

IMAGINE UN LIMITED
Annual Financial Report
For the Year Ended 30 June 2009

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**Imagine Un Limited ABN 97 009 201 763
and Controlled Entities**

DIRECTORS' REPORT

The directors present their report on Imagine Un Limited ("the Company") and its Controlled Entities (collectively "the economic entity") for the financial year ended 30 June 2009.

OPERATING RESULT

– **Operating Results**

The consolidated loss of the economic entity after eliminating minority equity interests amounted to (\$4,552,580).

– **Dividends Paid or Recommended**

No dividends have been paid or declared since 2006, and no dividends have been recommended by the Directors.

– **Financial Position**

The net assets of the company have decreased by (\$3,447,106) in 2009. This decrease has largely resulted from the following factors:

- Poor operating performance;
- Impairment of several assets.

REVIEW OF OPERATIONS

– **Directors**

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

Key Person	Position	Appointed	Cease
Richard Evans	Executive Director & Chairman	10-Nov-06	Current
Rodger Johnston	Non Executive Director	31-Oct-08	Current
Alex Gershoig	Non Executive Director	17-Nov-08	Current
Michele Morrison	Executive Director	13-Jun-07	07-Nov-08
Malcolm Beville	Non Executive Director	10-Nov-06	27-Oct-08

– **Company Secretary**

Rodger Johnston replaced Michelle Morrison as Company Secretary on 17 November 2008.

– **Principal Activities**

The principal activity of the economic entity during the financial year was the provision of information technology and distribution services.

– **Significant Changes in State of Affairs**

The operating status of the Company changed significantly during the reporting period as a result of the following events:

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- Imagine Un Ltd's wholly owned subsidiary (Imagine Essential Services Pty Ltd), entered voluntary administration on 24 February 2009, and was subsequently placed into to liquidation by its creditors on 8 April 2009.
- Imagine Un Ltd entered voluntary administration on 29 April 2009.
- On 11 May 2009, Bluscan Investment Pty Ltd (an entity associated with a previous director of the company, Mr Malcolm Beville) appointed a Receiver and Manager to the Company and to the company's wholly-owned subsidiary, Imagine Global Pty Ltd.
- On or about 2 September 2009 the Company executed a Deed of Company Arrangement (see After Balance Date Events below for details)
- The Receiver & Manager appointed (11 May 2009) to the Company and Imagine Global Pty Ltd ceased to act on 2 October 2009, but both companies remained subject to the fixed and floating charge held by Bluscan Investment Pty Ltd.
- On 8 February 2010 the Deed of Company Arrangement was wholly effectuated. This resulted in discharging \$8.53 million of the Company's liabilities.

– Likely Developments

Following the effectuation of the Deed of Company Arrangement, which occurred on 8 February 2010, the Board expects the following developments:

- The fixed and floating charge held by Bluscan Investment Pty Ltd over the Company and the Company's wholly-owned subsidiary, Imagine Global Pty Ltd, shall be discharged.
- Imagine Un Ltd shall embark on raising new capital and organising its affairs on a going concern basis so as to apply for lifting of suspension in trading of the Company's shares on the Australian Securities Exchange.

– After Balance Date Events

A number of events have occurred that are required to be disclosed.

- The Company's wholly owned subsidiary, Imagine Essential Services Pty Ltd, entered voluntary administration on 24 February 2009. Subsequently, on 8 April 2009, this subsidiary was placed into liquidation.
- On 29 April 2009, the Company appointed a voluntary administrator to the company.
- On 6 August 2009 the creditors of the Company resolved that the Company enter into a deed of company arrangement ("DOCA")
- On or about 27 August 2009, the Company entered into the DOCA. The DOCA, which became effectuated on 8 February 2010, concluded the following outcomes:
 - a. Bluscan Investment Pty Ltd (a company associated with previous director, Malcolm Beville) paid \$150,000 into a fund for the benefit of participating creditors (this has already occurred);
 - b. Bevilles Executive Super Fund Pty Ltd transferred its shareholding in the Company (9,736,032 ordinary shares) to participating creditors;

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- c. Bluscan Investment Pty Ltd executed a Form 312 releasing its fixed and floating charge over Imagine Un Limited;
 - d. With the exception of e) and f) below, all creditors accepted a pro-rata entitlement to the amounts referred to in a) and b) above in complete discharge of all debts and claims which they had against the Company as at 29 April 2009
 - e. The amounts of approximately \$270,000 (Dr Elizabeth Sigston) and \$15,000 (Janet Sloane) shall remain as the only debts of the Company at 30 June 2009; and
 - f. Various creditors were considered non-participating creditors under the DOCA. The debts owed to these creditors became extinguished under the DOCA without participating in the payments to other creditors as described in paragraphs a) and b) above. These creditors included National Australia Bank Ltd, Bluscan Investment Pty Ltd, Bevilles Executive Super Fund Pty Ltd, and Malcolm Beville.
- The Receiver & Manager appointed to the Company and Imagine Global Pty Ltd on 11 May 2009, subsequently ceased acting on 2 October 2009. However, the fixed and floating charge held by Bluscan Investment Pty Ltd remained over both companies.
 - On 8 February 2010 the Deed of Company Arrangement became wholly effectuated.
 - On 15 February 2010 Bluscan Investment Pty Ltd executed a Form 312 releasing the fixed and floating charge held over the Company.

– Environmental Issues

The Company's operations are not subject to significant environmental regulation under the law of the Commonwealth or State.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of Imagine Un Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Imagine Un Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entities financial results. The board of Imagine Un 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, setting the terms and conditions for the directors and executives was developed by the Board. The Board reviews these packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- All remuneration paid to directors and executives, with the exception of options, is valued at cost to the company and expensed.

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The performance of directors and executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the economic entities 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. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Performance-based remuneration

As part of each number of the directors and executives remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors and executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors and executives to ensure buy-in. The measures are specifically tailored to the areas each director and executive 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 nonfinancial 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 Board 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.

In determining whether or not a KPI has been achieved, Imagine Un 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, independent reports are obtained from organisations such as Standard & Poors.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There method to achieve this aim is the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to be effective in increasing future shareholder wealth.

	2006	2007	2008	2009
Revenue	74,821	1,406,202	(2,994,379)	822,581
Net Profit	(2,036,466)	(3,163,700)	(10,797,597)	(4,552,580)
Share Price	3.50 cents	16.50 cents	1.40 cents	0.5 cents

The above table shows the gross revenue, net profit/ (loss), and the share price at the end of the respective financial years. Analysis of the actual figures shows an increase in net loss as well as a decrease in share price.

