

**FACILITATE DIGITAL HOLDINGS LIMITED (FAC)
ABN 84 093 823 253
AND CONTROLLED ENTITIES**

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2010	2009	MOVEMENT	
	\$	\$	\$	%
Revenue related to the continuing operations	7,414,835	6,407,264	1,007,571	15.7
Earnings before interest, tax, depreciation, amortisation and option expense from continuing operations	1,755,716	749,152	1,006,564	134.4
Net profit/(loss) before tax attributable to members from continuing operations	(38,931)	(678,382)	639,451	94.3
Net profit/(loss) after tax attributable to members from continuing operations	12,848	(2,224,495)	2,237,343	100.6
Net profit/(loss) for the period attributable to members (including discontinued operations)	12,848	(9,163,486)	9,176,334	100.1

Review of Operations**Preliminary Full Year 2010 Results**

The 2010 Financial Year constitutes a solid turnaround for the company, from a \$9.16m net loss in 2009 to a net profit after tax of \$0.013m in 2010. On a year-on-year basis this constitutes an improvement of nearly \$9.20m, or 100.1 per cent on a like-for-like basis.

Highlights of continuing operations for the year ended 30 June 2010 include:

- Revenue growth of 15.7 per cent versus the year prior, from \$6.41m to \$7.41m;
- EBITDA improved by 134.4 per cent compared with the year prior, from \$0.75m to \$1.76m;
- NPBT improved by 94.3 per cent versus the same period last year, from (\$0.678m) to (\$0.039m);
- A positive NPBT for the second half of the financial year;
- NPAT improvement of 100.1 per cent versus the same period last year from (\$9.16m) to \$0.013m;
- Expenses, excluding depreciation and amortisation, were contained to similar levels as 2009;
- Earning per share improved from (1.87) cents per share in 2009 to 0.01 cents per share in 2010.

With revenue growth expected to continue, the business is well placed to achieve its 2011 financial year target profit range of \$0.5m to \$1m.

International Operations

A growing percentage of Facilitate Digital's growth over the last 12 months continues to be attributable to offshore operations, with major client wins in Asia and USA.

This illustrates that Facilitate Digital's unique offering is well aligned with industry needs across global territories including APAC, Europe/UK and North America. This offering consists of a purpose designed technology platform to automate

complex campaign workflow for media agencies, as well as integrating this workflow into the various critical agency systems such as ad-serving, finance and creative production. Facilitate Digital's independence (the Company has no interest in the performance of one media vendor over that of another) is viewed as valuable by agencies and their clients.

The Company's expansion into the United States has been successful, with US revenues over the 12 months to June 30 2010 growing by 126% versus the year prior.

Harris Technology: US Market Partnership

In September 2009, Facilitate Digital announced it had established a partnership with Harris Corporation (NYSE: HRS), a leading provider of accounting software solutions to the advertising and media industry. The partnership includes shared sales initiatives in the North American market and integration of Facilitate Digital's *Symphony* platform with the Harris EAS technology. The partnership allows Harris to resell the integrated solution to their extensive client list of agencies across North America.

GroupM APAC: Regional Contract

In August 2009, Facilitate Digital announced it had secured a regional contract with GroupM, the world's largest media agency group.

The contract will see Facilitate's *Symphony* technology rolled out across all major GroupM agencies throughout the Asia-Pacific region including Mindshare, Mediacom, Mediaedge:cia and Maxus, encompassing markets such as Australia, China, Hong Kong, India, Malaysia, Singapore, Taiwan, Thailand and The Philippines. The rollout is scheduled to occur over an 18 month period.

G2 Direct & Digital: Regional Contract

In August 2009, Facilitate Digital announced it had announced it had signed a contract with leading US media agency G2 to implement its' *Symphony* platform. G2 is owned by WPP, the world's largest agency group.

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared during the financial year.

Financial Position

The net assets of the Facilitate Group have increased by \$691,888 from \$4,026,218 at 30 June 2009 to \$4,718,106 at 30 June 2010. The cash balance at 30 June 2010 was \$1.435m.

The Facilitate Group has a strong financial position, with the *current ratio* (current assets to current liabilities) increasing from 1.22 at 30 June 2009 to 1.46 as at 30 June 2010.

