

FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

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**FACILITATE DIGITAL HOLDINGS LIMITED  
(FAC) AND CONTROLLED ENTITIES**

**ABN 84 093 823 253**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2007**

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

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# FACILITATE DIGITAL HOLDINGS LIMITED

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## CHAIRMAN'S MESSAGE

I am pleased to present the first report of the Company since it was transformed and renamed Facilitate Digital Holdings Ltd.

Significant progress has been made in setting and achieving the strategic objectives of the Company in what was a watershed year for the digital marketing industry worldwide.

Purus Energy Ltd, the former name of this entity, purchased Facilitate Digital Pty Ltd in exchange for shares and options issued to the former shareholders thereof (see notes to the Accounts) This transaction effectively transferred control of the company to the Facilitate Digital Pty Ltd shareholders and the company was then renamed Facilitate Digital Holdings Ltd (Facilitate). The transaction was completed in April, 2007 and the former activities of Purus were ceased as at that date.

Facilitate is a global provider of tools for the digital advertising industry (i.e. predominantly the on-line advertising industry). The digital sector worldwide is the fastest growing sector of the overall advertising industry. There are many complexities and innovations in the industry and the participants from traditional advertising media are seeking new software, tools and products that will make their on-line advertising effective, flexible, manageable and economic.

The worldwide scene in this industry has been transformed by two corporate events that coincidentally occurred within a few weeks of Facilitate's listing on the ASX. First, DoubleClick (the largest provider of online advertising services) was purchased by Google for US\$2.1b. Microsoft then purchased aQuantive (which is the second largest global supplier in this market through a subsidiary called Atlas) for US\$6b. These two transactions left Facilitate Digital as one of the few leading independent providers of digital marketing solutions in the international market.

The issue of independence is crucial. Facilitate is not owned or controlled by a publisher of online content. Following the above transactions, the two biggest players in the market are both now owned by publishers. Advertising agencies and corporate advertisers are sensitive to the status of the providers of online tools which include volume statistics, campaign results, pricing, etc. Facilitate is therefore one of the few options for agencies and advertisers to run their campaigns without compromising their information.

With this significant strategic advantage, Facilitate has continued to pursue market share growth, international expansion, and the international launch of a "best in class" suite of digital marketing products..

Subsequent to balance date the Company successfully raised \$5m to fund the purchase of Impact Data Pty Ltd, a leader in mobile phone and email marketing. This company promises to add significantly to the profits of the Group and to our penetration of the market by opening up the area of direct marketing to individuals – one of the crucially important and rapidly growing aspects of the (especially youth) market,

The Company is well positioned for the key challenges of 2008 including penetration into Europe and Asia and depth of revenue spread over a wider range of products and customer groups.

Finally I would like to thank my fellow directors and the Company's employees for their dedication and efforts during the year.

Robert Hunwick  
Chairman

# FACILITATE DIGITAL HOLDINGS LIMITED

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## CHIEF EXECUTIVE OFFICER'S MESSAGE

	2007	2006	Movement	
	\$	\$	\$	%
Revenue from ordinary activities	3,890,610	2,558,144	1,332,466	52
Net profit from ordinary activities after tax attributable to members	858,282	173,808	684,474	394
Net profit/(loss) for the period attributable to members (including discontinued operations)	(54,096)	173,808	(227,904)	(131)

### Review of Operations

In the 2007 year the company achieved several milestones including:

- The reverse takeover of Purus Energy Ltd and relisting of the new combined entity on the Australian Securities Exchange (ASX) as Facilitate Digital Holdings Ltd (ASX:FAC).
- Opening of three new offices across Asia and Europe.
- Establishment of a world class executive and regional management team.
- Launch of a leading search marketing solution.
- Accelerated investment in product development culminating in the global launch of a world leading integrated platform.
- Installation of a global infrastructure to prepare for offshore expansion.
- Creation of an Innovation Division, dedicated to the task of pursuing innovative new capabilities via proprietary developments or partnerships.
- Announcement of terms relating to the conditional agreement to purchase leading direct marketing technology provider Impact Data Pty Ltd; and
- Maintained profitability (before discontinued operations) despite merger transaction costs and increased Research & Development and market development (within the framework prescribed by the Company's capital plan).

During the year there was a 52% growth in revenue from \$2,558,144 to \$3,890,610, an increase in profit excluding discontinued operations from \$173,808 to \$858,282 and a net loss after discontinued operations of \$54,096. The 2008 year is forecast to deliver strong profitable growth at a rate that is expected to outpace industry growth. In particular, in the context of:

- Being able to offer for the first time, a leading edge, search marketing product (launched May 2007). This is the first complete search offering Facilitate Digital has taken to market, a segment now worth \$399m (source: Audit Bureau of Verification Services (ABVS) Search and Directories category) in Australia alone.
- Internationalized entire product range to facilitate regional and global client contracts.
- Strong revenue growth in offshore markets, including Europe, Asia and the UK.

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## **CHIEF EXECUTIVE OFFICER'S MESSAGE**

- Product, technology and sales synergies between Facilitate Digital and Impact Data Pty Ltd.
- Access to economies of scale derived from growth.
- Capital structure providing the opportunity for acquisition of profitable, synergistic growth.

The net result of the Purus Energy Ltd acquisition and ongoing operations was an increase in cash at year end from \$382,973 to \$2,588,522.

Ian Lowe  
Chief Executive Officer

# FACILITATE DIGITAL HOLDINGS LIMITED

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## **CORPORATE GOVERNANCE STATEMENT**

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Company is pleased to advise that its practices are largely consistent with those of the ASX guidelines. As consistency with the ASX guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place for the entire reporting period, we have identified when such policies or committees were introduced.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance.

### **1. Board of Directors**

#### **1.1 Role of the Board**

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

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

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

#### **1.2 Composition of the Board**

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Summary. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgment.

Mr. Lowe is the Chief Executive Officer (CEO) and Mr. Dixon is an Executive Director.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr. Norton, Mr. Hunwick, Mr. Sweeney and Mr. Vial are Non-Executive Directors. In addition to being Non-Executive Directors, Mr. Hunwick and Mr. Vial also meet the following criteria for independence adopted by the Company.

An Independent Director:

1. Is a Non-Executive Director and;
2. Is not a substantial shareholder or an officer of the Company, or otherwise associated directly with, a substantial shareholder of the Company;
3. Has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. Has not within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

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8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Norton and Mr Sweeney are Non-Executive Directors of the Company, but also have a relevant interest in a substantial number of shares (either directly or indirectly) of the Company and as such do not meet the Company's criteria for independence. However, their experience and knowledge of the Company make their contribution to the Board such that it is appropriate for them to remain on the Board.

Mr Hunwick who is the Company's Chairman meets the Company's criteria for independence. The ASX Corporate Governance Council recommends that the role of Chairman be exercised by an independent director.

Mr Paul Southwick is the Company Secretary.

### 1.3 Responsibilities of the Board

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

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
2. Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the health, safety and well-being of employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter.

### 1.4 Board Policies

#### 1.4.1 Conflicts of Interest

Directors must:

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

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

### 1.4.2 Commitments

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

### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 1.4.4 Continuous Disclosure

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

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

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

### 1.4.5 Education and Induction

In future new Directors will undergo an induction process in which they are given a full briefing on the Company. This includes meetings with key executives, visits to offices, an induction package and presentations. Information conveyed to new Directors will include:

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

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

### 1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, to assist them to carry out their responsibilities. The Chairman is to be advised prior to the expense being

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incurred.

### *1.4.7 Related Party Transactions*

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

### *1.4.8 Shareholder Communication*

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

1. communicating effectively with shareholders through releases to the market via ASX, the Company's website, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

### *1.4.9 Trading in Company Shares*

The Company seeks to comply with all legislation in its requirements relating to the sale and purchase of securities in Facilitate Digital Holdings Limited by its Directors and employees.

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

Insider trading is a criminal offence.

A person is guilty of the offence if:

- that person possesses information in relation to a company which is not generally available to the market, and if it were generally available to the market, would be likely to affect the price or value of that company's securities (i.e. the information is "price sensitive") and
- that person:
  - buys or sells securities in the company;
  - procures someone else to buy or sell securities in the company;
  - or passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities of the company.

### *Dealing Through Third Parties*

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

### *Facilitate Digital Employee Share Option Plan*

The prohibition does not apply to applications for options resulting from the operation of the Facilitate Digital Employee Share Option Plan (the Plan).

The prohibition could apply to the exercise of options issued under the Plan if the employee was in possession of price sensitive information at that time.

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

### *Share Trading Guidelines*

Directors and employees of Facilitate Digital Holdings Limited should not buy or sell securities in Facilitate Digital Holdings Limited when they are in possession of price sensitive information which is not generally available to the market.

Given the obligations arising from the continuous disclosure rules imposed by the ASX it is no longer relevant to restrict trading in the company's shares to specific "windows" following the issue of half-yearly and annual financial statements.

The only appropriate time for a Director or employee to buy or sell securities in Facilitate Digital Holdings Limited is when they are not in possession of price sensitive information which is not generally available to the market.

In addition to avoid any adverse inference being drawn of unfair trading, Directors and employees should not, if at all possible, engage in short term (i.e. less than 12 months) trading in the Company's securities or deal in its securities during the two week period immediately preceding and one day following:

- release of the half-yearly results;
- release of the yearly results; or
- the Annual General Meeting

When it is customary for price sensitive information to be released.

### *Approval to Trade in Securities*

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

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

### *ASX Notification*

The Corporations Law obliges Directors to notify the ASX within 5 business days after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the Director

#### *1.4.10 Performance Review/Evaluation*

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

#### *1.4.11 Attestations by CEO and CFO*

In accordance with the Board's policy, the CEO and the CFO will make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing an Annual Report. The CEO and the CFO will also be required to state in writing to the Board that the attestation in relation to the financial statements is founded on a sound system of risk management and that this system is operating efficiently and effectively in all material aspects.

## **2. Board Committees**

### **2.1 Audit Committee**

The Audit Committee was formed by resolution of the Board in 2007. Below is a summary of the role, composition and responsibilities of the Audit Committee. Further details are contained in the Audit Committee's Charter.

#### *2.1.1 Role*

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

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## **CORPORATE GOVERNANCE STATEMENT**

### *2.1.2 Composition*

The Audit Committee consists of three members. Members are appointed by the Board from amongst the Non-Executive Directors. The current members of the Audit Committee are Mr. Hunwick, Mr. Norton, Mr. Vial and Mr. Sweeney. All members can read and understand financial statements and are otherwise financially literate. Mr. Hunwick, the Chairman of the Audit Committee is an Independent Director.