2009 Directors	Equity-settled Share-based Payment							
	Short-term Salary & Fees	Post-Employment	Termination Benefits	Shares	Options	Total	Proportion Performance Related	Proportion comprised of Options
Michele Morrison ¹	100,000	-	-	-	-	100,000	-	-
Richard Evans ²	200,000	-	-	189,389	-	389,389	-	-
Malcolm Beville	-	-	-	-	-	-	-	-
Rodger Johnston ³	120,000	-	-	-	8,000	128,000	-	6%
Alex Gershoig ⁴	-	-	-	-	-	-	-	-
	420,000	-	-	189,389	8,000	617,389	-	6%

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- ¹ Ms Michelle Morrison acted as the Company's Chief Executive Officer until 7 November 2008.
- ² Mr Richard Evans acted as the Company's Executive Chairman during the reporting period. An amount of \$189,389 was paid to Mr Evans on 13 February 2009 through the issue of 2,104,325 ordinary shares in the Company at an issue price of 9 cents per share in lieu of unpaid directors' fees between December 2006 and December 2007. The issue of shares was approved by members in annual general meeting on 19 December 2008.
- ³ Mr Rodger Johnston was appointed as a director on 31 October 2008, and later appointed as Secretary on 17 November 2008. Mr Johnston was issued 4,000,000 options to purchase ordinary fully paid shares in the Company at a price of 1 cent per share anytime before 30 November 2012. These options were approved by members in annual general meeting on 19 December 2008. At the date of issue, these options were valued (using the Black-Scholes valuation method) at 0.2 cents per option, equating to \$8,000.
- ⁴ Mr Alex Gershoig was appointed as a director on 17 November 2008.

2008 Directors	Short-term Salary & Fees	Post- Employment	Termination Benefits	Equity-settled Share- based Payment		Total	Proportion Performance Related	Proportion comprised of Options
				Shares	Options			
Michele Morrison	240,000	-	-	-	-	240,000	-	-
Richard Evans	120,000	-	-	-	-	120,000	-	-
Malcolm Beville	-	-	-	-	-	-	-	-
Marc Dussault	46,560	-	-	154,000	-	200,560	-	-
Mark Atkinson	-	-	-	-	-	-	-	-
	406,560	-	-	154,000	-	560,560	-	-

Performance income as a proportion of total remuneration

During the year directors and executives were not paid performance based bonuses.

Options issued as part of remuneration for the year ended 30 June 2009

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Imagine Un Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

During the year ended 30 June 2009, no ordinary shares of Imagine Un Limited Listed were issued on the exercise of options granted under the Imagine Un Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Meetings of Directors

During the financial year, 5 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

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Directors	Number Eligible to Attend	Number Attended
Michele Morrison	1	1
Richard Evans	5	5
Malcolm Beville	1	1
Rodger Johnston	4	4
Alex Gershog	4	4

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity and paid a premium in respect of insuring directors and officers of Imagine Un Limited and its controlled entities for liabilities incurred in the management of the operations of the Company.

Proceedings on Behalf of Company

There are no legal proceedings on behalf of the Company currently.

Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 15 of the Annual Report.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Mr Richard Evans

Chairman

Dated: 8/ APR / 2010

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STATEMENT OF CORPORATE GOVERNANCE

Imagine Un Limited ("the Company") and the Board are committed to achieving and demonstrating the highest standards of corporate governance, consistent with the size and nature of the Company. This statement outlines the main corporate governance practices in place throughout the financial year.

The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations on 2 August 2007 and this Statement complies with those revised principles.

Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate.

ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 8 Corporate Governance Principles including comments where applicable on the Recommendations, and extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

PRINCIPLE 1: Lay solid foundation for management and oversight

Operations of the Board

The Board of Directors of the Company is responsible for all aspects of the management of the economic entity. The Board guides and monitors the businesses and affairs of the Company on behalf of the Security Holders and is committed to achieving and demonstrating the highest suitable standards of corporate governance commensurate with the size of the Company and the nature of the business. The Chairman reviews the performance of the Board on an annual basis.

Board Responsibilities

As the Board acts on behalf of Security Holders and is accountable to the Security Holders, the Board seeks to satisfy the financial and management expectations of the Security Holders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board appoints a CEO and the responsibility for the operation and administration of the Company is delegated to that person and the Executive team. The Board has in place proper procedures to assess the performance of the CEO and the Executive team and to ensure that the Executive team is appropriately qualified and experienced to discharge its responsibilities.

The Board is responsible for ensuring that management's objectives, activities and outcomes are aligned to the expectations, vision and business risks identified by the Board.

Board Policies

Board policies or obligations have been established in the following areas:

- Continuous disclosure;
- Dealing in securities;
- Related party dealings;
- Conflict of interest and external advice;
- Release of information;
- Significant business risks; and
- Ethical standards.

The Role of the Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with shareholders

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and with the Company's senior executives. The Chairman formally reviews the performance of the Board and the individual Directors on an annual basis.

The Role of the CEO

The CEO is responsible for implementing the Company's strategies and policies, achieving the Company's objectives and managing the business of the Company. The CEO reviews the performance of the executives on an annual basis.

PRINCIPLE 2: Structure the Board to add Value

The composition of the Board is determined in accordance with the following principles guidelines:

- The Board shall comprise Directors with a diverse and appropriate range of qualifications and expertise;
- The Directors of the Company are elected at a General Meeting.

The Directors in office at the date of this statement are:

- Executive Chairman - Richard Evans
- Chief Executive Officer - Michele Morrison
- Non Executive Director - Malcolm Beville

Details of the Directors in office at the date of this report and during the year are set out on page 3.

Notwithstanding the ASX recommendations that a majority of the Board should be independent Directors, the Board does not consider that there is a need to increase the number of Directors at this time. The Board maintains strict protocols to ensure that any potential or actual conflicts of interest and duty are properly identified and managed, to ensure Directors act in accordance with their fiduciary responsibilities.

The Director's Code of Conduct detailed in Principle 3 includes an acknowledgement that Directors may obtain independent legal advice in order to discharge their duties properly.

PRINCIPLE 3: Promote Ethical and Responsible Decision Making

The Charter for the Board of Directors deals with this issue in respect to Directors, the senior executives, staff and consultants of the Company.

The Board has adopted a Director's Code of Conduct which clarifies the standards of ethical behaviour required of the Directors and is relevant to several of the ASX Corporate Governance Principles. The following is a summary:

Director's Code of Conduct Overview

The Code of Conduct outlines the principles and standards Directors are required to abide by, and governs the way in which each of the Directors should conduct themselves in the discharge of their duties. This Code of Conduct should operate in addition to relevant laws that are in force from time to time and also in conjunction with all other Board Governance Policies.

