convertible notes under the convertible note facility dated 21 May 2010. A total of 69,135,891 convertible notes were issues at a conversion price of $0.015 per note on 29 September 2011.

NOTE 23: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2011	**2010**
	$	**$**
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Management fees paid to Secucom Pty Ltd, a company controlled by Sachlan Fraval	-	30,000
Management fees and occupancy fees paid to Astraglen Pty Ltd a company controlled by Con Scrinis.	-	52,500
Interest free loan provided to Sachlan Fraval for the exercise of 3,000,000 options at an exercise price of $0.01 per option.	30,000	-
During the period the Nelcor Pty Ltd a related party of Murray Smith Executive Director provided corporate consulting services to the company. Total consideration of the services provided was settled for 43,950,000 shares at price per share toatalling $0.001 per share.	43,950	-

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and convertible note facility.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2011	**2010**
	$	**$**
Financial Assets		
Cash and cash equivalents	**17,378**	81,461
Loans and receivables	**1,929,109**	82,315
Total Financial Assets	**1,946,487**	163,776
Financial Liabilities		
Trade and other payables	**1,163,034**	175,005
Borrowings	**1,145,593**	364,538
Total Financial Liabilities	**2,308,627**	539,543

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

Financial Risk Management Policies

The Risk and Audit Committee (RAC) has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group. The RAC has, in turn, established a dedicated Financial Risk Management Committee (FRMC) to undertake such responsibility. The FRMC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk. The FRMC meets on a bi-monthly basis and minutes of the FRMC are reviewed by the Board.

The FRMC's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FRMC has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia and the United Kingdom given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables are provided in Note 9.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

Financial instruments

Financial Instruments Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the Statement of Financial Position.

	Weighted average effective interest rate		Floating Interest Rate		Fixed interest rate maturity			
Consolidated Group	%		$		Within 1 year		1 to 5 years	
Financial Assets	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Cash and cash equivalents	-	-	17,378	81,461	-	-	-	-
Loans and receivables	*10%*	-	-	-	648,493	-	-	-
Total financial assets	*10%*	-	17,378	81,461	648,493	-	-	-

	Fixed Interest Rate Maturing Over 5 Years		Non-interest Bearing		Total	
Consolidated Group	$		$		$	
Financial Assets	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Cash and cash equivalents	-	-		-	17,378	81,461
Loans and receivables	-	-	1,280,616	82,315	1,929,109	82,315
Total financial assets	-	-	1,280,616	82,315	1,946,487	163,776

	Weighted average effective interest rate		Floating Interest Rate		Fixed interest rate maturity			
Consolidated Group	%		$		Within 1 year $		1 to 5 years $	
Financial Liabilities	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Convertible note facility	*10.00*	*10.00*	-	-	1,145,593	-	-	364,538
Trade and sundry payables	-	-	-	-	-	-	-	-
Total financial liabilities	*10.00*	*10.00*	-	-	1,145,593	-	-	364,538

	Fixed Interest Rate Maturing Over 5 Years		Non-interest Bearing		Total	
Consolidated Group	$		$		$	
Financial Liabilities	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Convertible note facility	-	-	-	-	1,145,593	364,538
Trade and sundry payables	-	-	1,163,034	175,005	1,163,034	175,005
Total financial liabilities	-	-	1,163,034	175,005	2,308,627	539,543

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

Trade and sundry receivables are expected to paid as follows:

Consolidated Group	Total $	
	2011	**2010**
Less than 6 months	**1,280,616**	**82,315**
6 months to 1 year	**648,493**	**-**
1-5 years	**-**	**-**
Over 5 years	**-**	**-**
Total financial liabilities	**1,929,109**	**82,315**

Trade and sundry payables are expected to be paid as follows:

Consolidated Group	Total $	
	2011	**2010**
Less than 6 months	**1,163,034**	**175,005**
6 months to 1 year	**-**	**-**
1-5 years	**-**	**-**
Over 5 years	**-**	**-**
Total financial liabilities	**1,163,034**	**175,005**

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management’s expectations that banking facilities will be rolled forward.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

c. Market risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

At 30 June 2011 approximately 0% of group debt is fixed.

ii. Foreign exchange risk

The company maintains no foreign exchange risk at 30 June 2011.

iii. Price risk

The company maintains no price risk at 30 June 2011.

iv. *Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilization of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 60 days from the date of invoice.

Credit Risk Exposures

Collateral held by the Group securing recievables are detailed in Note 9 Trade and Other recievables.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other recievables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 9.

Credit risk related to balances with banks and other financial institutions is managed by the FRMC in accordance with approved Board policy.

NOTE 25: GOING CONCERN

The Company has refocused its direction to include distribution of LED and Facial recognition technology products. Further, during this period the Company utilised a convertible note facility totalling $1.0m to acquire certain technology rights. Refer note 11.

At balance date the Company's current liabilities exceed current assets by $362,140. Further, the Company has reported two sale transactions for LED products, resulting in profit being recognised at 30 June 2011. To date no further sales have been reported.

On 18 April 2011 the Company loaned $648,748 which has been secured against a property. At the date of this report the loan has not been repaid. The company intend to call the facility to be repaid within 12 months of this report.

As noted in Note 19 and 22, there currently exists a dispute in relation to the convertible note facility. The amount outstanding at balance date is $1.145m (Refer Note 13).

