

FORM: Half yearly/preliminary final report

Name of *issuer*

E-BUSINESS SYSTEMS LTD

ACN or ARBN

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

107 353 695

✓

30 JUNE 2008

For announcement to the market

Extracts from this statement for announcement to the market (*see note 1*).

				\$A,000
Revenue <i>(item 1.1)</i>	up	2,659.6%	to	110
Profit (loss) for the period <i>(item 1.9)</i>	up	139.9%	to	(1,839)
Profit (loss) for the period attributable to members of the parent <i>(item 1.11)</i>	up	139.9%	to	(1,839)
Dividends	Current period		Previous corresponding period	
Franking rate applicable:				
Final dividend <i>(preliminary final report only)(item 10.13-10.14)</i>				
Amount per <i>security</i>	n/a		n/a	
Franked amount per <i>security</i>	n/a		n/a	
Interim dividend <i>(Half yearly report only) (item 10.11 – 10.12)</i>				
Amount per <i>security</i>	n/a		n/a	
Franked amount per <i>security</i>	n/a		n/a	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
n/a				

Consolidated income statement *(The figures are not equity accounted)*

(see note 3)

(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	110	4
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	1,943	770
1.3 Finance costs	5	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	n/a	n/a
1.5 Profit (loss) before income tax		
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	(1,839) *	(766)
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 Profit (loss) for the period	(1,839) *	(766)
1.10 Profit (loss) attributable to minority interests	-	-
1.11 Profit (loss) attributable to members of the parent	(1,839) *	(766)
1.12 Basic earnings per <i>security</i> <i>(item 9.1)</i>	(4.2c)	(2.2c)
1.13 Diluted earnings per <i>security</i> <i>(item 9.1)</i>	(4.2c)	(2.2c)
1.14 Dividends per <i>security</i> <i>(item 9.1)</i>	-	-
* Includes non-cash accounting adjustment of \$1,239,103 for goodwill on acquisition of Spheritec Pty Ltd		

Comparison of half-year profits

(Preliminary final statement only)

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	429	n/a
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	1,410	n/a

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	177	242
3.2	Trade and other receivables	37	6
3.3	Inventories	-	-
3.4	Other current assets (provide details if material)	6	-
3.5	Total current assets	220	248
Non-current assets			-
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	n/a	n/a
3.11	Development properties (mining entities)	n/a	n/a
3.12	Property, plant and equipment (net)	73	10
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	2,384	2,339
3.16	Other (provide details if material)	-	-
3.17	Total non-current assets	2,458	2,349
3.18	Total assets	2,678	2,597
Current liabilities			
3.19	Trade and other payables	309	17
3.20	Short term borrowings	-	-
3.21	Current tax payable	-	-
3.22	Short term provisions	-	-

3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	31	-
3.25	Liabilities directly associated with non-current assets classified as held for sale <i>(para 38 of AASB 5)</i>	-	-
3.26	Total current liabilities	340	17
Non-current liabilities			
		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	11	-
3.31	Total non-current liabilities	11	-
3.32	Total liabilities	351	17
3.33	Net assets	2,327	2,580
Equity			
3.34	Share capital	9,256	7,670
3.35	Other reserves	-	-
3.36	Retained earnings	(6,929)	(5,091)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	Parent interest	100%	100%
3.38	Minority interest	-	-
3.39	Total equity	2,327	2,580

Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000
	Cash flows related to operating activities		
5.1	Receipts from customers	72	-
5.2	Payments to suppliers and employees	(561)	449
5.3	Interest and other costs of finance paid	11	(4)
5.4	Income taxes paid	-	-
5.5	Other (provide details if material)	(2)	(32)
5.6	Net cash used in operating activities	480	412
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	6	-
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	94 *	-
5.16	Net cash used in investing activities	(89)	-
		* Including \$135,706 net cash acquired on acquisition of Spheritec Pty Ltd	
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	334	567
5.18	Proceeds from borrowings	-	-
5.19	Repayment of borrowings	-	-
5.20	Dividends paid	-	-
5.21	Other (provide details if material)	(7)	-

5.22	Net cash used in financing activities	327	567
	Net increase (decrease) in cash and cash equivalents	(65)	155
5.23	Cash at beginning of period (see <i>Reconciliations of cash</i>)	242	88
5.24	Exchange rate adjustments to item 5.23	n/a	n/a
5.25	Cash at end of period (see <i>Reconciliation of cash</i>)	177	242

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period \$A'000	Previous corresponding period \$A'000
6.1	Profit (item 1.9)	(1,839)	(766)
	Adjustments for:		
6.2			
6.3			
6.4			
6.5	Increase/decrease in		
6.6	Increase/decrease in		
6.7	Increase/decrease in		
6.8	Increase/decrease in		
6.9	Increase/decrease in		
6.10	Net cash from operating activities (item 5.6)	480	412