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

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

In Summary

Facilitate Digital is well positioned to build further on its profit performance as a result of:

- Strong growth and sustainable revenues in key international markets including the USA, Europe and Asia;
- Well developed sales discussions with blue ribbon agency prospects;
- Execution of the Harris Technology partnership to accelerate penetration of the US market;
- A carefully managed cost base to ensure incremental revenue directly contributes to profitable growth;
- Retention of key talent to manage and grow international operations.

Generally, market conditions and industry changes continue to significantly favour Facilitate Digital now and into the future, most notably:

- Digital marketing and advertising spend now equates to \$2 Billion per annum in Australia alone, and over 10% of advertising spend globally and the digital media's share of advertising dollars is forecast to grow at reasonable rates.
- Advertisers will continue to redirect budgets into digital media given its highly accountable nature and the general convergence of media platforms.
- Agencies and their clients want to work with technology and technology providers that are independent.
- Agencies are dependent on technology to service their client's digital media advertising spend.
- Facilitate Digital offers a clearly differentiated technology that directly addresses the market's need to secure operational and process efficiencies.
- Clients are seeking to reach long term partnership focused agreements with technology vendors that allow them to customise and integrate with their various other systems.

Significant Events

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

(a) Capital raising

On 30 April, 2010, 9,504,072 fully paid ordinary shares, at \$0.08 per share, were issued through a fully underwritten 1-12 rights issue. The proceeds from the issue are being utilised for working capital purposes.

(b) New regional contracts

On 17 August 2009, the Company announced it had secured a contract encompassing the Asia-Pacific region with GroupM, the world's largest media agency group. Refer "ASX: FAC Release August 17th, 2009" for further details.

On 30 September 2009, the Company announced it had secured an agreement to integrate and license its Symphony technology with the US based Harris Corporation (NYSE: HRS), a leading provider of accounting software solutions to the advertising and media industry. Refer "ASX: FAC Release September 30th, 2009" for further details.

On 8 December 2009, the Company announced it had secured a contract with Starcom New Zealand. Refer "ASX: FAC Release December 8th, 2009" for further details.

(c) Appointment of directors

On 10 July 2009, the Company announced the appointment of two additional directors. Stuart Simson was appointed the non-executive Chairman and Geoff Dixon as a non-executive director. Refer “ASX: FAC Release July 10th, 2009” for further details.

Contracts Signed Post Balance Date

- **New regional contract**

On 1 July 2010, the Company announced it had secured a contract encompassing the Asia-Pacific region with Citibank, one of the world’s largest banking institutions. Refer “ASX: FAC Release July 1, 2010” for further details.

Statement of Financial Position as at 30 June 2010

	Note	GROUP	
		2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash & cash equivalents	7	1,435,366	1,425,950
Trade and other receivables	8	1,720,053	1,428,275
Other current assets	9	7,333	23,288
Total Current Assets		3,162,752	2,877,513
Non Current Assets			
Property, plant and equipment	10	157,484	205,297
Goodwill and intangible assets	11	3,230,864	3,011,863
Other non-current assets	9	470,745	451,844
Total Non Current Assets		3,859,093	3,669,004
Total Assets		7,021,845	6,546,517
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,624,057	1,797,129
Finance lease liabilities		32,865	34,576
Current tax liabilities		44,670	155,519
Provisions	13	468,052	370,375
Total Current Liabilities		2,169,644	2,357,599
Non Current Liabilities			
Trade and other payables		-	-
Finance lease liabilities		65,730	69,153
Provisions	13	68,365	93,547
Total Non Current Liabilities		134,095	162,700
Total Liabilities		2,303,739	2,520,299
Net Assets		4,718,106	4,026,218
EQUITY			
Issued Capital		14,014,642	13,298,055
Foreign Currency Reserve		(206,526)	(112,539)
Other Reserves		320,686	264,247
Retained Earnings/(Accumulated losses)	16	(9,410,696)	(9,423,544)
Total Equity		4,718,106	4,026,218