### *2.1.3 Responsibilities*

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

The Audit Committee also recommends to the Board the appointment of the external auditor and, each year, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

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

## **2.2 Remuneration Committee**

The Remuneration Committee was formed by resolution of the Board in 2007.

### *2.2.1 Role*

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

### *2.2.2 Composition*

Mr. Hunwick, Mr. Norton, Mr. Vial and Mr. Sweeney are the current members of the Remuneration Committee. Mr. Hunwick, the Chairman of the Remuneration Committee is an Independent Director.

### *2.2.3 Responsibilities*

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

### *2.2.4 Remuneration Policy*

#### *2.2.4.1 Senior Executive Remuneration Policy*

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, the remuneration of senior executives may be comprised of the following:

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

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

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

#### *2.2.4.2 Non-Executive Director Remuneration Policy*

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Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Non-Executive Directors are entitled to statutory superannuation.

### 2.3 Nomination Committee

As the whole Board only consists of six members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### 2.3.1 Criteria for Selection of Directors

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

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

## 3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board in 2007. This Code includes the following.

#### *Responsibilities to Shareholders and the Financial Community Generally*

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

#### *Responsibilities to Clients, Customers and Consumers*

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

#### *Employment Practices*

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

#### *Obligations Relative to Fair Trading and Dealing*

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

#### *Responsibilities to the Community*

As part of the community, the Company:

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

#### *Responsibility to the Individual*

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

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## CORPORATE GOVERNANCE STATEMENT

### *Conflicts of Interest*

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

### *How the Company Complies with Legislation Affecting its Operations*

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

### *How the Company Monitors and Ensures Compliance with its Code*

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

## RISK MANAGEMENT

Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting are achieved; and
- senior management, the Board and investors understand the risk profile of the Company. In line with these objectives the risk management policy covers:
  - Operations risk;
  - Financial reporting; and
  - Compliance

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

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

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

- *Operational Risk*
  - Insurance
  - Litigation
  - Business continuity
  - Disaster recovery
- *Financial Risk*
  - Treasury and finance
  - Foreign exchange risk
  - Interest rate risk
  - Credit risk
  - Liquidity risk

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- *Compliance Risk*
  - Regulatory compliance

## **DIRECTORS' REPORT**

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2007.

### **Directors**

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

- Mr. Rob Hunwick (Non Executive Chairman), appointed 11 April 2007
- Mr. Ian Lowe (Chief Executive Officer), appointed 11 April 2007
- Mr. Ben Dixon (Chief Operating Officer), appointed 11 April 2007
- Mr. Tim Norton (Non Executive Director), appointed 11 April 2007
- Mr. Charles Sweeney (Non Executive Director), appointed 11 April 2007
- Mr. Peter Vial (Non Executive Director)
- Mr. Roger Blake (resigned 12<sup>th</sup> April 2007)
- Mr. Douglas James Norman Derham (resigned 12<sup>th</sup> April 2007)
- Mr. Richard John Sandner (resigned 12<sup>th</sup> April 2007)

### **Information on Directors**

#### ***Mr. Rob Hunwick, B.Ec, FCA, FAICD — Non – Executive Chairman***

Rob Hunwick has accumulated a wealth of general business, corporate governance and financial expertise derived from various senior executive and company director positions, including Managing Director of Tyndall Australia Limited, CEO of CIC Insurance Limited and Director Financial Services of Colonial Mutual Life Assurance Society Limited, as well as being a former partner in Chartered Accounting firm Deloitte Haskins & Sells.

Rob has been Chairman of Facilitate Digital since 2001 and has been providing advice and guidance to the company and its founders since the early start-up phase. In addition to Facilitate Digital, Rob is also Chairman of DKN Financial Group Limited (ASX: DKN).

#### ***Mr. Ian Lowe, ASCM — Chief Executive Officer***

Ian Lowe has broad cross media and marketing experience, accumulated over 20 years of working in and managing media and media related organisations, including George Patterson Bates, Thompson Media, and PMP Limited (ASX:PMP). Prior to joining Facilitate Digital in 2002, Ian held executive management positions in various technology and media technology companies, including Managing Director of Red Sheriff Ltd and CEO of Traffion Pty Ltd. During Ian's tenure Red Sheriff grew from a staff of 10 to become a global leader in web analytics and market intelligence, with more than 1000 clients in 52 countries.

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

#### ***Mr. Ben Dixon — Chief Operating Officer***

Ben Dixon's career in the advertising industry goes back almost 15 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular Ben was responsible for the development and implementation of eCommerce and online strategies across a number of advertisers. In late 1999, Ben conceptualised and then co-founded Facilitate Digital Pty Ltd, assuming the role of General Manager. In the subsequent 3 years Ben played an integral role in steering the business through an industry collapse to a position of strength. Ben assumed the role of Chief Operating Officer in 2003.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## **DIRECTORS' REPORT**

### **Mr. Tim Norton, B Surv, M Surv Sci— Non – Executive Director (Melb), LS, MBA, FAICD**

Tim Norton was co-founder and executive director of Oakton Ltd, an IT software engineering company offering related management consulting and software implementation services. Tim grew Oakton from a two man operation in the late 1980s to its present day position as a listed company with 300 plus employees, successfully managing the business through the public listing process.

Tim has broad ranging technical, project management and business strategy formulation skills, and has consulted to major public and private sector organisations in information technology and business management, as well as leading the development of innovative technology-enabled business information systems.

Tim is also a Director of IWL Limited (ASX: IWL).

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

Charles Sweeney graduated in Commerce/Law from Melbourne University in 1998. Whilst studying Charles co-founded one of Australia's leading domain name registries. Charles then worked as a consultant with a boutique Melbourne consulting firm where he focused on private equity, including mergers and acquisitions. During this time, Charles co-founded Facilitate Digital with Ben Dixon.

Charles is now a lawyer with Brisbane commercial law firm, Cooper Grace Ward where he specialises in mergers & acquisitions, intellectual property, information technology and corporate advisory.

### **Mr. Peter Vial, B Ec — Non – Executive Director**

Peter Vial was a founding partner and Managing Director of Country Road Limited. He was a founding shareholder and chairman of Bendigo Mining Limited, and has experience in the merchant banking sector. Peter is currently Chairman of a number of unlisted fashion companies.

### **Mr. Roger Blake, M.Sc, Member AIDC. — Resigned 12 April 2007**

Roger Blake has over 31 years experience in all aspects of petroleum geology and exploration throughout Australasia. He was a founding shareholder and Operations Director of Essential Petroleum Resources Ltd where he managed the technical and operational aspects of seismic acquisition and drilling of exploration wells in the onshore Otway Basin. He has a Masters of Science degree of the geology of the Otway Basin. Roger has consulted to a number of companies in the oil and gas sector working in all regions of Australasia. Roger has also been a committee member of the Victorian and Tasmanian branch of the Petroleum Exploration Society of Australia.

### **Mr Douglas Derham, ASA, SIA (Aff) — Resigned 12 April 2007**

Douglas Derham is an accountant with extensive experience in business and stock broking having particular involvement and expertise in capital raising and public relations. Douglas was an Executive Director of the former publicly listed Company, Reef Mining NL and is currently a Non Executive Director of Peshurst Resources Ltd.

### **Mr. Richard Sandner, B Juris, LLB — Resigned 12 April 2007**

Richard Sandner has a long association with exploration and mining in north central Victoria having been a past Managing Director of the both Bendigo Mining NL and Reef Mining NL. In each company, Richard was responsible for overseeing a number of projects that were taken from exploration to production with the gaining of all appropriate permits to allow work to commence and continue. He is the past president of the Minerals of Australia (Victoria). Richard is currently the Chairman of Peshurst Resources Ltd.

## **Information on Company Secretary**

Mr Paul Southwick was appointed Company Secretary on 25 June 2007

### **Mr. Paul Southwick, BMS, Grad Dip — Company Secretary Mktg, CA (Australia & NZ), ACIS, CMA, AFAIM, ANZIM**

# FACILITATE DIGITAL HOLDINGS LIMITED

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## DIRECTORS' REPORT

Paul Southwick is a chartered accountant (Aus and NZ) and qualified company secretary with post graduate qualifications in marketing. Paul comes to Facilitate Digital with international general management and director experience with blue chip companies from Europe, Asia, America, Australia and New Zealand. His industry experience includes insurance, telecommunications, computing, government and more recently on-line transaction processing.

### Principal Activities

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

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

In April 2007, the Company ceased completely all mining operations and the results of these activities are included in the financial statements and notes as discontinued operations.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

### Operating Results

The consolidated (loss) of the Consolidated Entity after providing for income tax amounted to \$54,096

### Dividends Paid or Recommended

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

### Review of Operations

The review of operations is included in the Chief Executive Officer's report.

### Financial Position

The net assets of the economic entity have increased by \$4,052,153 from \$599,562 at 30 June 2006 to \$4,651,715 at 30 June 2007. This increase has largely resulted from the acquisition of Purus Energy Limited (Purus).

The economic entity has a strong financial position with the current ratio, improved from 155% in 2006 to 538% in 2007. This is mainly due to the cash received following the acquisition of Purus.

During the past two financial years the group has invested 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.

### Significant Changes in State of Affairs

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

- **On 11 July 2006** the Company announced the release of restricted securities.
- **On 27 October 2006** the Company announced potential business combination opportunities.
- **On 21 December 2006** the Company entered into a binding Merger Implementation Agreement with Facilitate Digital Pty Ltd (Facilitate) whereby the Company purchased all the issued capital of Facilitate, in exchange for the issue to the Facilitate shareholders of the Company's shares.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## DIRECTORS' REPORT

- **On 13 March 2007** the Company announced the issue of up to 42,867,085 options. These options were issued as part consideration for the purchase of all issued share capital in Facilitate Digital Pty Ltd as detailed in the Prospectus dated 7 March 2007 issued by the entity.
- **On 13 March 2007** the Company announced the issue of up to 70,859,016 ordinary shares.
- **On 12 April 2007** the Company changed its name to Facilitate Digital Holdings Limited.
- **On 19 April 2007** the Company announced the completion of the purchase of Facilitate Digital Pty Ltd. Under the terms of the agreement, the Company agreed to acquire all of the issued shares in Facilitate Digital Pty Ltd in return for the issue of securities in the Company to the Vendors.
- **On 27 April 2007** the Company announced the issue of 92,090,015 fully paid Ordinary Shares and the issue of 1,000,003 Unlisted Options exercisable at 70 cents on or before 22 October 2008; the issue of 71,429 Unlisted Options exercisable at 70 cents on or before 31 May 2009; the issue of 857,143 Unlisted Options exercisable at 1.75 cents on or before 31 May 2009; the issue of 23,688,996 Unlisted Initial Options exercisable at 21 cents on or before 10 April 2012; the issue of 17,766,747 Unlisted Performance Options exercisable at 21 cents on or before 10 April 2012.
- **On 30 April 2007** Directors of the Company approved the establishment of the Facilitate Group Employee Share Option Plan (ESOP).
- **On 3 May 2007** the Company announced the opening of a Singapore office that will direct its expansion in the Asia-Pacific market.