1. Directors must act honestly, in good faith and in the best interests of the Company as a whole at all times.
2. Directors have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. Directors must always use the powers of the office for a proper purpose.
4. Directors must recognise that their primary responsibility is to the Company's members as a whole but must, where appropriate, have regard for the interests of all stakeholders of the Company.
5. Directors must not make improper use of information acquired as a Director.
6. Directors must not allow personal interests, or the interests of any Associated Person, to conflict with the interest of the Company.
7. Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
8. Confidential information received by a Director in the course of the exercise of Directors' duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or required by law.
9. Directors should not engage in conduct likely to bring discredit upon the Company.

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10. Directors have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

Charter for the Board of Directors

The Charter for the Board of Directors is structured to promote ethical and responsible decision making throughout the Company. All Directors, executives, employees and consultants of the Company are expected to act with integrity and objectivity and maintain appropriate ethical standards and have the following duties:

- To act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity;
- To work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability;
- To comply with applicable awards, Company policies and job requirements;
- Not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by the Company;
- To ensure that the Company's resources and property are used properly; and
- Not to disclose information or documents relating to the Company or its business, other than as required by law and the ASX Listing Rules and not to misuse any information about the Company or any other members of the consolidated entity.

Trading in Company Securities

The Board has adopted a Share Trading Policy which applies to all Directors, officers, senior management and other employees of the Company ("Officers") and supports this Principle through its provisions against insider trading and market manipulation. In summary the trading restrictions are:

Inside Information

If an Officer has inside information (as defined in the policy) relating to the Company it is illegal for the Officer to:

- a) Deal in (that is, apply for, acquire or dispose of) the Securities or enter into an agreement to do so; or
- b) Procure another person to apply for, acquire or dispose of the Securities or enter into an agreement to do so; or
- c) Directly or indirectly communicate, or cause to be communicated, that information to any other person if the designated Person knows, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs a) or b) above.

Officers may only deal in the Company's Securities if they first obtain approval to do so and the Policy includes a procedure to obtain approval.

Prohibition Time Periods

All Officers who have prior knowledge of Inside Information, which is the subject of a public announcement by the Company including half year and full year financial results, AGM Notice of Meeting and other information the subject of ASX continuous disclosure obligations, are prohibited from trading in any Securities **except** during a 30 working day window commencing on the second day following the announcement or announcements that disclose to the ASX, or directly to the public, all that Inside Information, on which the ASX conducts its normal trading operations.

PRINCIPLE 4: Safeguard Integrity in Financial Reporting

The Board is charged with safeguarding the integrity of the Company's financial reporting by advising on and supervising internal controls and appropriate ethical standards for the financial and operational management and risk management of the Company. The Board also confirms the quality and reliability of the financial information prepared.

The Board responsibilities are:

- To review the adequacy of systems and standards of internal control with emphasis on risk management, financial reporting procedures and compliance;

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- To review proposed announcements of financial results, financial statements, management questionnaires and external audit reports in advance of the Board;
- To receive any information it requires from management;
- To provide a direct link from the Board to the external auditor, the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review;
- To assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; and
- To provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with general standard of independence of auditors imposed by the Corporations Act 2001.

The Board meets separately with the auditors as required from time to time to discuss the audit reviews and reports, to ensure that there are no outstanding issues and to assess the auditor's continuing independence.

The Company Auditor is invited to attend the Annual General Meeting and be available to answer any questions the Shareholders may care to ask in respect to the financial statements of the Company. The Company has not yet adopted formal procedures for the selection, appointment and rotation of external auditors.

Each year the CEO will provide a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

Each year the CEO will provide a statement to the Board (see the Director's Report) that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards. The statement also confirms that the assurance is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

PRINCIPLE 5: Make Timely and Balanced Disclosure

The Board has always been very conscious of its continuous and periodic disclosure obligations as set out in ASX Listing Rules 3 and 4 and has ensured that the requirements of those listing rules have been met at all times. The standard Board meeting agenda includes a review of past, current and forthcoming events and results to determine if there is information that should be disclosed in accordance with the Company's Continuous and Periodic Disclosure Policy. The Company's Continuous and Periodic Disclosure Policy is reinforced in the Charter for the Board of Directors. The policy is as follows:

Policy

That the Company will do all things necessary to ensure compliance with Listing Rules 3 and 4 and to follow the guidelines and best practice recommendations as set out in Principle 5 where, in the opinion of the Board, those guidelines and recommendations are appropriate to the Company.

Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
 - Are made in a timely manner;
 - Are factual;
 - Do not omit material information; and
 - Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
2. To establish a process to promote understanding compliance within the Company.
3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors.

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Information to allow investors to monitor the performance of the Company is communicated by means of:

- The Annual Report which is available for distribution to all Security Holders;
- The Half Yearly Report which is available for distribution to all Security Holders;
- Periodic reports and special reports when matters of material interest arise;
- The Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- The Company website.

Responsibility

All Directors and the Company Secretary are responsible to ensure that the Company's continuous and periodic disclosure policy is adhered to. The Chairman and CEO work with the Directors and the Company Secretary in respect to dealing with media contact and any external communications, such as analyst briefings.

PRINCIPLE 6: Respect the Rights of Shareholders

The Charter for the Board of Directors and the Director's Code of Conduct detailed at the beginning of this statement and the Share Trading Policy detailed in Principle 3, all recognise legal and other obligations and support the legitimate interests of all stakeholders.

Fundamental to the rights of shareholders is an effective communication system, utilising the methods detailed in Principle 5 and the Company web site. It is very important to ensure a clear and balanced understanding of the aims and objectives of the Company and the progress being made towards them is readily determined by interested parties.

The full text of Notice of Meetings and Explanatory Memorandums plus any other relevant announcements made to the market, and information provided to analysts, is placed on the Company web site immediately following release to the ASX.

PRINCIPLE 7: Recognise and Manage Risk

The Board is required to:

- Ensure the Company's risk management policies and procedures are adequate;
- Monitor compliance with the Company's risk management policies and procedures;
- Keep itself apprised of the latest developments, policies and trends in relation to financial matters, rules and regulations to the extent that they may affect the Company or the market(s) in which the Company operates;
- Oversee the establishment and implementation of a risk management system and review (at least annually) the effectiveness of the Company's implementation of that system;
- Review the Company's internal financial control mechanisms and risk management policies;
- Compile a risk profile of the material risks (including financial and non-financial matters) facing the Company;
- Establish and implement a system for identifying, assessing, monitoring and managing material risk throughout the Company;
- Review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure:
 - Environment;
 - Safety and health;
 - Asset protection (including insurance);
 - Trade practices;
 - Discrimination and harassment;
 - Conflict of interest; and
 - Ethical standards.

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Each year the CEO will provide a statement to the Board in writing in respect to the integrity of the financial statements and the efficient and effective operation of the risk management and internal compliance and control systems.

PRINCIPLE 8: Remunerate Fairly and Responsibly

The Board ensures that the remuneration policies and practices are consistent with the Company's strategic goals and human resource objectives.

