e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

DIRECTORS' REPORT

Your directors present the following report for the period ended 30 June 2008.

Directors

The names of each person who has held office during the year and since the end of the financial period are:

Ray Soper

Mr Soper is a widely experienced business professional and company director. He has over 20 years' experience as an executive director, non-executive director and chairman with a number of public companies in both Australia and North America. He has also been active on a number of audit committees. He has a BSc (Mineral Technology) from Otago University, in New Zealand, and an MBA from the University of New South Wales. He is a member of the Australasian Institute of Mining and Metallurgy and served until earlier this year as a director of Huntley Investment .Company Limited and Platsearch NL. Previously he served as a director of Global Geoscience Ltd, King Island Scheelite Ltd, Crossland Uranium Mines Ltd and Paradigm Gold Limited.

Russell Krause

Mr Krause is a consultant stockbroker advising on initial public offerings, capital raising, acquisitions and divestments, and restructuring. During his career Mr. Krause has held senior positions with the stockbroking firms of Ord Minnett, ANZ Macaughan, Bankers Trust Australia, and HP JDV Ltd. His stockbroking experience includes directorships and board positions, participation in and chairmanship of underwriting and risk committees, acting as divisional head of private client business, and senior investment banking positions with responsibility for institutional banking, corporate finance and research. He also has international experience overseeing the establishment and development of margin lending businesses.

David Glavonjic

Mr Glavonjic's executive experience in the IT and communications sectors spans a period of more than twenty-five years - the majority of them as chief executive or in positions of equivalent responsibility. He has a track record of demonstrable achievement as a professional manager in creating shareholder value, in bringing new technologies to market, and in the conception, creation and management of profitable commercial businesses. He initially qualified as an accountant before embarking on a professional management career during which he has held a variety of management positions within the IT and communications sector. His early professional experience was gained with the CSIRO (Commonwealth Scientific and Industrial Research Organisation) where his interest in both innovation and technology was first stimulated. At Connect Internet Solutions (a subsidiary of AAPT) he held the positions of chief executive and managing director, both before and after the acquisition of AAPT by Telecom New Zealand, and was responsible for its successful integration within the Telecom New Zealand Group. In this role he further developed his specific expertise in e-business. His executive experience includes not only technology commercialisation and business operations but formulation of strategy and negotiation of business partnerships and alliances. He is a member of the Australian Institute of Company Directors and a director of M2M Corporation Ltd.

Jeremy Martineau

Mr Martineau has a background in law and, though no longer practising, remains on the register in both the UK and Australia. Throughout his career he has specialized in company transactional work where he has experience in both project-management and advisory capacities. In Australia he has been involved in legal practice with McCullough Robertson in Brisbane and has also worked in the corporate finance & investment banking practice of PricewaterhouseCoopers where he was involved in initiating, structuring and managing a number of transactions (equity investments and company sales) to successful completion. He holds a diploma in entrepreneurship studies and is a member of the Australian Institute of Company Directors.

Review of Operations and Results of Operations

The net loss after tax of the consolidated entity for the period ended 30 June 2008 was $1,838,553 (2007: $1,766,453).

The prior period (the period ended 30 June 2007) was eleven (rather than twelve) months because the company changed its balance date from 31 July to 30 June with the consent of the ASIC in accordance with the Corporations Act.

DIRECTORS' REPORT *Cont'd*

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the period.

Principal Activities

The principal activity of the consolidated entity during the year has been the acquisition of the whole of the issued share capital of Spheritec Ltd (subsequently re-registered as Spheritec Pty Ltd) and the supply of e-business services through that company following its acquisition as well as certain preparatory activity in anticipation of full commercial release of Safe Worlds by IBS-(BVI) Ltd.

Significant After Balance Date Events

There are 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 except for as referred to in the company's announcement via the NSX dated 2 September concerning a possible corporate transaction and the resignation by David Glavonjic of his executive position.

Likely Future Developments and Expected Results

The information required by section 299(1) (e) of the Corporation Act 2001 has been omitted from the report because the directors believe that it would result in unreasonable prejudice to the consolidated entity.

Performance in Relation to Environmental Regulation

There has been no matter either during or since the end of the financial period which in the opinion of the directors would give rise to any conflict with the provisions of existing environmental regulation.

Dividends

No dividends were paid or provided for during the financial year.

Directors' Meetings

Name	*Eligible to attend*	*Attended*
RJ Soper	11	8
RH Krause	11	7
DS Glavonjic	11	11
JJ Martineau	11	11

Directors' Interests

Name	*Ordinary Shares*
RJ Soper	1,910,437
RH Krause	1,408,499
DS Glavonjic	5,637,939
JJ Martineau	2,728,669
	11,685,544

The shareholding interests shown above include not only shares held by each director personally but also other shares held by their respective related entities within the meaning of section 9 of the Corporations Act.