## After Balance Date Events

### (a) Employee Share Option Plan

On 30 April 2007 the Company established the Facilitate Digital Holdings Limited Employee Share Option Plan (the Plan). On 20 July 2007 the Company revised the Plan. Employees are eligible to participate in the Plan upon nomination by the Board from time to time subject to being, at the time of the offer, a full or part time employee of the Company or a Subsidiary, but excluding any Director of the Company. 3,697,000 ordinary share options have been allocated to this plan. The Options are subject to the following Exercise Conditions:

- At an exercise price of \$0.50 with vesting from the date of grant and with an exercise period of 2 years from the date of vesting
- At an exercise price of \$0.80 with vesting in 1 year from the date of grant and with an exercise period of 2 years from the date of vesting
- At an exercise price of \$1.00 with vesting in 2 years from the date of grant and with an exercise period of 2 years from the date of vesting

### (b) Capital Raising

Facilitate Digital Holdings Ltd placed \$5,000,000 worth of fully paid ordinary shares to fund the conditional acquisition of Impact Data Pty Ltd which were fully subscribed at a price of 41 cents per share

# FACILITATE DIGITAL HOLDINGS LIMITED

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## DIRECTORS' REPORT

### (c) Acquisition

On 25 July 2007, the Company announced it had reached a conditional agreement to acquire 100 per cent of the shares in leading direct marketing technology provider, Impact Data Pty Ltd on an earn-out model.

On 14 September 2007, Facilitate Digital Holdings Limited acquired Impact Data Pty Ltd in a combined cash and scrip offer.

An initial payment of \$6.25m was made on 14 September 2007, \$3,125,000 was paid in cash and 6,506,005 ordinary fully paid shares (50% of which remain in voluntary escrow for 12 months) were issued to the vendors.

The final purchase price will be determined by a variable multiple of Impact Data's net earnings before interest and tax (EBIT) for the year ended 30 June 2008 and will be paid in equal amounts of cash and ordinary shares. The ordinary shares are to be issued at approximately 50 cents each. \$6.25m of the final purchase price (half in shares and half in cash) is payable up front.

The multiples pertaining to the final purchase price are as follows:

X 6.25 EBIT (as defined) up to \$3m

X 7.00 EBIT (as defined) in excess of \$3m up to \$4m

X 7.50 EBIT (as defined) in excess of \$4m

Based on Impact Data's EBIT forecast, Facilitate Digital Holdings Limited will ultimately issue 6.25m ordinary shares to Impact Data shareholders, or approximately 6.8 per cent of existing ordinary capital.

### Future Developments, Prospects and Business Strategies

To further improve the economic entity's profit and maximise shareholder wealth, the following developments are intended to be implemented in the near future:

- Significant expansion in Europe and Asia
- Integration of sales and marketing of Facilitate Digital Holdings Limited and Impact Data Pty Limited
- Enhanced business relationship and partnerships with key industry players
- Improved web, Public Relations and marketing presence of the Company
- Continued product innovation and development

### Environmental Regulations

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

### Directors' Meetings

During the financial year, four meetings of directors (including committees of directors) of Facilitate Digital Holdings Ltd were held. Attendances by each director during the year were as follows:

	Committee Meetings			
	Directors' Meetings (3 meetings)		Audit Committee	
	Eligible	Attended	Eligible	Attended
<b>Directors</b>				
Rob Hunwick	3	3	1	1
Ian Lowe	3	3	-	-
Ben Dixon	3	3	-	-
Tim Norton	3	2	1	1

# FACILITATE DIGITAL HOLDINGS LIMITED

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## DIRECTORS' REPORT

Charles Sweeney	3	3	1	1
Peter Vial	15	15	2	2
Richard Sandner	12	12	-	-
Douglas Derham	12	11	2	2
Roger Blake	12	10	-	-

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Facilitate Digital Holdings Limited, and for the executives receiving the highest remuneration.

### Remuneration policy

The remuneration policy of Facilitate Digital Holdings 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 entity's financial results. The board of Facilitate Digital Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create shared goals between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board.
- Executives receive a base salary (which is based on factors such as length of service, qualifications and experience), superannuation, and in some cases fringe benefits, options and performance incentives.
- The remuneration committee reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

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

Executives who are not also directors are also entitled to participate in the employee share option plan. Note this plan was established in 2007 but no allocations were made until after balance date.

The executive directors and executives receive the superannuation contribution required by the government in the country they are employed and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. If and when shares are given to directors and executives they are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued and expensed by the company using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity.

Further information regarding the remuneration of key management is given in the notes to the accounts.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## DIRECTORS' REPORT

### Performance-based remuneration

As part of each executive director and executive's remuneration package there may be a performance-based component, consisting of Key Performance Indicators (KPI's). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPI's are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/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 non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

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

### Company performance, shareholder wealth and director and executive remuneration

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

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

	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$
Revenue	3,890,610	2,558,144	1,439,489	647,689	466,421
Net (loss)/profit*	(54,096)	173,808	197,547	(135,034)	(40,986)
Share Price at Year-end	0.54	-	-	-	-
Dividends Paid	-	-	-	-	-

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

### Details of remuneration for year ended 30 June 2007

The remuneration for each director and executive officer of the consolidated entity (both pre and post listing) receiving the highest remuneration during the year was as follows:

The key management personnel of Facilitate Digital Holdings Limited and its controlled entities includes the directors as per the key management section and the following executive officers, which include the seven highest paid executive officers of the entity.

- Mr. Paul Southwick Chief Financial Officer (from 21 May 2007)
- Mr. Mark Henning Managing Director APAC, Facilitate Digital Holdings Limited (from 20 November 2006)
- Mr. Tom Peacock Chief Product Officer – Adserving & Symphony (from 7 August 2006)
- Mr. James O'Toole Chief Product Officer – Search & Analytics (from 4 July 2006)
- Mr. Robyn Parker Chief Information Officer
- Mr. Timothy Whitfield Chief Technology Officer
- Ms. Tracy McCormack Chief Marketing Officer (from 15 May 2007)

# FACILITATE DIGITAL HOLDINGS LIMITED

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Cash, salary and commissions including superannuation

2007

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Employee Benefits	Termination benefits	Share-based Payment		Total	Performance Related
	Cash, salary and commissions	Bonus	Non-Cash benefit	Other	Superannuation			Equity	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>											
Rob Hunwick	10,972	-	-	-	987	-	-	-	-	11,959	-
Ian Lowe	189,250	25,000	-	38,399	20,788	17,772	-	-	-	291,209	13
Ben Dixon	127,500	7,500	-	9,105	12,713	8,983	-	-	-	165,801	6
Tim Norton	6,583	-	-	-	-	-	-	-	-	6,583	-
Charles Sweeney	6,583	-	-	-	-	-	-	-	-	6,583	-
Peter Vial	36,583	-	-	-	3,292	-	-	-	-	39,875	-
Roger Blake	106,332	-	-	-	-	-	118,647	-	-	224,978	-
Douglas Derham	22,500	-	-	-	2,025	-	-	-	-	24,525	-
Richard Sandner	102,375	-	-	-	9,214	-	49,595	-	-	161,184	-
<b>Executives</b>											
Paul Southwick	18,154	-	-	1,516	1,634	-	-	-	-	21,304	-
Mark Henning	91,609	-	-	4,664	8,245	-	-	-	-	104,518	-
Tom Peacock	119,166	-	-	1,406	10,725	-	-	-	-	131,297	-
James O'Toole	110,861	-	-	2,874	9,977	-	-	-	-	123,712	-
Robyn Parker	129,998	-	-	11,031	11,700	-	-	-	-	152,729	-
Timothy Whitfield	128,749	-	-	7,630	11,587	7,381	-	-	-	155,347	-
Tracy McCormack	18,187	-	-	1,518	1,637	-	-	-	-	21,342	-
<b>Total</b>	<b>1,225,402</b>	<b>32,500</b>	<b>-</b>	<b>78,143</b>	<b>104,524</b>	<b>34,136</b>	<b>168,241</b>	<b>-</b>	<b>-</b>	<b>1,642,946</b>	<b>-</b>

Note: The figures are the actual amounts paid in the 2007 year. Where a director or executive commences or leaves during the year only the amounts actually paid are shown, not the annual rate.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

Cash, salary and commissions including superannuation

2006

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Employee Benefits	Termination benefits	Share-based Payment		Total	Performance Related
	Cash, salary and commissions	Bonus	Non-Cash benefit	Other	Superannuation			Equity	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>											
Rob Hunwick	-	-	-	-	-	-	-	-	-	-	-
Ian Lowe	169,000	17,000	-	16,719	16,740	-	-	-	-	219,459	10
Ben Dixon	100,000	10,000	-	4,316	9,900	-	-	-	-	124,216	10
Tim Norton	-	-	-	-	-	-	-	-	-	-	-
Charles Sweeney	-	-	-	-	-	-	-	-	-	-	-
Peter Vial	36,667	-	-	-	3,300	-	-	-	-	39,967	-
Roger Blake	-	-	-	-	-	-	-	-	-	-	-
Douglas Derham	27,500	-	-	-	2,475	-	-	-	-	29,975	-
Richard Sandner	125,125	-	-	-	11,261	-	-	-	-	136,386	-
<b>Executives</b>											
Paul Southwick	-	-	-	-	-	-	-	-	-	-	-
Mark Henning	-	-	-	-	-	-	-	-	-	-	-
Tom Peacock	-	-	-	-	-	-	-	-	-	-	-
James O'Toole	-	-	-	-	-	-	-	-	-	-	-
Robyn Parker	97,500	-	-	5,014	8,775	-	-	-	-	111,289	-
Timothy Whitfield	125,000	-	-	7,315	11,250	-	-	-	-	143,565	-
Tracy McCormack	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>680,792</b>	<b>27,000</b>	<b>-</b>	<b>33,364</b>	<b>63,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>804,857</b>	

# FACILITATE DIGITAL HOLDINGS LIMITED

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## Options

Options were granted to the vendors of Facilitate Digital Pty Ltd upon the effect of the Merger on the 12 April 2007.