The financial report has been prepared on the going concern basis as the Directors believe that it will be able to generate future sustainable profits from its new distribution and technology licences and be repaid the loan of $648,748 and if required, raise debt and/or equity finance.

In the event that the Company is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business, and make provisions for other costs which may arise as a result of cessation or curtailment of normal business procedures.

NOTE 26: COMPANY DETAILS

The registered office and principal place of business for the company is:

Computronics Holdings Limited
Unit 1, 103 Lewis Road,
KNOXFIELD, VIC, AUSTRALIA, 3180

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 24 to 53, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Murray Smith
Director

Dated this 29h day of March 2012

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Independent Auditor's Report
To the Members of Computronics Holdings Ltd

Report on the financial report

We have audited the accompanying financial report of Computronics Holdings Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Basis for qualified auditor's opinion
A limitation in scope of our work exists for the reasons described below:
As disclosed in Note 11 to the financial statements, the consolidated entity has included in other non-current assets an amount of $1,000,000, relating to amounts paid or payable for an Australian Master Licence for a technology product (the Asset).

The recoverability of the carrying value of the Asset is dependent on the ability of the consolidated entity to settle all disputes with the technology licensor and for the licensor to develop the product to certification. Australian Accounting Standard AASB 136 Impairment of Assets requires an asset to be carried at no more than its recoverable amount. We have been unable to obtain sufficient appropriate audit evidence to support the directors' assessment of the recoverable amount of the Asset and, accordingly, we have been unable to determine whether the recoverable amount of the Asset is at least equal to its carrying value. In the event that the carrying value of the Asset exceeds its recoverable amount, it would be necessary for the carrying value of the Asset to be written down to its recoverable amount.

As disclosed in Note 9 to the financial statements, the consolidated entity has included in Other Receivables an amount of $190,000 relating to shares issued from the exercise of options. Included within the outstanding balance is $30,000 owed by a Director related entity..

The recoverability of the carrying values of the above receivables is dependent on the capacity of the shareholder debtors to settle the outstanding amounts. Australian Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement requires an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. We have been unable to obtain sufficient appropriate audit evidence to support the directors' assessment of the existence or recoverability of these receivables and, accordingly, we have been unable to determine whether these receivables are impaired.

Qualified Auditor's opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs:

a the financial report of Computronics Holdings Ltd is in accordance with the Corporations Act 2001, including:

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

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

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 7 to 9 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Computronics Holdings Ltd for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Material uncertainty regarding continuation on a going concern basis

Without further qualifying our opinion, we draw attention to Note 25 in the financial report which indicates that the consolidated entity's current liabilities exceed its current assets by $362,140. This condition, along with other matters as set forth in Note 25, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 29 March 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	35
1,001 – 5,000	269
5,001 – 10,000	75
10,001 – 100,000	80
100,001 – and over	65
	524

b. The number of shareholdings held in less than marketable parcels is 35.

c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2011 are:

Shareholder	Number Ordinary	Number Preference
Yarralumla Foundation Pty Ltd	48,903,095	-
Nelcor Pty Ltd	43,950,000	-
ILB Investments Pty Ltd	30,030,300	-
SRF Investments Pty Ltd	28,000,000	-
Colin Roy and Karyn Beasley	25,000,000	-
Saju Pty Ltd	17,760,000	-
7 Generations Pty Ltd	11,000,000	-
Fraval Hanafi R & Levana	11,000,000	-
Naturecure SVCS Pty Ltd	11,000,000	-
Duncan Thomas Luke	7,333,334	-

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

— These shares have no voting rights.

e. **20 Largest Shareholders — Ordinary Shares**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1.	Yarralumla Foundation Pty Ltd	48,903,095	13.70
2.	Nelcor Pty Ltd	43,950,000	12.32
3.	ILB Investments Pty Ltd	30,030,300	8.42
4.	SRF Investments Pty Ltd	28,000,000	7.85
5.	Colin Roy and Karyn Beasley	25,000,000	7.01
6.	Saju Pty Ltd	17,760,000	4.98
7.	7 Generations Pty Ltd	11,000,000	3.08
8.	Fraval Hanafi R & Levana	11,000,000	3.08
9.	Naturecure SVCS Pty Ltd	11,000,000	3.08
10.	Duncan Thomas Luke	7,333,334	2.05
11.	Drae Investments Pty Ltd	5,000,000	1.40
12.	Mr Bustillo Bachrun	5,000,000	1.40
13.	John Hanson	4,666,667	1.31
14.	Ismail Zaakir	4,600,000	1.29
15.	Virtual Capital House Pty Ltd	4,000,001	1.12
16.	Fraval Rohana <Susila Dharma A/C>	4,000,000	1.12
17.	Alexei Bakharevski	4,000,000	1.12
18.	Hadrian Fraval Nominees Pty Ltd <Rofin Super>	4,000,000	1.12
19.	Fischman Capital Pty Ltd	3,500,000	0.98
20.	Manst Pty Ltd	3,500,000	0.98
		276,243,397	**77.41**

2. The name of the company secretary is Murray Smith.

3. The address of the principal registered office in Australia is Unit 1, 103 Lewis Road, Knoxfield, Victoria 3180. Telephone (03) 9801 2566.

4. Registers of securities are held at the following addresses:

   Security Transfer Register

   770 Canning Highway, Applecross, WA, Australia, 6153

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

6. **Unquoted Securities**

   Options over Unissued Shares

   A total of 337,357,325 options are on issue to twelve holders of ordinary securities.