E-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695
(formerly SafeWorld Australia Limited)

FINANCIAL STATEMENTS

FOR THE 6 MONTHS

ENDED 31 DECEMBER 2007

E-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695
(formerly SafeWorld Australia Limited)

DIRECTORS' REPORT

Your directors present the following report for the six-month period ended 31 December 2007.

Directors

The names of each person who has held office during the period are:

- Ray Soper
- Russell Krause
- David Glavonjic
- Jeremy Martineau – also company secretary

All such persons held office as stated throughout the period.

Principal Activities

The principal activity of the consolidated entity during the period has been the acquisition od Spheritec Ltd referred to under the review of operations and results of operations below, preparation for listing on the NSX, development of the business of Spheritec Pty Ltd (formerly Spheritec Ltd), and preliminary consideration of preparations for initial promotion of Safe Worlds in Australia conditional upon its release by IBS-(BVI) Ltd.

Review of Operations and Results of Operations

The net loss after tax of the consolidated entity for the period ended 31 December 2007 was $428,887 (2007: $766,453).

During the period the Company acquired the whole of the issued share capital of Spheritec Ltd (subsequently re-registered as a private company under the name Spheritec Pty Ltd) pursuant to the offer dated 1 October 2007 detailed in the bidder's statement lodged with the ASIC and dated 28 September 2007.

Spheritec Pty Ltd is engaged in the marketing of third party application software for e-business purposes through both direct and indirect channels and, though not yet cashflow positive, generated trading revenue of $83,086 during the period. The principal such application is Datagard which provides secure online backup of data for end users to a remote data centre. The directors continue to monitor the business closely and believe that, subject to the business achieving initial positive cashflow, it will be well positioned in a promising sector.

Certain other potential product offerings are under consideration, and certain of these may be taken up in due course. Particular attention is paid to applications that have a clear operational 'fit' with Datagard in the general area of data integrity and security. There are indications that this area, which has critical importance in a business context, may see significant growth in the future.

New applications may be sourced under channel agreements whereby Spheritec Pty Ltd promotes them either as reseller or on a wholesale basis. However, the Company will also consider suitable acquisition opportunities in the SMB sector, where the board believes consolidation opportunities are likely to present themselves.

Significant Changes in the State of Affairs

There were no significant operational changes in the state of affairs during the period apart from the acquisition of Spheritec Ltd as referred to above.

Significant After Balance Date Events

Shares were issued on 23 January 2008 pursuant to the exercise of 6,682,000 options at an exercise price of $0.05 each as referred to in note 11. The company's ordinary shares were admitted to the official list of the NSX on 21 February 2007. There are otherwise no significant matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

Dividends

No dividends were paid or provided for during the period.

Audit

The financial statements presented with this directors' report have not been audited or reviewed and will be included within the scope of the annual audit following the end of the current financial year which runs to 30 June 2008.

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

Director
Dated this 14^{4th} day of March 2008

E-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695
(formerly SafeWorld Australia Limited)

INCOME STATEMENTS - UNAUDITED
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007

		Consolidated		Parent Entity	
	Notes	Dec 2007	June 2007	Dec 2007	June 2007
		$	$	$	$
Revenue	3	87,801	3,968	3,330	3,968
Expenses	4	(516,678)	(770,421)	(128)	(899,424)
Finance costs			-		-
Profit/(loss) before income tax expense		(428,887)	(766,453)	3,172	(895,456)
Income tax benefit/(expense)	5	-	-	-	-
Net profit/(loss)		(428,887)	(766,453)	3,172	(895,456)

E-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695
(formerly SafeWorld Australia Limited)

BALANCE SHEETS AS AT 31 DECEMBER 2007 - UNAUDITED

		Consolidated		Parent Entity	
	Notes	**Dec 2007**	**June 2007**	**Dec 2007**	**June 2007**
		$	**$**	**$**	**$**
Current Assets					
Cash and cash equivalents		412,856	242,112	270,059	236,037
Trade and other receivables	6	39,410	5,979	1,717,000	1,495,000
Other		4,667			
Total Current Assets		456,933	248,091	1,987,059	1,731,037
Non-Current Assets					
Property, plant and equipment	7	107,672	10,123	-	-
Intangible assets	9	2,338,637	2,338,637	-	-
Receivables		2,963	-	-	-
Other financial assets	8	-	-	3,679,100	2,500,000
Total Non-Current Assets		2,449,272	2,348,760	3,679,100	2,500,000
Total Assets		2,906,205	2,596,851	5,666,159	4,231,037
Current Liabilities					
Trade and other payables	10	270,336	17,155	-	-
Total Current Liabilities		270,336	17,155	-	-
Total Liabilities		270,336	17,155	-	-
NET ASSETS		2,635,869	2,579,696	5,666,159	4,231,037
EQUITY					
Share capital	11	9,102,357	7,670,407	7,673,257	7,670,407
Accumulated losses		(6,466,488)	(5,090,711)	(3,186,198)	(3,439,370)
TOTAL EQUITY		2,635,869	2,579,696	4,487,059	4,231,037