Issue Date	Expiry date	Type	Exercise price	Number of options	Date Exercisable
12 April 2007	12 April 2012	Initial Options	\$0.2110	15,855,603	Immediately
12 April 2007	12 April 2012	Performance Options	\$0.2110	11,891,702	Until after Company's net after tax profit first exceeds an audited amount of \$2.0 million for any full financial year during the option period
				27,747,305	

## Options Holdings

The number of options over ordinary shares in the company held during the financial year by each director of Facilitate Digital Holdings Limited and other executive officers of the Group were as follows;

	Balance 1.7.2006	Granted during the year	Exercised during the year	Net Change Other* during the year	Balance 30.6.2007	Vested and exercisable at the year end
<b>Directors</b>	-					
Rob Hunwick	-	2,357,864	-	-	2,357,864	-
Ian Lowe	-	3,724,321	-	-	3,724,321	-
Ben Dixon	-	9,802,097	-	-	9,802,097	-
Tim Norton	-	6,180,302	-	-	6,180,302	-
Charles Sweeney	-	5,249,105	-	-	5,249,105	-
Peter Vial	-	-	-	-	-	-
Roger Blake	1,500,000	-	-	-	1,500,000	-
Douglas Derham	-	-	-	-	-	-
Richard Sandner	1,000,000	-	-	-	1,000,000	-
<b>Executives</b>						
Paul Southwick	-	-	-	-	-	-
Mark Henning	-	-	-	-	-	-
Tom Peacock	-	-	-	-	-	-
James O'Toole	-	-	-	-	-	-
Robyn Parker	-	-	-	-	-	-
Timothy Whitfield	-	433,616	-	-	433,616	-
Tracy McCormack	-	-	-	-	-	-
<b>Total</b>	2,500,000	27,747,305	-	-	30,247,305	-

\* Net Change Other refers to shares purchased or sold during the financial year.

There were no options issued as part of remuneration during the year.

No ordinary shares of Facilitate Digital Holdings Limited were unissued during the year.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## Shareholdings

The number of shares in the company held during the financial year by each director of Facilitate Digital Holdings Limited and other executive officers of the Group were as follows;

	Balance 1.7.2006	Granted during the year	Options Exercised	Net Change Other* during the year	Balance 30.6.2007
<b>Directors</b>					
Rob Hunwick	-	3,705,214	-	-	3,705,214
Ian Lowe	-	5,267,254	-	-	5,267,254
Ben Dixon	-	15,403,295	-	-	15,403,295
Tim Norton	-	9,711,902	-	-	9,711,902
Charles Sweeney	-	8,248,595	-	-	8,248,595
Peter Vial	1,945,000	-	-	-	1,945,000
Roger Blake	100,000	593,233	-	-	693,233
Douglas Derham	2,125,000	-	-	-	2,125,000
Richard Sandner	2,125,001	153,220	-	-	2,278,221
<b>Executives</b>					
Paul Southwick	-	-	-	-	-
Mark Henning	-	-	-	-	-
Tom Peacock	-	-	-	-	-
James O'Toole	-	-	-	-	-
Robyn Parker	-	-	-	-	-
Timothy Whitfield	-	681,397	-	-	681,397
Tracy McCormack	-	-	-	-	-
Total	6,295,001	43,764,110	-	-	50,059,111

\* Net Change Other refers to shares purchased or sold during the financial year.

There were no shares granted during the reporting period as compensation.

## Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has paid premiums for a contract insuring all directors and officers. The insurance does not provide cover for the independent auditors of the Company. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premiums paid under the contract.

## Proceedings on Behalf of the Company

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

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

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## Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

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

The following fees for non-audit services were paid/payable to the external auditors during/at the year ended 30 June 2007:

	Pitcher	AFS	Total
	\$	\$	\$
Taxation services	8,215	5,800	14,015
Due diligence investigations	-	25,000	25,000
Corporate Governance	700	7,798	8,498
	<u>8,915</u>	<u>38,598</u>	<u>47,513</u>

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found in the directors' report.

Signed in accordance with a resolution of the Board of Directors.

Robert Hunwick, Chairman  
Dated this 27<sup>th</sup> day of September 2007

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FACILITATE DIGITAL HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

David Hutchings  
Partner  
Andrew Frewin Stewart (AFS)  
Chartered Accountants & Business Advisors  
61-65 Bull Street, Bendigo, Victoria, 3550.

Date

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	2	3,890,610	2,558,144	24,671	2,227,524
Cost of Sales		(488,252)	(309,198)	-	(309,198)
Distribution expenses		(497)	(207)	-	(207)
Administrative expenses		(184,234)	(269,585)	-	(244,149)
Marketing expenses		(113,965)	(80,209)	-	(48,549)
Occupancy expenses		(148,870)	(87,186)	-	(78,864)
Employee expense		(1,370,315)	(1,253,795)	(43,327)	(1,144,678)
Depreciation and amortisation expense		(258,199)	(67,624)	-	(67,598)
Other expenses		(532,200)	(285,071)	(54,993)	(268,952)
Finance costs		(15,726)	(15,161)	(161)	(13,629)
<b>Profit before income tax</b>	3	788,352	190,108	(73,810)	51,700
Income tax expense	4	79,930	(16,300)	11,070	27,647
<b>Profit from continuing operations</b>		858,282	173,808	(62,740)	79,347
Profit/(loss) from discontinued operations	5	(912,378)	-	(912,378)	-
<b>Profit for the year</b>		(54,096)	173,808	(975,118)	79,347

### Earnings per share

	Group	
	2007 Cents	2006 Cents
<b>Earnings per share attributable to members of Facilitate Digital</b>		
Basic earnings per share from continuing operations	1.02	0.27
Basic earnings per share including discontinued operations	(0.06)	0.27
Diluted earnings per share from continuing operations	0.91	0.27
Diluted earnings per share including discontinued operations	(0.06)	0.27

The accompanying notes form part of these financial statements.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## BALANCE SHEET AS AT 30 JUNE 2007

	Note	Group		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	9	2,588,522	382,973	2,431,733	371,002
Trade and other receivables	10	1,039,808	767,942	-	708,739
Other current assets	15	16,063	5,331	16,063	5,119
<b>TOTAL CURRENT ASSETS</b>		<b>3,644,393</b>	<b>1,156,246</b>	<b>2,447,796</b>	<b>1,084,860</b>
<b>NON-CURRENT ASSETS</b>					
Financial assets	11	-	-	13,039,791	2
Property, plant and equipment	13	116,134	57,547	-	56,652
Deferred tax assets	17	116,801	36,871	11,070	36,496
Intangible assets	14	1,338,192	96,842	-	96,842
Other non-current assets	15	84,279	-	16,206	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,655,406</b>	<b>191,260</b>	<b>13,067,069</b>	<b>189,992</b>
<b>TOTAL ASSETS</b>		<b>5,299,799</b>	<b>1,347,506</b>	<b>15,514,863</b>	<b>1,274,852</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	16	444,456	654,891	(9,134)	788,610
Current tax liabilities	17	75,459	44,322	-	-
Provisions	18	158,025	48,731	-	41,623
<b>TOTAL CURRENT LIABILITIES</b>		<b>677,940</b>	<b>747,944</b>	<b>(9,134)</b>	<b>830,233</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	18	(29,856)	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(29,856)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>648,084</b>	<b>747,944</b>	<b>(9,134)</b>	<b>830,233</b>
<b>NET ASSETS</b>		<b>4,651,715</b>	<b>599,562</b>	<b>15,523,997</b>	<b>444,619</b>
<b>EQUITY</b>					
Issued capital	19	4,787,209	676,957	22,079,507	676,957
Reserves	20	-	4,003	-	-
Retained earnings/(Accumulated losses)	21	(135,494)	(81,398)	(6,555,510)	(232,338)
Parent interest		4,651,715	599,562	15,523,997	444,619
<b>TOTAL EQUITY</b>		<b>4,651,715</b>	<b>599,562</b>	<b>15,523,997</b>	<b>444,619</b>

The accompanying notes form part of these financial statements.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

### Group

	Note	Ordinary	Retained Earnings	Capital Profits	Foreign Currency Translation	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>		576,957	(255,206)	-	-	321,751
Profit attributable to members of parent entity		-	-	-	-	-
Profit for the year		-	173,808	-	-	173,808
Exchange differences on translation of foreign operations	20	-	-	-	4,003	4,003
Transactions with equity holders in their capacity as equity holders:		-	-	-	-	-
Contributions as equity net of transaction costs		100,000	-	-	-	100,000
Sub-total		676,957	(81,398)	-	4,003	599,562
<b>Balance at 30 June 2006</b>		676,957	(81,398)	-	4,003	599,562
Shares issued during the year		4,110,252	-	-	-	4,110,252
Transaction costs		-	-	-	-	-
Profit attributable to members of parent entity		-	(54,096)	-	-	(54,096)
Adjustments from translation of foreign controlled entities	20	-	-	-	(4,003)	(4,003)
Transfers from retained earnings		-	-	-	-	-
Sub-total		4,110,252	(54,096)	-	(4,003)	4,052,153
<b>Balance at 30 June 2007</b>		4,787,209	(135,494)	-	-	4,651,715

The accompanying notes form part of these financial statements.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

### Company

	Note	Ordinary	Retained Earnings	Capital Profits	Foreign Currency Translation	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>		576,957	(311,685)	-	-	265,272
Profit for the year		-	-	79,347	-	79,347
Share issue		100,000	-	-	-	100,000
Sub-total		676,957	(311,685)	79,347	-	444,619
<b>Balance at 30 June 2006</b>		676,957	(311,685)	79,347	-	444,619

	Note	Ordinary	Retained Earnings	Capital Profits	Foreign Currency Translation	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2006*</b>		10,380,216	(5,580,392)	-	-	4,799,824
Profit for the year		-	(975,118)	-	-	(875,118)
Share issue		11,699,291	-	-	-	11,699,291
Sub-total		22,079,507	(6,555,510)	-	-	15,523,997
<b>Balance at 30 June 2007</b>		22,079,507	(6,555,510)	-	-	15,523,997