The Board reviews annually the performance of the CEO against the agreed parameters and KPIs.

The Charter includes the following:

- Objectives;
- Composition;
- Meetings;
- Access; and
- Duties and responsibilities including:
 - Recommendations for the appointment or removal of Directors;
 - Assessment of necessary and desirable competencies;
 - Review succession plans;
 - Evaluation of Board performance;
 - Advice on Director's remuneration;
 - Advice on CEO's remuneration;
 - Advice on senior management remuneration;
 - Employment packaging;
 - Staff policy and procedures;
 - Reporting; and
 - Remuneration reviews.

Directors' Remuneration

If an Executive Director is appointed, suitable remuneration will be appointed by the Board. The Non Executive Directors are paid Director's fees by the Company which may be in the form of a cash payment to the Director, cash conditional upon the purchase of shares in the Company or the issue of Options to acquire shares (Options are subject to Shareholder approval). Proper expenses incurred in the course of the Company's operations are reimbursed. The maximum aggregate amount of Non Executive Director's fees must be approved by the Company in a General Meeting.

The Remuneration Report included in the Director's Report details the remuneration policies of the Company.

Governance and Policy Reviews

The Corporate Governance policies and practices of the Company will be continually reviewed in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IMAGINE UN LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

Chartered Accountants



L.E. Tutt

Partner

Sydney, 13 April 2010

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INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2009

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
REVENUE	2	822,581	(2,994,379)	829,367	680
EMPLOYEE BENEFITS		(791,898)	(1,347,174)	(647,476)	(861,592)
DEPRECIATION & AMORTISATION		(5,671)	(17,534)	(1,045)	(1,386)
IMPAIRMENT EXPENSES		(195,344)	(1,642,138)	(914,103)	(7,881,088)
FINANCE COSTS		(979,969)	(183,088)	(925,431)	(2,300)
BAD DEBT EXPENSE		5,400	(2,218,059)	-	-
LOSS ON SALE OF ASSET		-	(139,653)	-	-
OTHER EXPENSES	3	(3,407,679)	(2,256,334)	(2,928,354)	(790,351)
LOSS BEFORE INCOME TAX		(4,552,580)	(10,798,359)	(4,587,043.37)	(9,536,037)
INCOME TAX		-	-	-	-
LOSS FOR THE YEAR		(4,552,580)	(10,798,359)	(4,587,043)	(9,536,037)
PROFIT ATTRIBUTABLE TO MINORITY		-	762	-	-
LOSS ATTRIBUTABLE TO MEMBERS		(4,552,580)	(10,797,597)	(4,587,043)	(9,536,037)
EARNINGS PER SHARE					
Basic earnings per share - cents		(3.04)	(8.36)		
Weighted Average Shares		149,721,287	129,169,463		
Diluted earnings per share - cents		(2.18)	(6.32)		
Diluted Shares & Options		209,113,067	170,891,747		

The accompanying notes form part of these financial statements

Imagine Un Limited ABN 97 009 201 763
and Controlled Entities

BALANCE SHEET AS AT 30 JUNE 2009

	Note	ECONOMIC ENTITY		PARENT ENTITY	
		2009	2008	2009	2008
ASSETS					
Cash and cash equivalents	8	-	83,887	-	70,897
Trade and other receivables	9	272	80,650	-	34,294
Other current assets	10	-	-	-	-
TOTAL CURRENT ASSETS		272	164,537	-	105,191
Trade and other receivables	9	-	60,637	-	-
Investment Property	12	187,627	187,627	-	-
Investments	11	-	2	-	202
Plant and equipment	12	-	33,815	-	4,269
Other Non Current Receivables	13	-	-	-	-
Intangibles	14	-	7,987	-	-
TOTAL NON-CURRENT ASSETS		187,627	290,068	-	4,471
TOTAL ASSETS		187,899	454,605	-	109,662
LIABILITIES					
Trade and other payables	15	3,247,732	1,802,528	2,201,729	649,208
Trade Creditor Accruals & provisions	16	13,419	9,799	6,392	7,084
Tax liabilities	17	411,751	331,991	(26,297)	(144,523)
Other Financial Liabilities	18	4,110,809	3,000,000	4,110,809	3,000,000
Other current liabilities	19	2,285,149	1,745,300	2,273,194	1,682,150
TOTAL CURRENT LIABILITIES		10,068,860	6,889,618	8,565,827	5,193,919
Borrowings	20	150,073	148,915	-	-
Other non-current liabilities		1,749,557	1,749,557	-	-
TOTAL NON-CURRENT LIABILITIES		1,899,630	1,898,472	-	-
TOTAL LIABILITIES		11,968,490	8,788,090	8,565,827	5,193,919
NET ASSETS (LIABILITIES)		(11,780,591)	(8,333,485)	(8,565,827)	(5,084,257)
EQUITY					
Issued & Paid up Capital	21	5,865,330	4,767,857	23,395,253	22,297,780
Retained Earnings		(16,836,107)	(12,291,527)	(31,961,081)	(27,382,037)
Parent interest		(10,970,776)	(7,523,670)	(8,565,827)	(5,084,257)
Outside equity interests		(809,815)	(809,815)	-	-
TOTAL EQUITY		(11,780,591)	(8,333,485)	(8,565,827)	(5,084,257)

The accompanying notes form part of these financial statements

**Imagine Un Limited ABN 97 009 201 763
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STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2009

Note	Issued Capital \$	Retained Earnings \$	Outside Interest \$	Total \$
ECONOMIC ENTITY				
Balance at 1 July 2007	4,766,857	(1,493,930)	(809,053)	2,463,874
Profit / (Loss) per period		(10,797,597)		(10,797,597)
Issue of share capital	1,000			1,000
Interest in Profit / (Loss)			(762)	(762)
Balance at 1 July 2008	4,767,857	(12,291,527)	(809,815)	(8,333,485)
Profit / (Loss) per period		(4,552,580)		(4,552,580)
Issue of share capital	1,097,474			1,097,474
Equity-based Payments		8,000		8,000
Balance at 1 July 2009	5,865,331	(16,836,107)	(809,815)	(11,780,590)
PARENT ENTITY				
Balance at 1 July 2007	22,296,779	(17,846,561)	-	4,450,218
Profit / (Loss) per period		(9,535,476)		(9,535,476)
Issue of share capital	1,000			1,000
Balance at 1 July 2008	22,297,779	(27,382,037)	-	(5,084,258)
Profit / (Loss) per period		(4,587,043)		(4,587,043)
Issue of share capital	1,097,474			1,097,474
Equity-based Payments		8,000		8,000
Balance at 1 July 2009	23,395,253	(31,961,080)	-	(8,565,827)

The accompanying notes form part of these financial statements

**Imagine Un Limited ABN 97 009 201 763
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CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2009