E-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695
(formerly SafeWorld Australia Limited)

STATEMENTS OF CHANGES IN EQUITY
AS AT 30 DECEMBER 2007 - UNAUDITED

Consolidated

Dec 2007	**Share Capital**	**Retained Earnings**	**Total**
	$	**$**	**$**
Total at the beginning of the period	7,670,407	(5,090,711)	2,579,696
Shares issued during the period	1,179,100	-	1,176,100
Options issued during the period	252,850	-	252,850
Profit (loss) for period	-	(426,281)	(426,281)
Total equity at the end of the period	9,102,357	(6,466,488)	2,635,869

June 2007	**Share Capital**	**Retained Earnings**	**Total**
	$	**$**	**$**
Total at the beginning of the period	6,304,419	(4,324,258)	1,980,161
Shares issued during the period	799,138	-	799,138
Options issued during the period	566,850	-	566,850
Profit (loss) for period	-	(766,453)	(766,453)
Total equity at the end of the period	7,670,407	(5,090,711)	2,579,696

Parent

Dec 2007	**Share Capital**	**Retained Earnings**	**Total**
	$	**$**	**$**
Total at the beginning of the period	7,670,407	(3,439,370)	4,231,037
Shares issued during the period	1,179,100	-	1,176,100
Options issued during the period	252,850	-	252,850
Profit (loss) for period	-	3,172	3,172
Total equity at the end of the period	9,102,357	(3,436,198)	5,666,159

June 2007	**Share Capital**	**Retained Earnings**	**Total**
	$	**$**	**$**
Total at the beginning of the period	6,304,419	(2,543,914)	3,760,505
Shares issued during the period	799,138	-	799,138
Options issued during the period	566,850	-	566,850
Profit (loss) for period	-	(895,456)	(895,456)
Total equity at the end of the period	7,670,407	(3,439,370)	4,231,037

STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007 - UNAUDITED

		Consolidated		Parent Entity	
	Notes	**Dec 2007**	**June 2007**	**Dec 2007**	**June 2007**
		$	**$**	**$**	**$**
Cash Flows From Operating Activities					
Payments to suppliers and employees		(371,601)	(448,560)	(128)	(899,449)
Receipts from customers		80,277	-		-
Interest received		4,484	3,788	3,330	3,968
GST Recovered/ (Paid)		(12,613)	32,427	-	-
Net cash provided by operating activities	18(ii)	(379,730)	(412,345)	3,172	(895,481)
Cash Flows From Investing Activities					
Payments for plant and equipment		(8,958)	-		-
Net cash provided by/(used in) investing activities		(8,958)			
Cash Flows from Financing Activities					
Proceeds from share issue		559,432	566,850	252,850	1,316,013
Proceeds from application monies			-	-	-
Share issue expenses			-	-	-
Loans to subsidiaries			-	(222,000)	(215,000)
Net cash provided by/(used in) financing activities			566,850	30,850	1,101,013
Net increase/(decrease) in cash held		170,744	154,505	34,022	205,532
Cash at the beginning of the financial year		242,112	87,607	236,037	30,505
CASH AT THE END OF THE FINANCIAL YEAR	18(i)	412,856	242,112	270,059	236,037

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007 - UNAUDITED

1. INTRODUCTION

e-Business Systems Ltd is a public company limited by shares and is incorporated in Australia. The financial statements of e-Business Systems Ltd are for the period of six months from 1 July 2007 to 31 December 2007.

Operations and Principal Activities

The principal activity of the consolidated entity during the year has been the marketing of certain third party e-business software applications to end users through both direct and indirect channels. During the period e-Business Systems Ltd acquired the whole of the issued share capital of Spheritec Ltd pursuant to the offer dated 1 October 2007 detailed in the bidder's statement lodged with the ASIC and dated 28 September 2007. Spheritec became a wholly-owned subsidiary on 31 December 2007 and has subsequently been re-registered as a private company under the name Spheritec Pty Ltd.