\*Note: The opening balance for 2007 is not the same as the closing balance for 2006 because the comparative is (correctly) for two different entities. The 2006 entity is Facilitate Digital Pty Ltd, which was the holding company in 2006, and the 2007 entity is Facilitate Digital Holding Ltd which is the holding company in 2007

# FACILITATE DIGITAL HOLDINGS LIMITED

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

(INCLUDING PURUS ENERGY LTD )

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		2,867,148	2,249,074	-	1,937,046
Payments to suppliers and employees		(2,903,845)	(2,028,223)	(666,090)	(1,720,909)
Interest received		30,722	7,567	235,622	7,567
Finance costs		(15,726)	(15,161)	-	(13,629)
Income tax paid		(74,178)	(37,205)	-	-
Net cash provided by (used in) operating activities	25a	(95,879)	176,052	(430,468)	210,075
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(102,775)	(52,849)	43,161	(51,928)
Loans to subsidiaries		-	-	(1,345,917)	-
Purchase of other non-current assets		(1,475,505)	(136,717)	-	(136,717)
Payment for post-acquisition costs		(103,610)	-	-	-
Opening cash received following the acquisition of Purus Energy Ltd		3,928,318	-	-	-
Net cash provided by (used in) investing activities		2,246,428	(189,566)	(1,302,756)	(188,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		55,000	100,000	300,000	100,000
Costs of acquisition of Facilitate Digital Pty Ltd		-	-	(662,344)	-
Cost of equity raising		-	-	(26,827)	-
Net cash provided by (used in) financing activities		55,000	100,000	(389,171)	100,000
<b>Net increase in cash held</b>		2,205,549	86,486	(2,122,395)	121,430
<b>Cash at beginning of financial year</b>		382,973	296,487	4,554,125	249,572
<b>Cash at end of financial year</b>	9	2,588,522	382,973	2,431,730	371,002

The accompanying notes form part of these financial statements.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report of Facilitate Digital Holdings Limited and controlled entities, and Facilitate Digital Holdings Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (A-IFRS) in their entirety.

Unless stated otherwise the comparatives used for 2006 are: for the "Group", Facilitate Digital Pty Limited and controlled entities, i.e., the group of companies which undertook the reverse takeover of Purus Energy Limited; and for "Company", Facilitate Digital Pty Limited, the previous parent. It should be noted that two different legal entities form the 2007 and 2006 comparatives and therefore opening balances in 2007 will not always equal closing balances in 2006.

Similarly, unless stated otherwise the results of the Group are those of Facilitate Digital Holdings Limited and controlled entities. The results of Purus Energy Ltd appear as one line ("Discontinued operations) in the income statement and with the exception of the Cash Flow Statement and not otherwise included in the financial statements.

The merger of Purus Energy Limited and Facilitate Digital Pty Limited has been accounted for as a reverse takeover of Purus Energy Limited by Facilitate Digital Pty Limited according to the principles of AASB 3.

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

#### **Basis of Preparation**

Facilitate Digital Holdings Limited and controlled entities, and Facilitate Digital Holdings Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### **Accounting Policies**

##### **a. Principles of Consolidation**

###### **(i) Controlled entities**

A controlled entity is any entity Facilitate Digital Holdings Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

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

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.

###### **(ii) Associates**

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Associates are consolidated under accounting standard AASB128.

###### **(iii) Investments in joint venture entities**

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group's interests in joint venture entities are accounted for, where material, using the proportionate method. In the Company's financial statements, investments in joint venture entities are carried at cost.

#### b. **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 substantially enacted by the balance 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 taxable profits will be available to utilise against temporary differences and losses.

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.

#### c. **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.

#### d. **Plant and equipment**

Plant and equipment is measured on the cost basis.

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

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.

#### e. **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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold improvements	25%
Office/Computer Equipment	33%
Furniture	100%
In-House Software	40%

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### f. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### g. **Financial Assets**

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

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates and joint ventures are accounted for under the proportionate method in the consolidated financial statements and the cost method in the company financial statements.

#### h. **Financial Instruments**

##### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### **Loans and receivables**

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

##### **Fair value**

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

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **Impairment**

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

#### **i. 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.

#### **j. Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method as per AASB 128

#### **k. Interests in Joint Ventures**

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the economic entity's interests are shown at Note 11.

Interests in joint venture entities are brought to account using the proportionate method of accounting in the consolidated financial statements by applying the proportionate method of accounting as per AASB 131. Proportionate consolidation is a method of accounting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements.

#### **l. 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 and licences**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

#### **Other**

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **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 have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project once the products or services to which the costs relate have been commercialised or are being sold to customers.

#### m. **Foreign Currency Transactions and Balances**

##### **Functional and presentation currency**

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

##### **Group companies**

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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

#### n. **Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick 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 are 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.

##### **Equity-settled compensation**

The cost to the company of the employee share option plan is expensed in the income statement using the Black-Scholes method.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**o. 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.

**p. Cash and Cash Equivalents**

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

**q. Revenue**

Revenue from services and the sale of goods is recognised upon the delivery of those services or goods to customers.

Interest revenue is recognised 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).

**r. Borrowing Costs**

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

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

**s. 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.

**t. Government Grants**

Government grants are assistance by the government in the form of transfers of resources to the Group in return for the past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

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

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**u. Comparative Figures**

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

#### v. 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.

#### Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2007.

#### w. Rounding

Amounts in this report are rounded to the nearest \$1 and therefore totals will not always agree exactly

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 2: REVENUE

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>(a) Revenue</b>				
Operating activities				
— services revenue	3,166,917	2,550,577	-	2,219,957
— interest received	30,722	7,567	24,671	7,567
— Excess over cost of acquisition (of Purus Energy Limited)	692,971	-	-	-
Total Revenue	3,890,610	2,558,144	24,671	2,227,524
<b>(b) Interest revenue from:</b>				
— ultimate parent entity	24,671	7,567	24,671	7,567
Total interest revenue	24,671	7,567	24,671	7,567

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 3: PROFIT FROM CONTINUING ACTIVITIES

	Note	Group		Company	
Profit before income tax has been determined after:		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Expenses:</b>					
Finance costs:					
— external		15,726	-	161	-
— related entities		-	15,161	-	13,629
— other related parties		-	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 3: PROFIT FROM CONTINUING ACTIVITIES

	Note	Group		Company	
		2007	2006	2007	2006
Profit before income tax has been determined after:		\$	\$	\$	\$
Total finance costs		15,726	15,161	161	13,629
Foreign currency translation losses		3,140	11,709	-	11,709
Bad and doubtful debts:					
— trade receivables		48,045	36,660	-	36,660
Depreciation of plant and equipment		44,187	27,749	-	27,723
Amortisation of non-current assets		214,012	39,875	-	39,875
Remuneration of the auditors for :					
— AFS		41,040	-	41,040	-
— Pitcher		17,100	27,009	17,100	23,470

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 4: INCOME TAX EXPENSE

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
a. The components of tax expense include:					
Current tax		-	43,947	-	-
Deferred tax	17	(83,690)	(17,513)	(11,070)	(17,513)
Over/under provision in respect of prior years		3,760	(10,134)	-	(10,134)
		(79,930)	16,300	(11,070)	(27,647)
Deferred income tax (revenue)/expense included in income tax comprises:					
Increase in deferred tax assets		(79,930)	(17,513)	(11,070)	(17,513)
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax computation as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006 - 30%)		236,505	57,032	185,747	15,510
Add/(deduct): Tax effect of amounts which are not assessable/(deductible)					
Tax effect of:					
— Entertainment		4,239	5,419	205	3,936
— Over/under provision in		-	(10,134)	-	(10,134)

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 4: INCOME TAX EXPENSE

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
respect of prior years					
— Research & Development claim		(623,842)	(79,381)	-	(79,381)
— Deferred tax assets not recognised		515,325	45,025	10,869	42,422
— Prior year tax losses utilised		(8,026)	(1,418)	-	-
— Discount on acquisition of Purus Energy Ltd		(207,891)	-	(207,891)	-
— Share of income tax expense of joint venture		3,760	-	-	-
— Other		-	(243)	-	-
Income tax attributable to entity		(79,930)	16,300	(11,070)	(27,647)

	Group	
	2007	2006
	\$	\$
c. Current Tax Liability		
Balance at the beginning of the year	44,322	47,714
Income Tax	-	43,947
Tax payments	(74,178)	(37,205)
Over provision in prior year	-	(10,134)
Balance at the end of the year	(29,856)	44,322

d. Deferred Tax Asset Balances		
Accruals	63,025	13,488
Provisions for doubtful debts	16,910	10,896
Provisions for Annual Leave & Long Service Leave	47,406	
Employee benefits	-	12,487
Prior year adjustment	(10,540)	-
	116,801	36,871
Deferred tax asset not brought to account		
Tax losses	560,952	52,768
Timing differences	-	2,746
Accruals	-	-
	560,952	55,514

# FACILITATE DIGITAL HOLDINGS LIMITED

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

In addition to the above deferred tax asset not brought to account, the directors, based on professional advice, believe that the company may be entitled to a tax deduction relating to the acquisition of Facilitate Digital Pty Ltd by Purus Energy Ltd. At the time of completion of the accounts this amount has not been quantified.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 5: DISCONTINUED OPERATIONS

On 12 April 2007, the Company announced its decision to discontinue Purus Energy Limited exploration activities. This announcement was made subsequent to approval by the group's management and shareholders.

Purus Energy Limited was previously involved in coal seam gas exploration and has now discontinued these exploration activities. The merger agreement with Facilitate Digital Holdings Limited provided for the two companies to merge with Purus Energy Limited agreeing to acquire all of the issued shares in Facilitate Digital Holdings Limited in return for the issue of securities in Purus Energy Limited to the Vendors.