Statement of comprehensive income for the year ended 30 June 2010

	Note	GROUP	
		2010	2009
		\$	\$
Continuing Operations			
Rendering of services	2	7,395,755	6,383,054
Interest revenue		19,080	24,210
Revenue		7,414,835	6,407,264
Cost of Sales		(948,534)	(1,163,993)
Gross Profit		6,466,301	5,243,271
Other income	3	95,377	56,674
Marketing expenses		(40,263)	(70,989)
Occupancy expenses		(429,408)	(523,190)
Administrative expenses		(4,480,524)	(4,185,059)
Amortisation of capitalised development costs		(1,643,737)	(1,200,960)
Finance costs		(33,004)	(12,635)
Gain/(loss) on foreign exchange		26,327	14,507
Profit/(loss) from continuing operations before income tax		(38,931)	(678,382)
Income tax benefit/(expense)	5	51,779	(1,546,113)
Profit/(loss) from continuing operations after income tax		12,848	(2,224,495)
Discontinued Operations			
Profit/(loss) from discontinued operations after income tax	6	-	(6,938,991)
Net profit/(loss) for the period		12,848	(9,163,486)
Other comprehensive income			
Foreign currency translation		(93,987)	(112,539)
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the period net of tax		(93,987)	(112,539)
Total comprehensive income/(loss) for the period		(81,139)	(9,276,025)

EARNINGS/(LOSS) PER SHARE	Consolidated	
	2010	2009
	Cents	Cents
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company		
Basic and diluted earnings / (loss) per share	0.01	(1.87)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company		
Basic and diluted earnings / (loss) per share	0.01	(7.71)

NET TANGIBLE ASSETS PER SHARE

	Consolidated	
	2010	2009
	Cents	Cents
Net tangible assets per share attributable to members of Facilitate Digital		
Net tangible assets per share from continuing operations	1.14	0.85

Statement of Changes in Equity for the year ended 30 June 2010

Consolidated	Note	Ordinary	Accumulated Losses	ESOP Reserve	Foreign Currency Reserve	Total
		\$	\$	\$		\$
Balance at 1 July 2008		12,698,833	(260,058)	181,237	-	12,620,012
Profit/(loss) for the period		-	(9,163,486)	-	-	(9,163,486)
Other comprehensive income			-	-	(112,539)	(112,539)
Total comprehensive loss for the period		-	(9,163,486)	-	(112,539)	(9,276,027)
Shares issued during the year		1,022,112	-	-	-	1,022,112
Share cancellation		(422,890)	-	-	-	(422,890)
Share based payments		-	-	83,010	-	83,010
Sub-total		599,222	(9,163,486)	83,010	(112,539)	(8,593,795)
Balance at 30 June 2009		13,298,055	(9,423,544)	264,247	(112,539)	4,026,218
Profit/(loss) for the period		-	12,848	-	-	12,848
Other comprehensive income					(93,987)	(93,987)
Total comprehensive loss for the period		-	12,848	-	(93,987)	(81,139)
Shares issued during the year		760,326	-	-	-	760,326
Cost of equity raising		(43,739)				(43,739)
Share based payments		-	-	56,439	-	56,439
Sub-total		716,587	12,828	56,439	(93,987)	691,887
Balance at 30 June 2010		14,014,642	(9,410,696)	320,686	(206,526)	4,718,106

Cash Flow Statement for the year ended 30 June 2010

	Note	GROUP	
		2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,438,282	10,566,609
Payments to suppliers and employees		(6,141,671)	(10,064,287)
Capitalised development costs		(1,862,738)	(1,856,345)
Government grant		-	96,674
Finance costs		(33,004)	(71,130)
Income tax paid		(51,306)	(11,920)
Net cash used in operating activities		(650,437)	(1,340,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(78,582)	(66,573)
Disposal of property, plant and equipment		2,768	-
Interest received		19,080	34,042
Proceeds from the disposal of Impact Data		-	(6,290)
Opening cash received – Facilitate Europe		-	9,727
Net cash provided by (used in) investing activities		(56,734)	(29,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		760,326	946,778
Repayment of Borrowings		-	220,654
Cost of equity raising		(43,739)	-
Net cash provided by (used in) financing activities		716,587	1,167,432
Net increase (decrease) in cash held		9,416	(202,061)
Cash at beginning of financial year		1,425,950	1,628,011
Cash at end of financial year	7	1,435,366	1,425,950

NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and is based on the Financial Report which is in the process of being audited. The Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

In the comparatives, the 2009 results of the Impact Data Group appear as one line (“Discontinued operations”) in the Statement of Comprehensive Income and with the exception of the comparative Statement of Cash Flows, are not otherwise included in the financial statements.

This Preliminary Final Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Facilitate Digital Holdings Limited and its controlled entities as the Annual Financial Report.