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net Income	(4,552,580)	(10,798,359)	(4,587,043)	(9,535,476)
Less dep'n / amort'n / Impairment	869,425	4,902,524	831,506	7,845,823
Change in Accounts Receivable	91,983	2,349,641	31,346	(31,346)
Change in other assets	11,248	353	2,949	(2,949)
Change in Accounts Payable	2,306,975	981,757	1,851,147	462,786
Change in Taxes Payable	79,481	(1,700,074)	117,947	(118,725)
Change in Employee Entitlements	(8,253)	(11,821)	(10,234)	11,598
Change in Accrued Expenses	(72,431)	90,063		17,632
Net Cash from Operating Activities	(2,124,021)	(4,185,916)	(1,762,383)	(1,350,655)
Loans	-	(110,964)	(826,878)	(2,820,508)
Change in Property, Plant & Equipment	(543.53)	34,867	(158)	36,561
Net Cash from Investing Activities	(543.53)	(76,097)	(827,035)	(2,783,947)
Proceeds from Loans	935,203	4,126,129	893,649.83	4,150,000
Net proceeds from issue of shares	1,105,473	-	1,105,473.26	1,000
Net Cash from Financing Activities	2,040,676	4,126,129	1,999,123	4,151,000
Net Increase/Decrease for the period	(83,889)	(135,884)	(590,295)	16,398
Cash at the Beginning of the period	83,889	219,773	70,897	54,499
Cash at the End of the period	-	83,889	(519,398)	70,897

The accompanying notes form part of these financial statements

**Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Imagine Un Limited and controlled entities ('Economic Group' or 'Group'), and the separate financial statements and notes of Imagine Un Limited as an individual parent entity ('Parent Entity').

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 to which they apply. 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. They 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.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention other than for items required to be brought to account at fair value as stated throughout.

Critical accounting estimates and assumptions

The preparation of financial statements require management to exercise its judgement and make estimates and assumptions in applying the consolidated entity's accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management believes the following are the critical accounting policies that involve a high degree of judgement or complexity, or where assumptions and estimation uncertainties are significant in the preparation of the financial statements:

- The testing for impairment of assets – refer note 1(e)
- The testing for impairment of goodwill – refer note 1(f)

a) Principles of Consolidation

A controlled entity is any entity over which Imagine Un Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 11 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have

**Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

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 reporting date. 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 as 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 reporting date. 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.

**Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

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.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on diminishing value basis over the asset's useful life to the group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation Rate

- Plant and equipment 20.0%
- Purchased software 33.3%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the income statement.

e) Impairment of Assets

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

All impairment losses are recognised in profit & loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

f) Intangible assets

Goodwill

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

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition and are amortised over their useful lives, estimated to be 6 years.

Group licences

The Group licence is recognised at cost less provision for impairment, and represents payments made for a master licence to enable the Group to on sell licences to third parties.

g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

h) Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i) 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.

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NOTES TO THE FINANCIAL STATEMENTS

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k) 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.

Interest revenue is recognised using the effective interest rate method.

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

l) Borrowing Costs

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

m) Goods and Services Tax (GST)

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

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

n) Comparative Figures

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

o) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest dollar.

p) Critical Accounting Estimates and Judgments

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

q) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

r) Going concern

During the year the group experienced an operating loss of \$4,552,580 (2008: \$10,797,597) and net cash outflows from operating activities of \$2,124,021 (\$4,185,916). As at 30 June 2009 the company has net liabilities

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NOTES TO THE FINANCIAL STATEMENTS

of \$11,780,591. A large portion of this debt burden has been removed through the operation of a Deed of Company Arrangement entered into on 28 August 2009 and effectuated on 8 February 2010. As a result, the stated liabilities of the Parent Entity as at 30 June 2009 have been reduced by \$8.35 million.

The continuing viability of the group and its ability to continue as a going concern is dependent upon the company being successful in its current efforts to generate recurring revenue and in accessing additional sources of funding and capital where needed.

The Directors believe that the company will be able to generate and access sufficient sources of funds and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2009.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

Significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- The Directors believe that the company will be successful in being able to raise additional sources of funding and/or capital in the future and will inform the market as and when the appropriate arrangements are finalised; and
- The Directors continue to carefully monitor the company's cash outflows.

NOTE 2: REVENUE

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales revenue				
- Sale of Licences	(20,000)	(3,002,639)	-	-
- Interest Received	1,219	8,260	1,073	680
- Reselling telecommunications	841,362	1,643,469	828,294	-
	822,581	(1,350,910)	829,367	680

NOTE 3: OTHER EXPENSES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Marketing	196,401	866,284	30,167	119,774
Overheads	774,035	1,404,451	460,945	592,394
Trade Creditor Accruals ¹	1,474,125	-	1,474,125	-
Cost of Goods Sold	934,713	1,570,637	934,713	-
Insurances	28,405	57,163	28,405	-
	3,407,679	3,898,535	2,928,354	712,168

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NOTES TO THE FINANCIAL STATEMENTS

¹ This amount comprises proof of debts accepted by the Deed Administrator of Imagine Un Ltd after the reporting date and which were not otherwise recognized in the accounts.

NOTE 4: INCOME TAX EXPENSE

No income tax has been provided for or charged as an expense in the financial statements as both the parent company and its controlled entities have incurred current year trading losses. The benefit of carry forward losses will only be obtainable if:

1. The parent entity and controlled entities derive future assessable income of a nature and amount sufficient to enable the benefit from the deduction for the losses to be realised.
2. The parent company and controlled entities continue to comply with the provisions of the income tax legislation relating to the deduction of losses from prior years.
3. No changes in tax legislation adversely affect the parent company and controlled entities realising the benefit from the deduction for the losses.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

- a) **Names and positions held of the parent entity and controlled entities directors, executives, and key management in office at any time during the financial year are:**

Key Person	Position	Appointed	Cease
Richard Evans	Executive Director & Chairman	10-Nov-06	Current
Rodger Johnston	Non Executive Director	31-Oct-08	Current
Alex Gershoig	Non Executive Director	17-Nov-08	Current
Michele Morrison	Executive Director	13-Jun-07	07-Nov-08
Malcolm Beville	Non Executive Director	10-Nov-06	27-Oct-08

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report

- b) **Number of Options held by Key Management**

	Balance 1.07.2008	Granted	Options Exercised	Expired	Net Change Other*
Richard Evans ¹	20,000,000	-	-	-	-
Rodger Johnston ²	-	4,000,000	-	-	-
Alex Gershoig	-	-	-	-	-
Michele Morrison	6,624,800	-	-	-	-
Malcolm Beville	30,000,000	-	-	-	-

¹ 20,000,000 options held by a director related entity, Mikael Pty Ltd

² 4,000,000 options held by a director related entity, Rox Capital Pte Limited.