The financial performance of the discontinued operations of Purus Energy Ltd to the date of acquisition as included in the Income Statement was as follows:

	Purus Energy Limited	
	2007	2006
	\$	\$
<b>Revenue</b>	212,582	345,667
<b>Expense</b>	(1,124,960)	(4,054,827)
(Loss) before income tax	(912,378)	(3,709,160)
(Loss) attributable to members of the parent entity	(912,378)	(3,709,160)
Income tax expense	-	-
(Loss) after income tax	(912,378)	(3,709,160)

### Cash Flow

The net cash flows of the discontinued operations of Purus Energy Ltd which have been incorporated into the statement of cash flows are as follows:

Net cash (outflow) from operating activities	(473,246)	(4,007,545)
Net cash (outflow) from investing activities	(896,361)	(55,683)
Net cash inflow from financing activities	300,000	8,474,189
Net cash increase in cash generated by the discontinuing division	(1,069,607)	4,410,961

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

- a. **Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	Position
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# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

#### Directors

Rob Hunwick	Non Executive Chairman
Ian Lowe	Chief Executive Officer and Executive Director
Ben Dixon	Chief Operating Officer and Executive Director
Tim Norton	Non Executive Director
Charles Sweeney	Non Executive Director
Peter Vial	Non Executive Director
Roger Blake	Resigned 12th April 2007
Douglas Derham	Resigned 12th April 2007
Richard John Sandner	Resigned 12th April 2007

#### Executives

Paul Southwick	Chief Financial Officer (from 21 May 2007)
Mark Henning	Managing Director APAC, Facilitate Digital (from 20 November 2006)
Tom Peacock	Chief Product Officer – Adserving & Symphony (from 7 August 2006)
James O'Toole	Chief Product Officer – Search & Analytics (from 4 July 2006)
Robyn Parker	Chief Information Officer
Timothy Whitfield	Chief Technology Officer
Tracy McCormack	Chief Marketing Officer (from 15 May 2007)

#### b. Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, qualifications, experience, market demand, and performance of the individual concerned as well as the overall performance of the company. The remuneration committee determines the proportion of fixed and variable compensation for key management personnel.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Key management personnel remuneration includes quarterly bonus incentive payments of between nil and 50% of base salary based on the achievement of profit targets set by the board. Bonuses included in the notes are based on these targets.

All permanent staff, with the exception of executive directors qualify for the company's employee share option plan which commenced in August 2007.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

The Company's employment contracts stipulate a range of resignation periods between one and seven weeks. Further, various restrictive covenants of up to two years may apply to key personnel.

The company may terminate an employment contract without cause by providing written notice and or making payment in lieu of notice of between one and seven weeks ordinary pay.

Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Under these circumstances any employee share option plan options not exercised before or on the date of termination lapse.

#### c. Key management personnel compensation

	2007	2006
	\$	\$
Short-term employee benefits	1,054,771	531,850
Post-employment benefits	89,006	47,867
Share-based payments	2,945,567	-
	4,089,344	579,717

Key management personnel for the group are the same personnel as for the Company

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 7: AUDITORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report:				
— -AFS	41,040	-	41,040	-
— -Pitcher	17,100	27,009	17,100	23,470
— taxation services				
— -AFS	5,800	-	5,800	-
— -Pitcher	8,215	-	8,215	-
— due diligence services				
— -AFS	25,000	-	25,000	-
— -Pitcher	-	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 7: AUDITORS' REMUNERATION

— Corporate Governance				
-AFS	7,798	-	7,798	-
-Pitcher	700	-	700	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 8: EARNINGS (LOSS) PER SHARE

	2007 Cents	Group 2006 Cents
<b>Earnings per share attributable to members of Facilitate Digital</b>		
Basic earnings per share from continuing operations	1.02	0.27
Basic earnings per share including discontinued operations	(0.06)	0.27
Diluted earnings per share from continuing operations	0.91	0.27
Diluted earnings per share including discontinued operations	(0.06)	0.27
<b>Profit (loss) attributable to members of Facilitate Digital</b>		
From continuing operations	\$858,282	\$173,808
Including discontinued operation	(\$54,096)	\$173,808
<b>Weighted average number of shares</b>		
Issued shares as at 1 July	82,070,001	65,144,737
Effect of issues on 21 April 2007	1,921,647	-
<b>Weighted average number of shares (basic) as at 30 June</b>	<b>83,991,648</b>	<b>65,144,737</b>
Options outstanding	9,878,991	-
<b>Weighted average number of shares (diluted) as at 30 June</b>	<b>93,870,639</b>	<b>65,144,737</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 9: CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and in hand	2,588,522	382,973	2,431,733	371,002
	<u>2,588,522</u>	<u>382,973</u>	<u>2,431,733</u>	<u>371,002</u>

#### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>2,588,522</u>	<u>382,973</u>	<u>2,431,733</u>	<u>371,002</u>
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# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 10: TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
CURRENT				
Trade receivables	973,703	797,035	-	745,059
Write back of provision for impairment of trade receivables	(45,962)	(36,320)	-	(36,320)
Other receivables	-	7,227	-	-
	<u>1,019,665</u>	<u>767,942</u>	<u>-</u>	<u>708,739</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 11: JOINT VENTURE

#### a. Interest in Joint Venture Operations

Facilitate Digital Holdings Limited has a 50% interest in the Facilitate Digital Marketing Technology Europe Ltd joint venture, whose principal activity is digital marketing services.

Interests in joint venture entities are brought to account using the proportionate method of accounting in the consolidated financial statements by applying the proportionate method of accounting as per AASB 131. Proportionate consolidation is a method of accounting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements.

The economic entity's share of assets employed in the joint venture are:

#### BALANCE SHEET

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	77,268	-	-	-
Trade and other receivables	48,480	-	-	-
Other	-	-	-	-
Total current assets	<u>125,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NON CURRENT ASSETS</b>				
Intangible assets	25,878	-	-	-
Deferred tax assets	3,759	-	-	-
Plant and equipment	2,030	-	-	-
Total non current assets	<u>31,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>157,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities	-	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 11: JOINT VENTURE

Trade and other payables	115,061	-	-	-
Total current liabilities	115,061	-	-	-
<b>NON CURRENT LIABILITIES</b>				
Trade and other payables	-	-	-	-
Total non current liabilities	-	-	-	-
<b>TOTAL LIABILITIES</b>	115,061	-	-	-
<b>NET ASSETS</b>	42,354	-	-	-
<b>EQUITY</b>				
Issued capital	51,757	-	-	-
Current year (loss) after tax	(9,403)	-	-	-
Parent interest	42,354	-	-	-
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	42,354	-	-	-

### b. Interests in Joint Venture Entities

#### INCOME STATEMENT

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	110,995	-	-	-
Cost of Sales	(11,882)	-	-	-
Administrative expenses	(43,309)	-	-	-
Occupancy expenses	(4,995)	-	-	-
Employee benefits expense	(46,113)	-	-	-
Depreciation and amortisation expense	(308)	-	-	-
Other expenses	(17,265)	-	-	-
Finance costs	(285)	-	-	-
(Loss) before income tax	(13,162)	-	-	-
Income tax expense	3,759	-	-	-
<b>(Loss) for the year</b>	<b>(9,043)</b>	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTE 11A: FINANCIAL ASSETS

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investment in subsidiaries	-	-	13,039,791	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 12: CONTROLLED ENTITIES

#### a. Controlled Entities

Name	Country of Incorporation	Percentage Owned (%)	
		2007	2006
Parent entity		%	%
Facilitate Digital Holdings Limited	Australia	100	100
Controlled entities			
Facilitate Digital Pty Limited	Australia	100	NA
Symphony Media Pty Limited	Australia	100	100
Facilitate Digital Limited	New Zealand	100	100
Facilitate Digital Europe Marketing Technology Limited	Ireland	50	50

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>PLANT AND EQUIPMENT</b>				
Office Equipment				
At cost	167,263	108,150	-	107,229
Accumulated depreciation	(88,553)	(54,481)	-	(54,455)
	78,710	53,669	-	52,774
Computer Equipment				
At cost	7,500	7,500	-	7,500
Accumulated depreciation	(7,250)	(4,250)	-	(4,250)
	250	3,250	-	3,250
Furniture, Fixtures and Fittings				
At cost	15,169	3,039	-	3,039
Accumulated depreciation	(6,977)	(2,411)	-	(2,411)
	8,192	628	-	628

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Leasehold Improvements				
At cost	31,535	-	-	-
Accumulated depreciation	(2,553)	-	-	-
	28,982	-	-	-
Total Property, Plant and Equipment	116,134	57,547	-	56,652

#### a. 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

	Group					Company			
	Office Equip	Computer Equip	Furniture, fixtures & fittings	Leasehold Imps	Total	Office Equip	Computer Equip	Furniture, fixtures & fittings	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	53,669	3,250	628	-	57,547	52,774	3,250	628	56,652
Additions	59,009	-	12,130	31,536	102,675	-	-	-	-
Other	-	-	-	-	-	(52,774)	(3,250)	(628)	(56,652)
Depreciation expense	(33,968)	(3,000)	(4,566)	(2,554)	(44,088)	-	-	-	-
Carrying amount at end of year	78,710	250	8,192	28,982	116,134	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 14: INTANGIBLE ASSETS

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Development</b>				
Cost	1,429,483	-	-	-
Accumulated amortization	(145,611)	-	-	-
Net carrying value	1,283,872	-	-	-
<b>Trademarks and licences</b>				

# FACILITATE DIGITAL HOLDINGS LIMITED

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Cost	162,595	136,719	-	136,719
Accumulated amortisation and impairment	(108,275)	(39,877)	-	(39,877)
Net carrying value	54,320	96,842	-	96,842
Total intangibles	1,338,192	96,842	-	96,842

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the income statement.