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

Current period - \$A'000	Previous corresponding period - \$A'000
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	Revenue		
	Interest received	11	4
	Trading income	99	-
7.1	Total Revenue	110	4
	Expenses		
	Depreciation and amortisation	23	10
	Renegotiation of existing commercial agreement	-	749
	Administration	663	11
	Premises	18	-
	Impairment of goodwill	1,239	-
7.2	Total Expenses	1,943	770
	Profit (loss) before tax	(1,839)	(766)

Ratios		Current period	Previous corresponding period
Profit before tax / revenue			
8.1	Consolidated profit (loss) before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	(1,679.0)%	(19,315.9)%
Profit after tax / equity interests			
8.2	Consolidated profit (loss) after tax attributable to members (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 3.37</i>)	79.0%	29.7%

Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

4.2 cents

Dividends

10.1	Date the dividend is payable	n/a
10.2	Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if	n/a

paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

10.3 If it is a final dividend, has it been declared?

(Preliminary final report only)

10.4 The *dividend or distribution plans* shown below are in operation.

n/a

The last date(s) for receipt of election notices to the *dividend or distribution plans*

n/a

10.5 Any other disclosures in relation to *dividends or distributions*

n/a

Dividends paid or provided for on all securities

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
Dividends paid or provided for during the reporting period			
10.6 Current year interim	-	-	-
10.7 Franked dividends	-	-	-
10.8 Previous year final	-	-	-
10.9 Franked dividends	-	-	-
Dividends proposed and not recognised as a liability			
10.10 Franked dividends	-	-	-

Dividends per security

(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)

	Current year	Previous year	Franking rate applicable
Dividends paid or provided for during the reporting period			
10.11 Current year interim	-	-	-
10.12 Franked dividends – cents per share	-	-	-

10.13	Previous year final	-	-	-
10.14	Franked dividends – cents per share	-	-	-
Dividends proposed and not recognised as a liability				
10.15	Franked dividends – cents per share	-	-	-

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

	Number issued	Number listed	Paid-up value - A\$'000	Current period – A\$'000	Previous corresponding period – A\$'000
14.1 Preference securities (description)	n/a	n/a	n/a	n/a	n/a
14.2 Balance at start of period	n/a	n/a	n/a	n/a	n/a
14.3 a) Increases through issues	n/a	n/a	n/a	n/a	n/a
14.4 a) Decreases through returns of capital, buybacks etc.	n/a	n/a	n/a	n/a	n/a
14.5 Balance at end of period	n/a	n/a	n/a	n/a	n/a
14.6 Ordinary securities (description)					
14.7 Balance at start of period	37,456,913	-	7,104	7,104	6,304
14.8 a) Increases through issues	12,942,537		1,586	1,586	799
14.9 b) Decreases through returns of capital, buybacks etc.	-		-	-	-
14.10 Balance at end of period	50,399,450	50,399,450	8,690	8,690	7,104
14.11 Convertible Debt Securities (description & conversion factor)	n/a	n/a	n/a	n/a	n/a
14.12 Balance at start of period	n/a	n/a	n/a	n/a	n/a
14.13 a) Increases	n/a	n/a	n/a	n/a	n/a

	through issues					
14.14	b) Decreases through maturity, converted.	n/a	n/a	n/a	n/a	n/a
14.15	Balance at end of period	n/a	n/a	n/a	n/a	n/a
14.16	Options <i>(description & conversion factor)</i>					
14.17	Balance at start of period	16,307,000	-	790	790	-
14.18	Issued during period	248,660	-	-	-	709
14.19	Exercised during period	6,682,000	-	-	-	-
14.20	Expired during period	-	-	-	-	-
14.21	Balance at end of period	9,873,660	-	456	456	709
14.22	Debentures <i>(description)</i>	n/a	n/a	n/a	n/a	n/a
14.23	Balance at start of period	n/a	n/a	n/a	n/a	n/a
14.24	a) Increases through issues	n/a	n/a	n/a	n/a	n/a
14.25	b) Decreases through maturity, converted	n/a	n/a	n/a	n/a	n/a
14.26	Balance at end of period	n/a	n/a	n/a	n/a	n/a
14.27	Unsecured Notes <i>(description)</i>	n/a	n/a	n/a	n/a	n/a
14.28	Balance at start of period	n/a	n/a	n/a	n/a	n/a
14.29	a) Increases through issues	n/a	n/a	n/a	n/a	n/a
14.30	b) Decreases through maturity, converted	n/a	n/a	n/a	n/a	n/a
14.31	Balance at end of period	n/a	n/a	n/a	n/a	n/a
14.32	Total Securities	60,273,110	50,399,450	9,146	9,146	7,813