Currency

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

Registered Office

The registered office of e-Business Systems Ltd is situated at suite 22, 36 Agnes Street, Fortitude Valley, Queensland 4006.

Authorisation of Financial Report

The financial report was authorised for issue on 13 March 2008.

Ultimate Parent Entity

The ultimate parent entity is e-Business Systems Ltd.

2. SUMMARY OF ACCOUNTING POLICIES

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

(a) Revenue Recognition

Interest Income
Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

(b) Receivables

Trade accounts receivable and other receivables represent the principal amounts due at balance date less any provision for doubtful accounts.

(c) Property, Plant and Equipment

All property, plant and equipment are stated at cost.

Plant and equipment are stated in the financial statements at cost. All plant and equipment are depreciated over their estimated useful lives using the straight line method starting from the time the assets are held ready for use. The average depreciation rates per class of asset are as follows:

Plant and equipment	10-20%

(d) Income Tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantially enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company.

At the date of this report the directors have not assessed the financial effect, if any, the legislation may have on the company and, accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the company has not been recognised in the financial statements.

(e) Leases

Operating lease expense is recognised as an expense on a straight line basis over the lease term.

(f) Impairment

An impairment loss will be recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. Impairment losses will be recognised in the income statement unless they relate to a revalued asset, where the impairment loss will be treated in the same way as a revaluation decrease.

(g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the balance sheet when the entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets not measured at fair value comprise loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest method.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectibility.

(h) Payables

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(i) Intangibles

Costs associated with the initial acquisition of the master distribution rights in respect of the Safe Worlds technology for Australia and New Zealand are capitalised as intangible assets. The directors review the carrying value of intangibles to ensure the carrying value does not exceed their recoverable amount and, when an impairment in value has arisen, the intangible asset is written down.

(j) Principles of Consolidation

Subsidiaries are entities controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial report from the date that control starts until the date that control ceases.

(k) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2007 but have not been applied in preparing these financial statements:

AASB 101 'Presentation of Financial Statements (October 2006)' has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB7 'Financial Instruments: Disclosures' and AASB 2005-10 'Amendments to Australian Accounting Standards [AASB132, AASB114, AASB117, AASB133, AASB139, AASB1, AASB4, AASB1023 & AASB1038]'. AASB7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Company has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements but will impact the type of information disclosed in relation to the Company's financial instruments.

AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED151 and other amendments.' AASB 2007-4 is applicable to reporting periods beginning on or after 1 July 2007. The Company has not adopted the amending standard early and has no plans to adopt accounting policy options with effect from 1 July 2007. Application of the amending standard will not affect any of the amounts recognised in the financial statements and is expected to impact only disclosures contained within the financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007

	Consolidated		Parent Entity	
	Dec 2007	**June 2007**	**Dec 2007**	**June 2007**
	$	**$**	**$**	**$**
3. REVENUE				
Operating Revenue:				
Normal income	83,086	-	-	-
Other Income	231	-	-	-
Non-Operating Revenue:				
Interest	4,440	3,968	3,300	3,968
Total Revenue	87,801	3,968	3,300	3,968
4. EXPENSES				
Classification of expenses by nature:				
Marketing and prospectus costs	2,250	-	-	-
Write-down inter-company loan receivable		-	-	150,000
Depreciation		10,009	-	-
Renegotiation of existing commercial agreement		749,138	-	-
Consultancy fees	246,267	-	-	-
Administration costs	98,670	11,274	-	-
Other Expenses	169491	-	128	749,424
Total Expenses	516,678	770,421	128	899,424
5. INCOME TAX				
Explanation of the relationship between tax expense and accounting profit:				
Prima facie tax expense/(benefit) on profit before tax (calculated at 30%)	(128,663)	(229,936)	3,172	(268,637)
Non-deductible expenses	-	-		45,000
Other	-	-		-
Deferred tax assets not brought to account	128,663	229,936	-	223,637
Income tax expense/(benefit)	-	-	-	-

Deferred tax assets have not been brought to account because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable. The total deferred tax asset not brought to account is $711,626 (2006: $484,690).