Changes in accounting policies

The accounting policies and methods of computation are the same as those adopted in the most recent annual report, except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Continuation as a going concern

The accounts have been prepared on a going concern basis and the Directors are confident that the company can meet its debts as and when they become due and payable.

Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

a) Basis of Consolidation

Controlled entities

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

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

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

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

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

b) Business Combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

c) Foreign Currency Translation*(i) Functional and presentation currency*

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

(ii) Transactions and balances

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

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

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

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

d) Income Tax

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

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

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

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

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

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

Net deferred tax assets are reviewed on a half-yearly basis and as a result, \$1,306,411 of net deferred tax assets was derecognised at December 31, 2008.

e) Property, Plant and Equipment

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

The 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.

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.

f) Depreciation

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at 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. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g) Interests in Joint Ventures

Interests in joint venture entities are brought to account using the proportional method of accounting in the consolidated financial statements.

h) Leases

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

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

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

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

i) Intangibles**Goodwill**

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill 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, trademarks, customer databases and licences

Patents, trademarks, customer databases and licences are recognised at cost of acquisition, and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over 4 years from the date of purchase.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised over a four year period once the products or services to which the costs relate have been commercialised or are being sold to customers.

j) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

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 one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Equity-settled compensation

The cost to the company of the employee share option plan is expensed in the profit or loss using the Black-Scholes method.

l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain the reimbursement will be received and the amount of the receivable can be measured reliably.

m) Cash and Cash Equivalents

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

n) Revenue

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

(i) Rendering of services

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

Revenue from contract software development services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to project milestones for each contract with the customer. As the contracts are relatively short, there is only a small amount outstanding at balance date; as such the level of judgement required is minimal.

(ii) Interest revenue

Revenue is recognised as interest on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

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 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.

NOTE 2: OPERATING SEGMENTS

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

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

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

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

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the years ended 30 June 2010 and 30 June 2009.

	Continuing Operations			
	Asia Pacific	Europe	Other	Total
For the year ended 30 June 2010				
Revenue				
Sales to external customers	3,698,768	2,942,532	754,455	7,395,755
Other revenue	19,073	7	-	19,080
Total revenue per the statement of comprehensive income	3,717,841	2,942,539	754,455	7,414,835

	Asia Pacific	Europe	Other	Total
Result for the year ended 30 June 2010				
Segment net operating profit/(loss) after tax	337,241	(74,264)	(250,129)	12,848
Income tax benefit @ 30%				(51,779)
Net profit/(loss) before tax per the statement comprehensive income				(38,931)
Assets and liabilities				
Segment assets	2,233,472	938,071	619,439	3,790,982
Intangibles	3,070,536	160,327	-	3,230,863
Total assets	5,304,008	1,098,398	619,439	7,021,845
Segment liabilities	1,795,491	206,846	301,402	2,303,739
Total liabilities	1,795,491	206,846	301,402	2,303,739
Other segment information				
Capital expenditure	(28,232)	(49,423)	(927)	(78,582)
Depreciation and amortisation	(1,715,288)	(19,525)	(24,968)	(1,759,781)
Other non-cash expenses	(137,037)	(28,408)	(18,014)	(183,459)
Continuing Operations				
	Asia Pacific	Europe	Other	Total
For the year ended 30 June 2009				
Revenue				
Sales to external customers	4,112,646	1,939,324	331,084	6,383,054
Other revenue	24,093	117	-	24,210
Total revenue per the statement of comprehensive income	4,136,739	1,939,441	331,084	6,407,264
Result				
Segment net operating profit/(loss) after tax	(2,230,964)	(36,672)	43,141	(2,224,495)
Income tax benefit @ 30%				1,546,113
Net profit/(loss) before tax per the statement comprehensive income				(678,382)

	Asia Pacific	Europe	Other	Total
Assets and liabilities				
Segment assets	2,527,484	914,841	92,330	3,534,654
Intangibles	2,851,535	160,327	-	3,011,863
Total assets	5,379,019	1,075,168	92,330	6,546,517
Segment liabilities	1,905,357	382,160	232,781	2,520,299
Total liabilities	1,905,357	382,160	232,781	2,520,299
Other segment information				
Capital expenditure	(13,909)	(31,940)	(105,561)	(151,410)
Depreciation and amortisation	(1,278,959)	(46,617)	(14,290)	(1,339,866)
Other non-cash expenses	(141,037)	(21,152)	(2,203)	(164,392)