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NOTES TO THE FINANCIAL STATEMENTS

c) Number of Shares held by Key Management

	Balance 1.07.2008	Granted	Options Exercised	Net Change Other	Balance 30.06.2009
Richard Evans ¹	25,424,984	2,104,325	-	-	27,529,309
Rodger Johnston ³	-	-	-	500,000	500,000
Alex Gershoig	-	-	-	-	-
Michele Morrison	875,000	10,980,000	-	875,000	10,980,000
Malcolm Beville ²	9,736,032	-	-	-	9,736,032

¹ 25,424,984 held by a director related entity, Mikael Pty Ltd, and 2,104,325 directly

² 9,736,032 held by a director related entity, Bevilles Executive Super Fund Pty Ltd.

³ 500,000 held by a director related entity, Rox Capital Pte Limited.

NOTE 6: AUDITORS' REMUNERATION

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Auditing or reviewing the financial report	25,000	102,188	25,000	87,454
	25,000	102,188	25,000	87,454

NOTE 7: EARNINGS PER SHARE

	ECONOMIC ENTITY	
	2009 \$	2008 \$
(Loss) attributable to ordinary shareholders Profit	(4,552,580)	(10,798,359)
Profit attributable to minority equity interest	-	762
Earnings used to calculate basic EPS	(4,552,580)	(10,797,597)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares	149,721,287	129,169,463
Weighted average number of options outstanding	59,391,781	41,722,284
Weighted average used in the calculation of dilutive EPS	209,113,067	170,891,747

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash in hand	-	32	-	34
Cash at bank	-	83,855	-	70,863
	-	83,887	-	70,897

Cash at bank earned interest of between nil and 6% per annum (2008: between nil and 8%)

Details regarding interest rate risk, foreign currency risk, credit risk and the fair value of cash and cash equivalents are disclosed in Note 25.

NOTE 9: TRADE AND OTHER RECEIVABLES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Trade Receivables	272	31,617	-	31,346
Deposits and Bonds	-	11,247	-	2,948
Other receivables		37,786	-	-
	272	80,650	-	34,294
NON-CURRENT				
Trade receivables (1)	219,085	184,250	-	-
Less Provision for Doubtful Debts	(219,085)	(123,613)	-	-
	-	60,637	-	-

Details regarding interest rate risk, credit risk and fair values of recoverables are disclosed in note 25.

NOTE 10 OTHER CURRENT ASSETS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Receivable from group companies	-	-	6,722,284	6,661,109
Less Impairment	-	-	(6,722,284)	(6,661,109)
	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

During the year, the directors assessed the recoverability of loans receivable from group companies. It was concluded that due to the loss making status and net liability position of the controlled entities, the loans should be fully impaired.

NOTE 11: INVESTMENTS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Shares in controlled entities	200	-	200	4,750,733
Less Provision for Impairment	(200)	-	(200)	(4,750,533)
Shares in other Entities	2	2	2	2
Less Provision for Impairment	(2)	-	(2)	-
	-	2	-	202

	Country	2009	2008
Imagine Global Pty Ltd	Australia	100	100
Imagine Essential Services Limited (In Liq)	Australia	100	100
Horizon TV (Operations) Pty Ltd	Australia	75	75
AstroVision Australia Limited	Australia	95	95
Weathermaxx Pty Ltd	Australia	100	100

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
LAND AND BUILDINGS				
Freehold land & Buildings at:				
independent valuation 2008	200,000	200,000	-	4,750,733
at cost	187,627	187,627	-	(4,750,733)
Total Land	187,627	187,627	-	-
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	170,343	169,957	5,655	5,655
Less Accumulated depreciation	(170,343)	(136,142)	(5,655)	(1,386)
Total Plant and Equipment	-	33,815	-	4,269

**Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land \$	Plant and Equipment \$	Total \$
Economic Entity:			
Balance at 30 June 2008	187,627	33,815	221,442
Additions	-	386	386
Disposals	-	(34,201)	(34,201)
Impairment expense	-	-	-
Balance at 30 June 2009	187,627	-	187,627
Parent Entity:			
Balance at 30 June 2008	-	4,269	4,269
Additions	-	-	-
Disposals	-	-	-
Impairment expense	-	(4,269)	(4,269)
Balance at 30 June 2009	-	-	-

NOTE 13: GOODWILL

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Goodwill				
Cost	-	1,172,138	-	-
Less Provision for Impairment	-	(1,172,138)	-	-
	-	-	-	-

Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: INTANGIBLES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Patents & Trademarks	13,739	13,739	-	-
Less Provision for Amortisation	(13,739)	(6,214)	-	-
	-	7,525	-	-
Group License (1)	470,000	470,000	-	-
Less Provision for Impairment	(470,000)	(470,000)	-	-
	-	-	-	-
Borrowing Expenses	1,110	1,110	-	-
Less Provision for Amortisation	(1,110)	(648)	-	-
	-	462	-	-
TOTAL	-	7,987	-	-

- (1) The Group Licence represents payments made to acquire a Master Licence which enables the group to on sell licences to third parties.

	Software Pool \$	Patents & Trademarks \$	Total \$
Economic Entity:			
Balance at 30 June 2008	176,861	9,007	185,868
Additions	-	-	-
Amortisation charge	(176,861)	(1,482)	(178,343)
Balance at 30 June 2009	-	7,525	7,525
Parent Entity:			
Balance at 30 June 2008	-	7,525	7,525
Additions	-	-	-
Impairment expense	-	(7,525)	(7,525)
Balance at 30 June 2009	-	-	-

**Imagine Un Limited ABN 97 009 201 763
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: TRADE AND OTHER PAYABLES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
CURRENT				
Trade payables	1,926,574	1,337,585	880,571	246,283
Accrued expenses	-	102,435	-	30,000
Deferred income	350,356	350,356	350,356	350,356
Trade creditor accruals	970,802	-	970,802	12,748
	3,247,732	1,790,376	2,201,729	639,387

Trade payables are non interest bearing.

Deferred income represents funds received in advance from DreamCatcher Enterprise Limited (UK) in relation to a licence sold to that entity.

NOTE 16: SHORT TERM PROVISIONS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Employee Entitlements	13,419	9,799	6,392	7,084
	13,419	9,799	6,392	7,084

NOTE 17: TAX LIABILITIES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Goods & Services Tax	411,751	331,991	(26,297)	(144,523)
	411,751	331,991	(26,297)	(144,523)

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: OTHER FINANCIAL LIABILITIES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Convertible Notes*	3,591,411	3,000,000	3,591,411	3,000,000
Bank Overdrafts	519,398	-	519,398	-
	4,110,809	3,000,000	4,110,809	3,000,000

- The Convertible Notes balance comprises the outstanding balance of the Notes plus capitalised interest of \$596,410.96.