DIRECTORS' REPORT ***Cont'd***

Options

As at 30 June 2008 the following options were on issue:

Number of options	*Vesting Date*	*Exercise Price*	*Expiry Date*	*Terms and Conditions*
150,000 150,000 200,000	1/10/05 1/10/06 1/10/07	\$0.20 \$0.20 \$0.20	30/09/08 30/09/08 30/09/08	Subject to the consultancy agreement with D&K Ventures Pty Ltd still being current on the 30th September immediately preceding
124,330	Immediate	\$0.20	30/09/2009	
124,330	immediate	\$0.35	30/09/2009	
9,125,000	Immediate	\$0.15	30/06/10	

Indemnification

During the financial period the company entered into deeds of access and indemnity with each of the directors in accordance with the authority given by shareholders at the AGM on 28 November 2007. Apart from this the company has not, during the financial period, in respect of any person who is or has been an officer or auditor of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Proceedings on Behalf of the Company

No proceedings have been entered into on behalf of the company.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 forms part of this directors' report and is attached to this report.

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

Remuneration Report

(a) Principles Of Compensation Of Key Management Personnel

Compensation of key management personnel comprise fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons.

Compensation of key management personnel is determined by the Board. Consideration is given to normal commercial rates of remuneration for similar levels of responsibility and to the Company's financial performance. Emoluments comprise salaries, bonuses, and contributions to superannuation funds, options and shares.

While all executives have detailed job descriptions with identified key performance indicators against which annual reviews are compared, there is no direct relationship between the benefits contained in the employment contracts and the Company's performance in the year under review or the 2008 financial year.

There are no clauses relating to bonuses or termination benefits contained in employment contracts of directors and key management personnel.

The Board continually reviews management's performance and its own performance having regard to company performance and shareholder wealth.

(b) Remuneration Paid

Remuneration paid by the Company to directors and executives during the financial year is shown in the following table:

		Short Term			Long Term	Post Employment	Share Based Payments	
		Fees/ Salary $	Non-Monetary $	Bonus $	Long Service Leave $	Super annuation $	Value of Shares $	Total $
Directors – Non Executive								
RJ Soper	2008	$60,000	nil	nil	nil	nil	nil	nil
	2007	$368	nil	nil	nil	nil	nil	nil
RH Krause	2008	$36,000	nil	nil	nil	nil	nil	nil
	2007	nil	nil	nil	nil	nil	nil	nil
JJ Martineau	2008	$113,515	nil	nil	nil	nil	nil	nil
	2007	$54,863	nil	nil	nil	nil	nil	nil
Managing Director								
DS Glavonjic	2008	$207,500	nil	nil	nil	nil	nil	nil
	2007	$110,000	nil	nil	nil	nil	nil	nil
Total 2008	2008	$417,050	nil	nil	nil	nil	nil	nil
Total 2007	2007	$165,231	nil	nil	nil	nil	nil	nil

(c) Options and rights over equity instruments and holdings

The movements during the reporting period in the number of options over ordinary shares in e-Business Systems Ltd held, directly, indirectly or beneficially, by each director and senior executive, including their personally-related entities, are as follows:

	Held at 1 July 2007	Granted as remuneration	Other Changes	Exercised	Held at 30 June 2008	Vested at 30 June 2008	Vested & Exercisable at 30 June 2008	Vested & Un-exercisable at 30 June 2008
Directors								
RJ Soper	1,650,000	nil	(30,000)	530,000	1,090,000	1,090,000	1,090,000	nil
RH Krause	2,920,000	nil	(30,000)	30,000	2,860,000	2,860,000	2,860,000	nil
DS Glavonjic	1,700,000	nil	(550,000)	650,000	500,000	500,000	500,000	nil
JJ Martineau	nil	nil	nil	nil	nil	nil	nil	nil
	6,270,000	nil	(610,000)	1,210,000	4,450,000	4,450,000	4,450,000	nil

(d) Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares in the company, directly, indirectly or beneficially, by each director and senior executive, including their related entities is as follows:

Shares held in e-Business Systems Ltd (number)	Balance 1 July 07	Purchased	On Exercise of Options	Net Change Other	Balance 30 June 08
Directors					
RJ Soper	853,333	nil	530,000	600,512	1,983,845
RH Krause	1,020,000	nil	30,000	516,505	1,566,505
DS Glavonjic	4,245,691	nil	650,000	742,248	5,637,939
JJ Martineau	3,075,000	nil	nil	(346,331)	2,728,669
Total	9,194,024	nil	1,210,000	1,498,015	11,685,544

Net change (other) includes principally shares issued as consideration for the issue of Spheritec Pty Ltd (formerly Spheritec Ltd) but also relates to non-beneficial holdings transferred to those entitled.