Note 3: REVENUE, INCOME AND EXPENSES

	Facilitate Group	
	2010	2009
	\$	\$
Other income		
Government grants	50,000	56,674
Unwinding of discounting on deferred consideration receivable	45,377	-
Total income	95,377	56,674

NOTE 4: REVISION OF ACCOUNTING ESTIMATES

During the year, the company ceased using services relating to implementation and management of the company's products. As a result the estimation of fees payable for these services was revised down. The net effect of the changes in the current financial year was a decrease in cost of sales of \$321,492.

Given that the related contract period has now expired, the revised estimate will have no further effect in future years.

NOTE 5: INCOME TAX**Income Tax Expense**

Deferred tax assets of \$1,306,411 was de-recognised in the 2009 year and shown as income tax expense from continuing operations.

	Note	Consolidated	
		2010	2009
		\$	\$
Accounting loss before tax from continuing operations		(38,931)	(678,382)
Accounting loss before tax from discontinued operations		-	(6,938,991)
Total accounting loss before income tax		(38,931)	(7,617,373)
Prima facie tax payable at 30%		(11,679)	(2,285,212)
Adjustment in respect of current income tax of previous years		(116,998)	(2,898)
Difference in tax rates		32,451	22,569
Loss on disposal of investment		-	2,081,697
Tax losses utilised		(45,388)	-
Non-deductible expenses		(11,455)	35,835
Research & development		(184,966)	(171,774)
Deferred tax asset not brought to account		313,956	473,074
Reversal of deferred tax asset recognised in prior year		-	1,306,411
Other		(27,700)	86,411
Aggregate income tax (benefit)/expense		(51,779)	1,546,113

A transfer pricing policy commenced from 1 July, 2008. Whilst the transfer pricing was not reflected in the 2009 financial report the income and charges were subsequently incorporated into 2009 taxation returns. The adjustment in respect of the prior year tax reflects the taxation effect of the transfer pricing policy.

NOTE 6: DISCONTINUED OPERATIONS

No components of the entity have been disposed of, or classified as, held for sale in the current reporting period. The discontinued operations below relate to the previous reporting period.

On 15 June 2009, the Company announced it had reached an agreement to sell the Impact Data Group, effective from 12 June, 2009 to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data).

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

	Impact Data	
	2010	12 June 2009
Comprehensive Income		
Revenue	-	3,694,840
Expenses	-	(4,412,525)
Gross loss	-	(717,685)
Impairment charges	-	(6,065,493)
Professional fees related to loss on disposal	-	(152,924)
Profit / (Loss) before tax from discontinued operations	-	(6,936,102)
Income tax expense	-	(2,889)
Loss from discontinued operations after tax	-	(6,938,991)

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2010	2009
	\$	\$
Cash at bank and in hand		
Cash and cash equivalents	1,435,366	1,425,950
	1,435,366	1,425,950

NOTE 8: TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
Trade receivables	1,661,149	1,451,822
Provision for impairment of trade receivables	(7,207)	(25,382)
Other receivables	66,111	1,835
Total trade and other receivables	1,720,053	1,428,275

NOTE 9: OTHER ASSETS

	2010	2009
	\$	\$
Current		
Prepayments	7,333	23,288
Total current other assets	7,333	23,288
Non-current		
Prepayments	-	7,333
Deferred consideration receivable	403,169	357,793
Other non-current assets	67,576	86,718
Total non-current other assets	470,745	451,844

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2010	2009
	\$	\$
Plant and equipment		
Cost	441,172	398,807
Accumulated depreciation	(299,676)	(213,055)
Net carrying value	141,496	185,752
Computer software		
Cost	24,366	11,861
Accumulated depreciation	(14,031)	(7,500)
Net carrying value	10,335	4,361
Furniture, fixtures and fittings		
Cost	19,379	19,379
Accumulated depreciation	(19,379)	(18,224)
Net carrying value	-	1,155
Leasehold improvements		
Cost	33,190	33,190
Accumulated depreciation	(27,537)	(19,161)
Net carrying value	5,653	14,029
Total property, plant and equipment	157,484	205,297