	Current period – A\$'000	Previous corresponding period – A\$'000
Reserves		
14.33 Balance at start of period	(5,091)	(4,324)
14.34 Transfers to/from reserves	-	-
14.35 Total for the period	(1,839)	(766)
14.36 Balance at end of period	(6,929)	(5,091)
14.37 Total reserves	(6,929)	(5,091)
Retained earnings		
14.38 Balance at start of period	(5,091)	(4,324)
14.39 Changes in accounting policy	-	-
14.40 Restated balance	-	-
14.41 Profit for the balance	-	-
14.42 Total for the period	(1,839)	(766)
14.43 Dividends	-	-
14.44 Balance at end of period	(6,929)	(5,091)

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)

Name of associate or joint venture entity

n/a

Reporting entities percentage holding

n/a

		Current period - \$A'000	Previous corresponding period - \$A'000
15.1	Profit (loss) before income tax	n/a	n/a
15.2	Income tax	n/a	n/a
15.3	Profit (loss) after tax	n/a	n/a
15.4	Impairment losses	n/a	n/a
15.5	Reversals of impairment losses	n/a	n/a
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	n/a	n/a
15.7	Share of net profit (loss) of associates and joint venture entities	n/a	n/a

Control gained over entities having material effect

(See note 8)

16.1	Name of <i>issuer</i> (or <i>group</i>)	e-Business Systems Ltd – acquisition of Spheritec Pty Ltd
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		\$A'000
16.2	Consolidated profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current period on which control was acquired	
16.3	Date from which profit (loss) in <i>item 16.2</i> has been calculated	
16.4	Profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding period	

Loss of control of entities having material effect

(See note 8)

17.1	Name of <i>issuer</i> (or <i>group</i>)	n/a
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		\$A'000
17.2	Consolidated profit (loss) after tax of the entity (or <i>group</i>) for the current period to the date of loss of control	n/a
17.3	Date from which the profit (loss) in <i>item 17.2</i> has been calculated	n/a
17.4	Consolidated profit (loss) after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period	n/a
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	n/a

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) (item 1.9)	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
	n/a	n/a	n/a	Equity accounted	
				n/a	n/a
18.2	Total				
18.3	Other material interests			Non equity accounted (i.e. part of item 1.9)	
	n/a	n/a	n/a	n/a	n/a
18.4	Total				

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the presentation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period - \$A'000	Previous corresponding period - \$A'000
No specific segment information is provided because the company operates only in the IT sector. Reference should therefore be made to the consolidated results presented above.			
Segments			
Revenue:			
19.1	External sales		
19.2	Inter-segment sales		
19.3	Total (consolidated total equal to item 1.1)		
19.4	Segment result		
19.5	Unallocated expenses		

19.6	Operating profit (equal to <i>item 1.5</i>)		
19.7	Interest expense		
19.8	Interest income		
19.9	Share of profits of associates		
19.10	Income tax expense		
19.11	Net profit (consolidated total equal to <i>item 1.9</i>)		
	Other information		
19.12	Segment assets		
19.13	Investments in equity method associates		
19.14	Unallocated assets		
19.15	Total assets (equal to <i>item 3.18</i>)		
19.16	Segment liabilities		
19.17	Unallocated liabilities		
19.18	Total liabilities (equal to <i>item 3.32</i>)		
19.19	Capital expenditure		
19.20	Depreciation		
19.21	Other non-cash expenses		

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.58c	0.69c

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	The company acquired the whole of the issued share capital of Spheritec Pty Ltd (then known as Spheritec Ltd) during the period. Goodwill of \$1,239,103 arising on acquisition has been charged as an expense in the company's profit and loss account.
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International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1

n/a

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2

n/a

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

Text of announcement released to the market on 2 September 2008 as set out below:

Request for trading halt

Possible corporate transaction & resignation of David Glavonjic from his executive role as managing director

EBS advises that it has today lodged a separate announcement with the ASX making application for a trading halt. This follows recent talks with an external party for a possible corporate transaction.

Broad agreement on terms has been reached between the parties as detailed in heads of agreement exchanged today. Discussions between the parties are at this stage confidential as well subject to contract as in all respects.

The understanding between the parties is that due diligence investigations will now be conducted on both sides and that formal agreements will be exchanged shortly. It is expected that, barring any unforeseen circumstances, exchange of formal agreements will take place approximately two weeks from today.

A further announcement will be made by EBS at that time. Details of the proposed transaction will then be released to the market and sent to shareholders when, it is anticipated, the trading halt applied for may be lifted. It should be noted that the possible transaction would require shareholder approval. This would be sought at the AGM in October.