The directors have undertaken, at the year end, a review of the intangibles assets as included in the above section. They found that the carrying values, as shown, are accurate and represent a true value for all intangible assets.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 15: OTHER ASSETS

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>CURRENT</b>				
Prepayments	16,063	5,293	16,063	5,081
Other current assets	-	38	-	38
	<u>16,063</u>	<u>5,331</u>	<u>16,063</u>	<u>5,119</u>
<b>NON-CURRENT</b>				
Prepayments	32,270	-	16,206	-
Other current assets	52,009			
	<u>84,270</u>	<u>-</u>	<u>16,206</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 16: TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>CURRENT</b>				
Goods and services tax paid	(68,151)	-	(68,151)	-
Trade payables	309,850	98,332	8,117	90,004
Sundry payables and accrued expenses	202,757	556,559	50,900	532,986
Amounts payable to:				
—Other	-	-	-	165,620
	<u>444,456</u>	<u>654,891</u>	<u>(9,134)</u>	<u>788,610</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 17: TAX

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
a.	<b>LIABILITIES</b>				
i.	<b>CURRENT</b>				
	<b>PAYG</b>	75,869	-	-	-
	Goods and Services Tax	(410)	-	-	-
		<u>75,459</u>	<u>-</u>	<u>-</u>	<u>-</u>

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 17: TAX

	Note	Group		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
ii	NON-CURRENT				
	Balance at the beginning of the year	44,322	47,714	-	10,134
	Income Tax	-	43,947	-	-
	Tax Payments	(74,178)	(37,205)	-	-
	Other provision in prior year	-	(10,134)	-	(10,314)
	Balance at the end of the year	(29,856)	44,322	-	-
b.	<b>Assets</b>				
	Deferred tax assets comprise:				
	Doubtful Debts	16,910	10,896	-	10,896
	Employee benefits	47,406	12,487	-	12,487
	Accruals	63,025	13,488	15,270	13,113
	Prior year adjustment	(10,540)	-	(4,200)	-
		116,801	36,871	(11,070)	36,496
c.	<b>Reconciliations</b>				
i.	<b>Gross Movements</b>				
	The overall movement in the deferred tax account is as follows:				
	Opening balance	36,871	19,358	-	18,983
	(Charge)/credit to income statement	4	79,930	17,513	17,513
	Closing balance	116,801	36,871	11,070	36,496
ii.	<b>Deferred Tax Assets</b>				
	The movement in deferred tax assets for each temporary difference during the year is as follows:				
	<b>Doubtful Debts</b>				
	Opening balance	10,896	-	-	-
	Credited to the income statement	4,454	10,896	11,070	10,896
	Closing balance	15,350	10,896	11,070	10,896
	<b>Employee Benefits</b>				
	Opening balance	12,487	13,132	-	13,132
	Credited to the income statement	32,788	(645)	-	(645)
	Closing balance	45,275	12,487	-	12,487
	<b>Accruals</b>				

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 17: TAX

	Note	Group		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Opening balance		13,488	6,226	-	5,851
Credited to the income statement		46,889	7,262	-	7,262
Closing balance		60,377	13,488	-	13,113
Prior year adjustments		(4,201)	-	-	-
<b>Total</b>		<b>116,801</b>	<b>36,871</b>	<b>11,070</b>	<b>36,496</b>

- d. Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1b occur

Timing differences	-	2,746	-	-
Tax losses:				
– operating losses	604,583	52,768	10,869	45,627
– capital losses	-	-	-	-
	604,583	55,514	10,869	45,627

In addition to the above deferred tax asset not brought to account, the directors, based on professional advice, believe that the company may be entitled to a tax deduction relating to the Facilitate Digital Pty Ltd / Purus Energy Ltd merger. At the time of completion of the accounts this amount has not been quantified.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 18: PROVISIONS

	Group			Company		
	Tax	Employee benefits	Total	Other	Employee benefits	Total
	\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2006	-	48,731	48,731	-	-	-
Additional provisions	(29,856)	109,294	79,438	-	-	-
Balance at 30 June 2007	(29,856)	158,025	128,169	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Analysis of Total Provisions

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Current	158,025	48,731	-	41,623
Non-current	(29,856)	-	-	-
	128,169	48,731	-	41,623

## Provision for Long-term Employee Benefits

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in current payables and is measured at the amount expected to be paid when the liabilities are settled. The liability for long service leave expected to be settled more than 12 months from the reporting date, is recognised in the non-current provision for employee benefits. It is accrued in respect of all employees at the present value of future amounts expected to be paid based on a projected weighted average increase in wage and salary rates over an average period of 12 years. Present values are calculated using a weighted average rate based on government securities. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 19: ISSUED CAPITAL

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>a. Share Capital</b>				
Issued and paid up capital				
92,090,015: (2006: 1,889,914) ordinary shares	4,787,209	676,957	22,079,507	676,957
	<u>4,787,209</u>	<u>676,957</u>	<u>22,079,507</u>	<u>676,957</u>

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>b. Movement in Share Capital (Value)</b>				
At the beginning of reporting period	676,957	576,957	10,380,216	576,957
Shares issued during the year				
— Issue of Consideration shares to Facilitate Digital Holdings Limited Vendors*	4,110,252	-	11,000,000	-
— Issue of shares to current shareholders	-	100,000	-	100,000
— Issue of shares under the Public Offer	-	-	300,000	-
— Issue to Richard Sandner as settlement for unexpired Services Contract	-	-	30,646	-
— Issue to Della Resources Pty Ltd (a company associated with Roger Blake) as settlement for unexpired Services Contract	-	-	118,645	-
— Issue to Rylejest Pty Ltd as settlement for corporate advisory fee outstanding	-	-	250,000	-
At reporting date	<u>4,787,209</u>	<u>676,957</u>	<u>22,079,507</u>	<u>676,957</u>

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

	2007 No.	2006 No.	2007 No.	2006 No.
<b>c. Movement in Share Capital (Number)</b>				
At the beginning of reporting period <sup>^</sup>	82,070,001	1,852,856	82,070,001	1,852,856
Shares issued during year				
— Reduction in the number of shares on issue upon a 2 for 7 consolidation of capital	(58,621,176)	-	(58,621,176)	-
— issue of shares to current shareholders	-	37,058	-	37,058
— Issue of Consideration shares to Facilitate Digital Holdings Limited Vendors*	65,144,737	-	65,144,737	-
— Issue of shares under the Public Offer	1,500,000	-	1,500,000	-
— Issue to Richard Sandner as settlement for unexpired Services Contract	153,220	-	153,220	-
— Issue to Della Resources Pty Ltd (a company associated with Roger Blake) as settlement for unexpired Services Contract	593,233	-	593,233	-
— Issue to Rylejest Pty Ltd as settlement for corporate advisory fee outstanding	1,250,000	-	1,250,000	-
At reporting date	92,090,015	1,889,914	92,090,015	1,889,914

<sup>^</sup>Note: The opening balances for 2007 are not the same as the closing balances for 2006 because the comparatives are (correctly) for two different entities, as detailed in Note 1.

\*On Completion of the merger, all of the issued shares in Facilitate Digital Pty Limited were transferred by the Vendors to Facilitate Digital Holdings Limited (formerly Purus Energy Limited). Facilitate Digital Holdings Limited (formerly Purus Energy Limited) issued the Consideration Shares and the Consideration Options to the Vendors in consideration for the transfer.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

## d. Options

- i. For information relating to the Facilitate Digital Holdings Limited Employee Share Option Plan, refer to Note 27 Events After the Balance Date.
- ii. For information relating to details of options issued, exercised and lapsed of key management personnel during the financial year, refer to the remuneration report in the relevant sections above
- lii. For information relating to share options issued to key management personnel during the financial year, refer to the remuneration report in the relevant sections above.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 20: RESERVES

#### a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translations of a foreign controlled subsidiary.

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Foreign currency reserve	-	4,003	-	-
Movements during the financial year:				
Opening balance	4,003	-	-	-
Adjustment arising from foreign exchange translation	(4,003)	4,003	-	-
Closing balance	-	4,003	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 21: RETAINED EARNINGS/(ACCUMULATED LOSSES)

Retained earnings/Accumulated (losses)

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Retained earnings/Accumulated (losses) at the beginning of the financial year	(81,398)	(160,745)	(5,580,392)	(311,685)
Net (losses)/profit attributable to members of the Company	(54,096)	79,347	(975,118)	79,347
Retained earnings/Accumulated (losses) at the end of the financial year	(135,494)	(81,398)	(6,555,510)	(232,388)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 22: CAPITAL AND LEASING COMMITMENTS

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
a. <b>Operating Lease Commitments</b>				
Non-cancellable operating leases contracted for, but not capitalised in the financial statements:				
Payable — minimum lease payments				
— not later than 12 months	176,000	41,086	-	41,086
— between 12 months and 4 years	704,000	-	-	-

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 22: CAPITAL AND LEASING COMMITMENTS

Group		Company	
2007	2006	2007	2006
\$	\$	\$	\$
880,000	41,086	-	41,086

The property lease is a non-cancellable lease with a four year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of the Consumer Price Index (CPI) or four percent per annum. An option exists to renew the lease at the end of the four year term for an additional term of four years. The lease allows for subletting of all lease areas.

#### b. Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Plant and equipment purchases	22,070	-	-	-
	22,070	-	-	-
Payable:				
— not later than 12 months	22,070	-	-	-
	22,070	-	-	-

#### c. Joint Ventures

The Company had no capital commitments contracted for, arising from interests in its joint venture, relating to plant upgrade, equity contributions or maintenance of machinery for the year ended 30 June 2007 (Nil; 2006).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Contingent Liabilities

##### Related Party guarantees provided by the parent entity

The Company has not provided guarantees to third parties in relation to the performance and obligations of its controlled entities.

##### Litigation

The Company is not subject to any litigation.

##### Contingent Assets

The Company has no contingent assets as at 30 June 2007.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 24: SEGMENT REPORTING

#### Business segments

At this stage of the Company's development, no distinct segments have emerged. Therefore, there is no segmentation of results included in this report.

# FACILITATE DIGITAL HOLDINGS LIMITED

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## Geographical operations

The economic entity's business is located in Australia, New Zealand, Asia and Europe. The overseas operations are not material as at year end and are therefore not separately disclosed.

## NOTE 25: CASH FLOW INFORMATION

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>a. Reconciliation of Cash Flow from operations with Profit after Income Tax</b>				
Profit after income tax	(54,096)	173,808	(975,118)	79,347
Cash flows excluded from profit attributable to operating activities				
Finance costs on debentures	-	-	-	-
Non-cash flows in profit				
Amortisation	214,011	39,875	-	39,875
Depreciation	44,189	27,749	13,582	27,723
Net gain on disposal of property, plant and equipment	-	-	(1,631)	-
Loss on discontinued operations	912,378	-	-	-
Excess over cost of acquisition	(692,971)	-	-	-
Shares issued in lieu of payment	-	-	399,290	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(246,394)	(305,764)	-	(286,960)
(Increase)/decrease in other assets	(79,930)	(17,513)	157,817	(17,513)
Increase/(decrease) in trade payables and accruals	(193,066)	257,897	(28,608)	367,603
Other	-	-	4,200	-
Cash flow from operations	(95,879)	176,052	(430,468)	210,075

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 26: SHARE-BASED PAYMENTS

Set out below are summaries of initial and performance options granted to the venforts upon the merger of Facilitate Digital Pty Ltd and Purus Energy Ltd.