NOTE 11: GOODWILL AND INTANGIBLE ASSETS

	2010	2009
	\$	\$
Development		
Cost	6,792,673	4,929,934
Accumulated amortisation and impairment	(3,722,136)	(2,078,398)
Net carrying value	<u>3,070,537</u>	<u>2,851,536</u>
Trademarks and licences		
Cost	136,717	136,717
Accumulated amortisation and impairment	(136,717)	(136,717)
Net carrying value	<u>-</u>	<u>-</u>
Goodwill		
Cost	160,327	160,327
Accumulated amortisation and impairment	-	-
Net carrying value	<u>160,327</u>	<u>160,327</u>
Total intangibles	<u><u>3,230,864</u></u>	<u><u>3,011,863</u></u>

NOTE 12: TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
Current		
Trade payables	344,636	342,593
Sundry payables and accrued expenses	1,279,421	1,454,536
Total current trade and other payables	<u>1,624,057</u>	<u>1,797,129</u>

NOTE 13: PROVISIONS

	Unearned income	Employee Benefits	Total
Opening balance at 1 July 2009	91,009	372,913	463,922
Movement in provisions	(47,646)	120,141	72,495
Balance at 30 June 2010	<u>43,363</u>	<u>493,054</u>	<u>536,417</u>

Analysis of provisions

	2010	2009
	\$	\$
Current	468,052	370,375
Non-current	68,365	93,547
Total provisions	<u>536,417</u>	<u>463,923</u>

NOTE 14: JOINT VENTURE**Interest in Joint Venture Operations**

Facilitate Digital Holdings Limited held a 50% interest in the Facilitate Digital Marketing Technology Europe Ltd joint venture until 31 August, 2008, whereupon Facilitate Digital Holdings Limited acquired the remaining 50% of the equity.

NOTE 15: BUSINESS COMBINATION

Facilitate Digital Holdings Limited acquired the remaining 50% of the equity in the Facilitate Digital Marketing Technology Europe Ltd joint venture, in the prior year, effective from 1 September 2008. The total cost of the combination was \$75,334. The fair value of the identifiable assets and liabilities of Facilitate Digital Marketing Technology Europe Ltd as at the date of acquisition are:

	Consolidated	
	Recognised on acquisition	Carrying value
	\$	\$
Plant and equipment	18,314	18,314
Deferred tax assets	58,808	58,808
Cash and cash equivalents	21,850	21,850
Trade and other receivables	65,434	65,434
	164,406	164,406
Trade and other payables	303,474	303,474
Provision for annual leave	9,288	9,288
Other creditors	31,488	31,488
	344,250	344,250
Fair value of identifiable net assets	(179,844)	(179,844)
Fair value of 50% interest acquired	(89,922)	
Foreign Currency Adjustment	4,929	
Goodwill arising on acquisition	160,327	
Cost of combination	75,334	
Cost of acquisition		
Issue of shares	75,334	
Total cost of acquisition	75,334	
The cash outflow on acquisition to date is as follows:		
Cash acquired with the joint venture	10,925	
Currency adjustment	(1,198)	
Net cash outflow	9,727	

NOTE 16: RETAINED EARNINGS/ACCUMULATED LOSSES

	2010	2009
	\$	\$
Accumulated losses at the beginning of the financial year	(9,423,544)	(260,058)
Net profit /(loss) attributable to continuing operations of the Company	12,848	(2,224,495)
Net profit /(loss) attributable to discontinued operations of the Company	-	(6,938,991)
Accumulated losses at the end of the financial year	<u>(9,410,696)</u>	<u>(9,423,544)</u>

NOTE 17: PARENT ENTITY INFORMATION

	2010	2009
	\$	\$
Information relating to: Facilitate Digital Holdings Limited		
Current assets	2,911,555	1,410,502
Total assets	11,555,837	9,881,858
Current liabilities	701,225	789,591
Total liabilities	<u>701,225</u>	<u>789,591</u>
Net assets	10,854,612	9,092,267
Issued capital	31,306,940	30,590,353
Accumulated losses	(20,773,014)	(21,762,333)
Reserves	<u>320,686</u>	<u>264,247</u>
Total shareholder's equity	10,854,612	9,092,267
Profit/(loss) of the parent entity	989,319	(4,156,069)
Loss from discontinued operations	<u>-</u>	<u>(5,823,985)</u>
Total comprehensive income of the parent company	989,319	(9,980,054)