6. TRADE AND OTHER RECEIVABLES				
Non-trade receivables	39,410	5,979	-	-
Receivable from controlled entities	-	-	-	1,495,000
	39,410	5,979	-	1,495,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007

	Consolidated		Parent Entity	
	Dec 2007	June 2007	Dec 2007	June 2007
	$	$	$	$
7. PROPERTY, PLANT AND EQUIPMENT				
Plant & equipment at cost	152,749	33,462	-	-
Accumulated depreciation	(45,077)	(23,339)	-	-
	107,672	10,123	-	-
Movements in plant and equipment				
Balance at the beginning of the year	10,123	20,132	-	-
Additions	97,549	-		
Depreciation expense		(10,009)	-	-
Balance at the end of year	107,672	10,123	-	-
8. OTHER FINANCIAL ASSETS				
Investments in controlled entities at cost	-	-	3,679,100	2,500,000
9. INTANGIBLES				
Master distribution rights at cost	2,338,637	2,338,637	-	-

Master distribution rights at cost represent distribution rights for the Safe Worlds technology in Australia & New Zealand under the master distribution agreement entered into with IBS-(BVI) Ltd on 14 September 2005. The carrying value of the relevant rights in the statement of financial performance has been determined by the acquisition transaction under which e-Business Systems Ltd acquired the whole of the issued share capital of SafeWorld Australia & New Zealand Pty Ltd on 31 July 2004.

Further sums (not included in the amount shown) have been paid to IBS-(BVI) Ltd for the development of the Safe Worlds technology since 31 July 2004. All such sums were paid during prior periods; the financial obligation of SafeWorld Australia & New Zealand Pty Ltd in respect of the development of Safe Worlds has been fully satisfied. All such sums have been fully expensed without being capitalised in the statement of financial position. The directors have chosen to take a prudent view and not reflect these further sums in the statement of financial position (therefore leaving the original cost figure without any increase) on the basis that development is still continuing. The recoverable amount is dependent upon the successful commercialisation of the Safe Worlds technology and is therefore subject to material uncertainty.

	Consolidated		Parent Entity	
10. TRADE AND OTHER PAYABLES				
Trade accounts payable and accruals	204,154	17,155	-	-
	204,154	17,155	-	

11. SHARE CAPITAL

	Consolidated		Consolidated	
	Dec 2007	June 2007	Dec 2007	June 2007
	$	$	$	$
Ordinary Shares				
Issued and paid up capital	8,282,657	7,103,557	8,282,657	7,103,557
Options exercised	819,700	566,850	819,700	566,850
	9,102,357	7,670,407	9,102,357	7,670,407

Movement in parent entity shares on issue	Dec 2007 No. of Shares	$	June 2007 No. of Shares	$
Beginning of the financial period	37,456,913	7,103,557	33,461,222	6,304,419
6,260,537 shares issued at $0.20 a share	6,260,537	1,252,107	-	-
250,000 shares issued at $0.20 a share	-	-	250,000	50,000
3,745,691 shares issued in renegotiation of existing commercial agreement	-	-	3,745,691	749,138
Less share issue costs	-	-	-	-
End of financial period	43,717,450	8,282,657	37,456,913	7,103,557

Ordinary shares have equal rights to vote, participate in dividends and share in the distribution of surplus assets in the event of the entity winding-up.

Options over parent entity ordinary shares

As at 31 December 2007 the following options were on issue:

Number of options	*Vesting Date*	*Exercise Price*	*Expiry Date*	*Terms and Conditions*
150,000	1/10/05	$0.20	30/09/08	Subject to the consultancy agreement with
150,000	1/10/06	$0.20	30/09/08	D&K Ventures Pty Ltd still being current on
200,000	1/10/07	$0.20	30/09/08	the 30th September immediately preceding
15,807,000	immediate	$0.05 / $0.15	30/06/10	Variable exercise price according to timing of exercise – ie before 22 December 2007 or after 21 December 2007

Note: Of the 15,807,000 options above a total of 6,682,000 had been exercised at the end of the period. Shares were duly issued consequent upon exercise after the balance sheet date on 23 January 2008.

12. AUDITORS' REMUNERATION

Audit of financial reports	6,000	6,000	-	-
Other services; preparation of financial reports	2,000	2,000	-	-
	8,000	8,000	-	-

13. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Short-term employee benefits	70,000	110,000	-	-
Long-term employee benefits	-	-	-	-
Post-employment benefits	-	-	-	-
	70,000	110,000	-	-

14. SEGMENT REPORTING

The consolidated entity operates in one business segment being software development, and predominantly in one geographical segment, being Australia.