The terms of the convertible notes issued by the company are as follows:

Bevillesta Pty Ltd

- Issue Dates: 30 November 2007 – as to 1,550,000 Notes
19 December 2007 – as to 350,000 Notes
28 December 2007 – as to 100,000 Notes
- Issue Price: \$1.00 for each Note
- Maturity Date: 30 November 2009
- Notes: 2,000,000 secured convertible notes
- Principal Amount: \$2,000,000
- Rate: 15% per annum, which may be capitalised by the Holder
- Shares: 25,000,000

The amount reported includes \$596,410.90 capitalised underpaid interest in respect of the Convertible Notes issued to Bevillesta Pty Ltd.

Eternal (WA) Pty Ltd

- Issue Dates: 30 November 2007
- Issue Price: \$1.00 for each Note
- Maturity Date: 30 November 2009
- Notes: 1,000,000 unsecured convertible notes
- Principal Amount: \$1,000,000
- Rate: 15% per annum, which may be capitalised by the Holder
- Shares: 12,500,000

By agreement between Eternal (WA) Pty Ltd and the Company, an amount of \$300,000 representing unpaid interest was capitalised and paid through the issue to Eternal (WA) Pty Ltd of 4,500,000 ordinary shares at

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NOTES TO THE FINANCIAL STATEMENTS

an average price of 6.66 cents per share. Pursuant to the Deed of Company Arrangement executed by the Company, Eternal (WA) Pty Ltd has agreed to convert the principal amount of its Convertible Notes (\$1,000,000) into 12,500,000 ordinary shares in the Company.

NOTE 19: OTHER CURRENT LIABILITIES

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Loans	2,285,149	1,589,574	2,273,194	1,589,574

Loans of \$2,273,194 to the Parent Entity include the following Director related loans:

1. Unsecured non-interest bearing loan from Ms Michelle Morrison of \$200,000. The loan has no fixed repayment date.
2. Unsecured non-interest bearing loan from Mr Richard Evans of \$139,386.07. The loan has no fixed repayment date.
3. Unsecured non-interest bearing loan from Mr Malcolm Beville of \$970,000. The loan has no fixed repayment date.
4. Unsecured non-interest bearing loan from Mr John Beville of \$650,000. The loan has no fixed repayment date.
5. Unsecured non-interest bearing loan from Rox Capital Pte Ltd of \$65,800, a company controlled by Mr Rodger Johnston. The loan has no fixed repayment date.
6. Unsecured non-interest bearing loan from Sfirot Pty Ltd of \$25,000, a company controlled by Mr Alex Gershoig. The loan has no fixed repayment date.

NOTE 20: BORROWINGS

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Mortgage loans	150,073	148,915	-	-
	150,073	148,915	-	-

The company is exposed to interest rate risk as it borrows funds at floating interest rates as disclosed in note 22. During the financial year, the interest rate decreased from 10.44% to 8% at 30 June 2009.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: ISSUED CAPITAL

Reconciliation of movement in contributed equity	Ordinary	Retained Earnings	Outside Equity
	\$	\$	
Balance at 30 June 2008	4,767,857	(12,291,527)	(809,815)
movement	1,097,474	(4,552,580)	-
Balance at 30 June 2009	5,865,331	(16,844,107)	(809,815)

Contributed Equity

	ECONOMIC ENTITY		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fully paid ordinary Share	5,865,331	4,767,857	23,395,253	22,297,779
172,516,150				
(2008: 131,538,442)				

	2009		2008	
	No.	\$	No. '000	\$
Ordinary shares				
At the beginning of period	131,538,442	4,767,857	130,347,139	4,766,857
Shares issued during the year	40,977,708	1097473.26	1,191,303	1,000
At reporting date	172,516,150	5,865,330	131,538,442	4,767,857

Options

1. For information relating to the Company employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to the Directors Report.
2. For information relating to share options issued to key management personnel during the financial year, refer to the Directors Report.

Capital Management

As noted in Note 27, the company appointed a voluntary administrator to the company. As at year end, the company remained in voluntary administration. The company's wholly owned subsidiary, Imagine Essential Services Pty Limited, entered voluntary administration on 24 February 2009. Subsequently, on 8 April 2009, this subsidiary was placed into liquidation.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2009:

1. The grant to Richard Evans (Chairman and Executive Director) of 2,104,325 shares at an average issue price of \$0.09 per share in lieu of unpaid Director's fees from December 2006 until December 2007.
2. The grant to Rodger Johnson (Company Secretary and Non-Executive Director) of 4 million options to purchase ordinary shares at a strike price of \$0.01 per share. At the time of their grant, these options had a value of approximately \$8,000.
3. The grant to Eternal WA Pty Ltd of 3,000,000 shares at an average issue price of \$0.05 per share and 1,500,000 shares at an average issue price of \$0.10 per share in lieu of \$300,000 unpaid interest on the Convertible Note held by Eternal WA Pty Ltd.
4. The grant to Ms Michele Morrison of 8,480,000 shares at an average issue price of \$0.025 per share and 2,500,000 shares at an average issue price of \$0.02 per share in reducing debt owed to Ms Michele Morrison by \$262,000.

NOTE 23: FINANCIAL RISK MANAGEMENT

a) FINANCIAL RISK MANAGEMENT

The group does not have any financial assets at year end. The group's financial liabilities are as detailed in Notes 15-20.

As noted in Note 27, the company appointed a voluntary administrator to the company. As at year end, the company remained in voluntary administration. The company's wholly owned subsidiary, Imagine Essential Services Pty Limited, entered voluntary administration on 24 February 2009. Subsequently, on 8 April 2009, this subsidiary was placed into liquidation.

b) NET FAIR VALUE

The carrying amount value of financial assets and liabilities is a fair approximation of their carrying value.

NOTE 24: RELATED PARTY TRANSACTIONS

1. Remuneration and Employment Agreements

Information on remuneration of Directors and Executives are disclosed in note 5 to the financial statements.

2. Loans by related parties

Information on loans by related parties is disclosed in note 19.

3. Key Management Personnel Equity Holdings

Details of key management personnel equity holdings are disclosed in Note 5 to the financial statements

4. Other transactions with key management personnel

No other transactions with key management personnel occurred during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 25: CONTINGENT LIABILITIES

As at the balance date the directors were not aware of any other material contingent liabilities or contingent assets.