EBS also advises that David Glavonjic has given notice of resignation from his executive role as managing director with effect from 30 September. This notice applies only to his executive position; he has confirmed his willingness to remain on the board in a non-executive capacity.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

n/a

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

n/a

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

n/a

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

n/a

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

n/a

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

n/a

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

The company acquired the whole of the issued share capital of Spheritec Pty Ltd (then known as Spheritec Ltd) during the period. Control was acquired on 26 October 2007. Outstanding minority interests were then acquired to make Spheritec Pty Ltd a wholly-owned subsidiary from 31 December 2007. Revenue for the period derives principally from trading operations of Spheritec Pty Ltd since the date of acquisition represented by sales of \$98,886. Goodwill of \$1,239,103 arising on acquisition has been charged as an expense in the company's profit and loss account.

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

See previous disclosure regarding the acquisition of Spheritec Pty Ltd which in consideration of the issue of 6,260,537 ordinary shares credited as fully paid.

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: *Interim Financial Reporting*)

The company acquired the whole of the issued share capital of Spheritec Pty Ltd (then known as Spheritec Ltd) during the period. Control was acquired on 26 October 2007. Outstanding minority interests were then acquired to make Spheritec Pty Ltd a wholly-owned subsidiary from 31 December 2007. Revenue for the period derives principally from trading operations of Spheritec Pty Ltd since the date of acquisition represented by sales of \$98,886. Goodwill of \$1,239,103 arising on acquisition has been charged as an expense in the company's profit and loss account.

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: *Interim Financial Reporting*)

See previous disclosure regarding the acquisition of Spheritec Pty Ltd which in consideration of the issue of 6,260,537 ordinary shares credited as fully paid.

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Details will be announced as soon as possible, dependent on the outcome of negotiations for the possible corporate transaction announced to the market on 2 September 2008, once this is known. It is expected that the AGM will be held in Brisbane in the second half of October.

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

n/a

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

✓ The financial statements have been audited.

The financial statements have been subject to review by a registered auditor (or overseas equivalent).

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached as set out in the box below. (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of*

INDEPENDENT AUDITOR'S REPORT

To the members of e-Business Systems Ltd

Report on the Financial Report

We have audited the accompanying financial report of e-Business Systems Ltd, which comprises the balance sheets as at 30 June 2008, and the income statements, statement of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of both e-Business Systems Ltd ('the Company') and the Consolidated Entity. The Consolidated Entity comprises both the Parent Entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the e-Business Systems Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

Basis for Qualified Auditor's Opinion

Included in Intangible Assets (Note 9) is distribution rights for the Safe Worlds technology in Australia & New Zealand with a carrying value of \$2,338,637 acquired resulting from the acquisition of 100% of the issued capital of SafeWorld Australia & New Zealand Pty Ltd on 31 July 2004. The terms of the acquisition, and therefore the SafeWorld distribution rights for the Safe Worlds technology in Australia & New Zealand held by SafeWorld Australia & New Zealand Pty Ltd, reflect the value placed upon them as assessed by the directors.

Included in the parent entity in Trade and Other Receivables (Note 6) is amounts loaned to the controlled entity, SafeWorld Australia and New Zealand Pty Ltd, totalling \$1,967,000. The recoverability of this amount is dependent on the ability of SafeWorld Australia and New Zealand Pty Ltd generating sufficient funds from the distribution rights for the Safe Worlds technology in Australia & New Zealand.

Included in the parent entity in Other Financial Assets (Note 8) is amounts invested in the controlled entity, SafeWorld Australia and New Zealand Pty Ltd and Spheritec Pty Ltd, totalling \$3,752,107. The recoverability of this amount is dependent on the ability of SafeWorld Australia and New Zealand Pty Ltd generating sufficient funds from the distribution rights for the Safe Worlds technology in Australia & New Zealand.

Australian Accounting Standard AASB 136 'Impairment of Assets' requires an asset to be written down to its recoverable amount when its carrying value is greater than its recoverable amount. We have been unable to obtain sufficient appropriate audit evidence of the recoverable amount of the loan and intangible assets set out above and, accordingly, we have been unable to determine

whether the recoverable amounts of the loan and intangible asset are at least equal to their carrying values.

Qualified Auditor's Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial report of e-Business Systems Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 2 (n) in the financial report which indicates the consolidated entity incurred net losses of \$1,838,553 for the year ended 30 June 2008 and had accumulated losses of and \$6,929,264 at that date. These conditions, along with other matters as set forth in Note 2 (n), indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern.

Should the parent entity and consolidated entity be unable to continue as a going concern, they may be required to realise their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the parent entity and consolidated entity be unable to continue as going concerns.

6. The *issuer* does not have a formally constituted audit committee.

Sign here:



Date: 12 September 2008

(*Director/Company secretary*)

Print name: Jeremy Martineau