15. RELATED PARTY TRANSACTIONS

Names of directors holding office at any time during the year were:

December 2007	June 2007
RJ Soper	RJ Soper
RH Krause	RH Krause
DS Glavonjic	DS Glavonjic (appointed on 22 March 2007)
JJ Martineau	JJ Martineau

i) Directors' Remuneration

Payments made to directors or entities associated with directors are included in sums shown in note 13 and comprise consulting fees as disclosed below. No fees were paid during the year to directors or entities associated with the directors for their services as directors.

ii) Wholly-Owned Controlled Group

All transactions between companies in the wholly owned controlled group have been eliminated in the financial statements of the consolidated entity.

iii) Director Related Entities

The consolidated entity was invoiced by Ipseity Pty Ltd, a company associated with RJ Soper, for consulting fees totalling $nil in respect of the period (2007: $368).

The consolidated entity was invoiced by RH Krause for consulting fees totalling $nil in respect of the period (2007: $nil).

The consolidated entity was invoiced by D&K Ventures Pty Ltd, a company associated with DS Glavonjic, for consulting fees totalling $115,000 in respect of the period (2007: $110,000). Of these fees the sum of $40,000 has been accrued by agreement for payment in due course out of cash flow.

The consolidated entity was invoiced by Calthorpe Corporate Consulting Pty Ltd, a company associated with JJ Martineau, for consulting fees totalling $80,000 in respect of the period (2007: $54,863). Of these fees the sum of $16,000 has been accrued by agreement for payment in due course out of cash flow.

	Dec 2007	June 2007
iv) Aggregate shares and options held by directors or their related entities		
Ordinary shares	12,031,958	9,694,024
Options	5,020,000	5,020,000
v) Aggregate options acquired by directors or their related entities		
Ordinary shares	-	-
Options	-	-
vi) Aggregate shares issued to directors or their related entities		
Ordinary Shares	2,337,934	3,995,691
Options	-	5,020,000

Included in the above figures are all shares and all options held at the end of the year by persons (including their related entities) serving as directors at any time during the year.

16. CONTROLLED ENTITIES

		Percentage of Shares held	
Controlled Entities	Country of Incorporation	Dec 2007	June 2007
Safeworld Australia & New Zealand Pty Ltd	Australia	100%	100%
Spheritec Ltd (now re-named Spheritec Pty Ltd)	Australia	100%	0%

17. FINANCIAL INSTRUMENTS

The consolidated entity manages its exposure to interest rate fluctuations through appropriate board oversight. The consolidated entity does not engage in any significant transactions which are speculative in nature.

Exposures of the consolidated entity to interest rate risk on financial assets and liabilities are summarised as follows:

Dec 2007

		Fixed Interest Rate Maturing				
	Non-interest bearing	**1 year or less**	**1 to 5 Years**	**Floating interest rate**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	
Financial Assets:						
Cash	7,390	-	-	405,466	412,836	
Receivables		-	-	42,373	42,373	
	7,390	-	-	447,819	455,229	
Financial Liabilities:						
Payables	270,336	-	-	-	270,336	0.00%
		-	-			
Net financial assets/ (liabilities)	(262,946)	-	-	447,819	184,873	

June 2007

		Fixed Interest Rate Maturing				
	Non-interest bearing	**1 year or less**	**1 to 5 Years**	**Floating interest rate**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**$**	**$**	
Financial Assets:						
Cash	5,979	-	-	242,112	242,112	1.20%
Receivables	-	-	-	-	5,979	
	5,979	-	-	242,112	248,091	
Financial Liabilities:						
Payables	17,155	-	-	-	17,155	0.00%
	17,155	-	-	-	17,155	
Net financial assets/ (liabilities)	(11,176)	-	-	242,112	230,936	

Credit Risk Exposure

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the balance sheet. The consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2007**

18. NOTES TO STATEMENTS OF CASH FLOWS

(i) For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated		Parent Entity	
	Dec 2007	June 2007	Dec 2007	June 2007
	$	$	$	$
Cash	412,856	242,112	270,059	236,037

(ii) ***Reconciliation of Net Cash Provided by Operating Activities to Profit After Income Tax***

Profit/(loss)after income tax	(426,281)	(766,453)	3,172	(895,456)
Depreciation and amortisation	-	10,009	-	-
Changes in assets and liabilities				
Trade accounts receivable	(3,040)	(3,016)	-	-
Trade accounts payable and other liabilities	(62,204)	332,541	-	-
GST Clearing	(12,613)	14,574	-	-
	(379,730)	(412,345)	3,172	(895,456)

19. EVENTS SUBSEQUENT TO BALANCE DATE

Shares were issued on 23 January 2008 pursuant to the exercise of 6,682,000 options at an exercise price of $0.05 each as referred to in note 11 above. The company's ordinary shares were admitted to quotation on the NSX with effect from 21 February 2008.

There are otherwise no significant matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.