NOTE 26: EVENTS SUBSEQUENT TO BALANCE DATE

- The Company's wholly owned subsidiary, Imagine Essential Services Pty Ltd, entered voluntary administration on 24 February 2009. Subsequently, on 8 April 2009, this subsidiary was placed into liquidation.
- On 29 April 2009, the Company appointed a voluntary administrator to the company.
- On 11 May 2009 the Company's wholly owned subsidiary, Imagine Global Pty Limited, was placed into voluntary administration.
- On 6 August 2009 the creditors of the Company resolved that the Company enter into a deed of company arrangement ("DOCA")
- On or about 27 August 2009, the Company entered into the DOCA. The DOCA, which became effectuated on 8 February 2010, concluded the following outcomes:
 - a. Bluscan Investment Pty Ltd (a company associated with previous director, Malcolm Beville) paid \$150,000 into a fund for the benefit of participating creditors (this has already occurred);
 - b. Bevilles Executive Super Fund Pty Ltd transferred its shareholding in the Company (9,736,032 ordinary shares) to participating creditors;
 - c. Bluscan Investment Pty Ltd executed a Form 312 releasing its fixed and floating charge over Imagine Un Limited;
 - d. With the exception of e) and f) below, all creditors accepted a pro-rata entitlement to the amounts referred to in a) and b) above in complete discharge of all debts and claims which they had against the Company as at 29 April 2009
 - e. The amounts of approximately \$270,000 (Dr Elizabeth Sigston) and \$15,000 (Janet Sloane) shall remain as the only debts of the Company at 30 June 2009; and
 - f. Various creditors were considered non-participating creditors under the DOCA. The debts owed to these creditors became extinguished under the DOCA without participating in the payments to other creditors as described in paragraphs a) and b) above. These creditors included National Australia Bank Ltd, Bluscan Investment Pty Ltd, Bevilles Executive Super Fund Pty Ltd, and Malcolm Beville.
- On 2 October 2009 the Receiver & Manager (appointed to the Company and Imagine Global Pty Ltd on 11 May 2009) ceased to act.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 16 to 37, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chief Executive Officer has declared that:
 - a. The financial records of the company for the financial year have been properly maintained in accordance with section 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.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Director



Mr Richard Evans

Dated: 8/11/2010

INDEPENDENT AUDITOR'S REPORT

To the members of Imagine Un Limited

Report on the Financial Report

We have audited the accompanying financial report of Imagine Un Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for Disclaimer of Auditor's Opinion

As noted in Note 26 to the financial report:

1. Imagine Un Limited was placed by the directors into Voluntary Administration pursuant to section 436A of the Corporations Act 2001 on 29 April 2009. On 2 October 2009 the Receiver & Manager ceased to act.
2. Imagine Essential Services Pty Limited, a wholly owned subsidiary, entered voluntary administration on 24 February 2009. Subsequently, on 8 April 2009, this subsidiary was placed into liquidation.
3. Imagine Global Pty Limited, a wholly owned subsidiary was placed into voluntary administration on 11 May 2009. On 2 October 2009 the Receiver & Manager ceased to act.

As a result, certain accounting and statutory records were not available at the time of the audit. As the remaining accounting and statutory records were not adequate to permit the application of necessary audit procedures, we were unable to obtain all the information and explanations we required in order to form an opinion on the financial report.

Disclaimer of Auditor's Opinion

In our opinion, because of the extent of the limitation of scope described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether:

- a) the financial report of Imagine Un Limited is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on Other Legal and Regulatory Requirements

Due to the matter described in the Basis for Disclaimer of Auditor's Opinion paragraph, we have not been given all information necessary for the conduct of the audit; and we are unable to determine whether the company has kept:

- a) financial records sufficient to enable the financial report to be prepared and audited; and
- b) other records and registers as required by the Corporations Act 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(r) of the financial report which indicates that the continuing viability of the company and consolidated entity and its ability to continue as a going concern is dependent on the company and consolidated entity being successful in achieving certain objectives. In the absence of achieving these objectives, there exists significant uncertainty as to whether the company and consolidated entity will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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.

Disclaimer of Auditor's Opinion

In our opinion, because of the extent of the limitation of scope described in the Basis for Disclaimer of Auditor's Opinion paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the Remuneration Report of Imagine Un Limited for the year ended 30 June 2009, complies with s 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report and remuneration report of Imagine Un Limited for the year ended 30 June 2009 included on Imagine Un Limited's website. The company's Directors are responsible for the integrity of Imagine Un Limited's website. We have not been engaged to report on the integrity of Imagine Un Limited's website. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report and remuneration report presented on this website.

William Buck

Chartered Accountants



L.E. Tutt

Partner

Sydney, 13 April 2010

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

SHAREHOLDER INFORMATION

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

1. Distribution of Shareholders

Distribution of Shareholders	
Category (size of holding)	Number
1 - 1,000	583
1,001 - 5,000	237
5,001 - 10,000	98
10,001 - 100,000	274
100,001 and over	148
	<hr/> 1,340 <hr/>

The number of shareholdings held in less than marketable parcels is 882.

2. Substantial Shareholders

The names of the substantial shareholders listed in the holding company's register as at 11 January 2009 are:

Substantial Shareholders		
MIKAEL PTY LTD	27,529,309	16.0%
DR ELIZABETH SIGSTON	22,526,000	13.1%
MICHELE MORRISON	10,980,000	6.4%
BEVILLES EXECUTIVES SUPEF	9,736,032	5.6%

3. 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.

Options

— Options have no voting rights.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

4. Largest Shareholders — Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 MIKAEL PTY LTD	25,424,984	14.7%
2 NOVUS CAPITAL NOMINEES PT	12,500,000	7.2%
3 MICHELE MORRISON	10,100,000	5.9%
4 BEVILLES EXECUTIVES SUPEF	9,736,032	5.6%
5 MARK GOMES	6,125,000	3.6%
6 CETALEE PTY LTD	5,000,000	2.9%
7 SWAE HOLDINGS PTY LTD	4,552,000	2.6%
8 ETERNAL (WA) PTY LTD	4,500,000	2.6%
9 KIM EPTON	4,375,000	2.5%
10 MR IANAKI SEMERDZIEV	4,070,000	2.4%
11 ANTHONY STEVEN OVERSTON	3,575,000	2.1%
12 SCOTT DAVID OVERSTONE	3,575,000	2.1%
13 DR ELIZABETH ANNE WHAWEL	2,752,000	1.6%
14 NAMELESS HOLDINGS PTY LTI	2,742,637	1.6%
15 JOY MARWICK	2,587,448	1.5%
16 GRACELITE PTY LTD	2,309,942	1.3%
17 REALITY DREAM'N PTY LTD	2,121,212	1.2%
18 RICHARD EVANS	2,104,325	1.2%
19 RHODAN MANAGEMENT CONS	2,027,500	1.2%
20 KAARLONG PTY LTD	2,000,000	1.2%
	112,178,080	65.0%

5. Company secretary

The name of the company secretary is Rodger Johnston.

6. Registered office

The address of the registered office and principle place of business is:

Level 39
55 Collins Street
Melbourne Vic 3004
Telephone: (03) 9650 2292

7. 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.

The company is traded on the Australian Stock Exchange under the code "IUL".