Issue Date	Expiry Date	Exercise Price \$	Balance at beginning of the year (Number)	Issued during the year (Number)	Exercised during the year (Number)	Share buy-back and cancellation	Balance at end of the year (Number)
12 April 2007	12 April 2012	\$0.21	-	27,747,305	-	-	27,747,305

No options were issued to employees for services performed to the company in 2007.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 27: EVENTS AFTER THE BALANCE DATE

#### (a) Employee Share Option Plan

On 30 April 2007 the Company established the Facilitate Digital Holdings Limited Employee Share Option Plan (the Plan). On 20 July 2007 the Company revised the Plan. Employees are eligible to participate in the Plan upon nomination by the Board from time to time subject to being, at the time of the offer, a full or part time employee of the Company or a Subsidiary, but excluding any Director of the Company. 3,697,000 ordinary share options have been allocated to this Plan. The Options are subject to the following Exercise Conditions:

- At an exercise price of \$0.50 with vesting from the date of grant and with an exercise period of 2 years from the date of vesting
- At an exercise price of \$0.80 with vesting in 1 year from the date of grant and with an exercise period of 2 years from the date of vesting
- At an exercise price of \$1.00 with vesting in 2 years from the date of grant and with an exercise period of 2 years from the date of vesting

#### (b) Capital Raising

Facilitate Digital Holdings Ltd placed \$5,000,000 worth of fully paid ordinary shares to fund the conditional acquisition of Impact Data Pty Ltd which were fully subscribed at a price of 41 cents per share

#### (c) Acquisition

On 25 July 2007, the Company announced it had reached a conditional agreement to acquire 100 per cent of the shares in leading direct marketing technology provider, Impact Data Pty Ltd on an earn-out model.

On 14 September 2007, Facilitate Digital Holdings Limited acquired Impact Data Pty Ltd in a combined cash and scrip offer.

An initial payment of \$6.25m was made on 14 September 2007, \$3,125,000 was paid in cash and 6,506,005 ordinary fully paid shares (50% of which remain in voluntary escrow for 12 months) were issued to the vendors.

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 27: EVENTS AFTER THE BALANCE DATE

The final purchase price will be determined by a variable multiple of Impact Data's net earnings before interest and tax (EBIT) for the year ended 30 June 2008 and will be paid in equal amounts of cash and ordinary shares. The ordinary shares are to be issued at approximately 50 cents each. \$6.25m of the final purchase price (half in shares and half in cash) is payable up front.

The multiples pertaining to the final purchase price are as follows:

X 6.25 EBIT (as defined) up to \$3m

X 7.00 EBIT (as defined) in excess of \$3m up to \$4m

X 7.50 EBIT (as defined) in excess of \$4m

Based on Impact Data's EBIT forecast, Facilitate Digital Holdings Limited will ultimately issue 6.25m ordinary shares to Impact Data shareholders.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 28: RELATED PARTY TRANSACTIONS

#### Controlled Entities

During the year, there have been dealings between the Company and its controlled entities and other Related Parties. These transactions are normally entered into on terms equivalent to those prevailing on an arm's length basis in the ordinary course of business.

Other transactions with controlled entities may involve leases of properties, plant and equipment, provision of data processing services or access to intellectual or other intangible property rights. Charges for these transactions are normally on an arm's length basis with overseas controlled entities and are otherwise on the basis of equitable rates agreed between the parties. The Company may provide administrative services to the Group, which may include accounting, secretarial and administrative services. Fees may be charged for these services.

Loans made to subsidiaries and joint ventures are generally entered into on terms equivalent to those that prevail on an arm's length basis, except that there are often no fixed repayment terms for settlement of loans between parties. Outstanding balances are unsecured and are repayable in cash. No provisions for doubtful debts have been raised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from subsidiaries.

	Group		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Transactions with controlled entities and related parties:				
— Payment of software licence fees between Facilitate Digital Holdings Limited and Facilitate Digital Europe Limited, relating to the software licence patented by Facilitate Digital Holdings Limited.	2,324	-	-	-
— Software license granted by Facilitate Digital Holdings Limited to Facilitate Digital Europe Limited.	25,878	-	-	-

#### Legal Advice

Charles Sweeney, a Director of the Company, is a Partner of Cooper Grace Ward Lawyers (CGW), the Company's Corporate Solicitors. Transactions with CGW occur within a normal supplier relationship. Total fees expensed in the year amounted to \$95,418 (2006: \$9,752).

# FACILITATE DIGITAL HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 29: FINANCIAL INSTRUMENTS

#### a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases. As such, the Company's financial instruments 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). Cash at the end of the financial year as shown in the Balance Sheet was \$2,588,522 (\$382,973; 2006).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### NOTE 30: COMPANY DETAILS

The registered office of the company :

Facilitate Digital Holdings Limited  
1/420 Elizabeth Street, Surry Hills, NSW, 2010, Australia

The principal places of business are:

Australia	1/420 Elizabeth Street, Surry Hills, NSW 2010
New Zealand	Level 3, Cathedral House, 48-52 Wyndham Street, Auckland
Europe	Garden Level, 114 Pembroke Road, Dublin 4, Republic of Ireland
Singapore	111 North Bridge Road, #27-01 Peninsula Plaza, Singapore 179098

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## **DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages **27** to **66**, 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 2007 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with 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 director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director .....

Robert Hunwick (Chairman)

Dated this 27<sup>th</sup> day of September 2007

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF *FACILITATE DIGITAL HOLDINGS LIMITED (2)*

### Scope

#### The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Facilitate Digital Holdings Limited (the Company) and Facilitate Digital Holdings Limited (the consolidated entity), for the year ended 30 June 2007. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

#### Audit Opinion

In our opinion, the financial report of Facilitate Digital Holdings Limited is in accordance with:

- a. the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

David Hutchings  
Partner  
Andrew Frewin Stewart (AFS), Chartered Accountants & Business Advisors  
61-65 Bull Street, Bendigo, Victoria, 3550.

27 September 2007

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## SHAREHOLDER INFORMATION

### Distribution of Shareholdings as at 21 September 2007

Number of equity securities	Number of Shareholders	Ordinary Shares on Issue
1 – 1,000	13	8,345
1,001 – 5,000	128	399,451
5,001 – 10,000	195	1,669,841
10,001 – 100,000	250	8,381,168
100,001 +	86	100,332,337
<b>TOTAL</b>	<b>672</b>	<b>110,791,142</b>

### Largest 20 holders of ordinary shares at 21 September 2007

	Number of shares	Percentage
Ian Lowe & Ben Dixon (Ambleside Investments A/C)	13,862,966	12.51%
Tarbate Pty Ltd	9,711,902	8.77%
Dunsmore Nominees Pty Ltd	8,248,595	7.45%
Michael Lane	7,522,130	6.79%
HSBC Custody Nominees (Australia) Limited	6,468,191	5.84%
Ian Lowe & Ben Dixon (The Big Green A/C)		4.75%
	5,267,254	0.00%
Registry Systems LLC	4,136,362	3.73%
Internet Associates Inc	3,916,170	3.53%
Hazelwood Pty Ltd	3,705,214	3.34%
Publicis Communications Pty Ltd	2,089,104	1.89%
Internet Billing Services Ltd	1,919,962	1.73%
Equity Trustees Limited	1,590,444	1.44%
Austock Nominees Pty Ltd	1,573,751	1.42%
Ben Dixon	1,540,329	1.39%
National Nominees Limited	1,344,949	1.21%
Sandhurst Trustees Limited	1,287,892	1.16%
Robert McFadyen Pty Ltd	1,270,000	1.15%
Geoffrey Duncan Nash	1,250,000	1.13%
Buzzvox Pty Ltd	1,223,780	1.10%
Pavo Group Pty Ltd	1,223,780	1.10%
	<b>79,152,775</b>	<b>71.44%</b>

### Substantial Holders

Ben Dixon	15,403,325	13.90
Ian Lowe	5,852,504	5.28
Tarbate Pty Ltd	9,711,902	8.77
Dunsmore Nominees Pty Ltd	8,248,595	7.45
Michael Lane	7,522,130	6.79
HSBC Custody Nominees (Australia) Limited	6,468,191	5.84
	<b>53,206,647</b>	<b>48.03</b>

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

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## CORPORATE DIRECTORY

### Company

Facilitate Digital Holdings Limited

ABN 84 093 823 253

### Registered Office

Level 1, 420 Elizabeth Street, Surry Hills, NSW 2010, Australia

Email: [infoau@facilitatedigital.com](mailto:infoau@facilitatedigital.com)

Website: [www.facilitatedigital.com](http://www.facilitatedigital.com)

Telephone: +61 2 9690 3900

### Directors

Mr. Rob Hunwick (Non Executive Chairman)

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

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

Mr. Tim Norton (Non Executive Director)

Mr. Charles Sweeney (Non Executive Director)

Mr. Peter Vial (Non Executive Director)

### Company Secretary

Mr. Paul M. Southwick

### Share Registry

Link Market Services Limited

Level 12, 680 George Street, Sydney, NSW, Australia, 2000

Tel: 1300 554 474 or +61 2 8280 7111

### Auditor

Andrew Frewin Stewart (AFS)

61-65 Bull Street, Bendigo, Victoria 3550, Australia

### Corporate Advisor

Cooper Grace Ward Lawyers

Central Plaza Two, Level 23, 66 Eagle Street, Brisbane 4000, Australia

# FACILITATE DIGITAL HOLDINGS LIMITED

ABN 84 093 823 253

## Glossary Of Terms Used In The Annual Report

AASB	Australian Accounting Standards Board
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian Equivalents to International Financial Reporting Standards
ASX	Australian Securities Exchange Limited
Board	The Board of Directors
Board Charter	The charter setting out (among other things) the role, purpose and structure of the Board
CAGR	Compound Annual Growth Rate
CODB	Total Cost of Doing Business
Company	The Company itself
Corporations Act	The Corporations Act 2001 (Cth)
DESP	Deferred Employee Share Plan, as described in section 4 of the Remuneration Report
EBIT	Earnings Before Interest and Tax
EC	Employment Cost, as described in section 4 of the Remuneration Report
EESP	Exempt Employee Share Plan, as described in section 4 of the Remuneration Report
EPS	Earnings Per Share
KMP	Key Management Personnel, as described in the Remuneration Report
LTI Plan	Long Term Incentive Plan, as described in section 4 of the Remuneration Report
NPAT	Net Profit After Tax
ROFE	Return On Funds Employed, as described in section 4 of the Remuneration Report
RPS	Reset Preference Share
STI Scheme	Short Term Incentive Scheme, as described in section 4 of the Remuneration Report
TSR	Total Shareholder Return, as described in section 4 of the Remuneration Report