Director
Dated this 10th day of September 2008

e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors of E-Business Ltd

As lead auditor for the audit of E-Business Ltd for the year ended 30 June 2008 I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of E-Business Ltd.

PKF
Chartered Accountants

Albert Loots
Partner

Dated this 10th day of September 2008.

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e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

DIRECTORS' DECLARATION

FOR THE YEAR END ENDED 30 JUNE 2008

The directors of the company declare that:

(a) in the directors' opinion the financial statements and notes on pages 1 to 3, and the remuneration disclosures that are contained in the Remuneration report in note 14 and note 16 to the financial statements, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2008 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) the remuneration disclosures that are contained in the Remuneration report in the financial report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001]; and

(d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2008, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors

Dated at Brisbane this 10th day of September 2008

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Director

e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

INCOME STATEMENTS

FOR THE YEAR END ENDED 30 JUNE 2008

		Consolidated		Parent Entity	
	Notes	2008 $	2007 $	2008 $	2007 $
Revenue	3	109,501	3,968	7,210	3,968
Expenses	4	(1,942,794)	(770,421)	(228)	(899,424)
Finance costs		(5,260)	-	-	-
Profit/(loss) before income tax expense		(1,838,553)	(766,453)	6,982	(895,456)
Income tax benefit/(expense)	5	-	-	-	-
Net profit/(loss)		(1,838,553)	(766,453)	6,982	(895,456)
Basic earnings per share (cents per share)		(4.2)	(2.2)		
Diluted earnings per share (cents per share)		(4.2)	(2.2)		

The above Income Statements should be read in conjunction with the attached notes

e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

BALANCE SHEETS

AS AT 30 JUNE 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current Assets					
Cash and cash equivalents		177,208	242,112	104,859	236,037
Trade and other receivables	6	37,063	5,979	1,967,000	1,495,000
Other assets		5,852	-	-	-
Total Current Assets		220,123	248,091	2,071,859	1,731,037
Non-Current Assets					
Property, plant and equipment	7	73,409	10,123	-	-
Intangible assets	9	2,384,431	2,338,637	-	-
Other financial assets	8	-	-	3,752,107	2,500,000
Total Non-Current Assets		2,457,840	2,348,760	3,752,107	2,500,000
Total Assets		2,677,963	2,596,851	5,823,966	4,231,037
Current Liabilities					
Trade and other payables	10	308,903	17,155	-	-
Financial liabilities	11	31,449	-	-	
Total Current Liabilities		340,352	17,155	-	-
Non-Current Liabilities					
Financial liabilities		10,521	-	-	-
Total Non-Current Liabilities		10,521	-	-	-
Total Liabilities		350,873	17,155	-	-
NET ASSETS		2,327,090	2,579,696	5,823,966	4,231,037
Equity					
Share capital	12	9,256,354	7,670,407	9,256,354	7,670,407
Accumulated losses		(6,929,264)	(5,090,711)	(3,432,388)	(3,439,370)
TOTAL EQUITY		2,327,090	2,579,696	5,823,966	4,231,037

The above Balance Sheets should be read in conjunction with the attached notes

e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

STATEMENTS OF CHANGES IN EQUITY

AS AT 30 JUNE 2008

Consolidated

2008	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	1,585,947	-	1,585,947
Profit (loss) for period	-	(1,838,553)	(1,838,553)
Total equity at the end of the period	9,256,354	(6,929,264)	2,327,090

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

2008	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	1,585,947		1,585,947
Profit (loss) for period	-	6,982	6,982
Total equity at the end of the period	9,256,354	(3,432,388)	5,823,966

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

The above Statements of Changes in Equity should be read in conjunction with the attached notes

e-BUSINESS SYSTEMS LTD
A.C.N. 107 353 695

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR END ENDED 30 JUNE 2008

STATEMENTS OF CASH FLOWS

FOR THE YEAR END ENDED 30 JUNE 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash Flows From Operating Activities					
Receipts from customers		72,435	-	-	-
Payments to suppliers and employees		(560,704)	(448,560)	(228)	(899,449)
Interest received		10,615	3,788	7,210	3,968
Finance costs paid		(5,260)	-	-	-
GST Recovered/ (Paid)		2,831	32,427	-	-
Net cash provided by operating activities	19(ii)	(480,083)	(412,345)	6,982	(895,481)
Cash Flows From Investing Activities					
Payments for plant and equipment		(5,644)	-	-	-
Payments for intangibles		(41,535)	-	-	-
Net cash acquired in acquisition of subsidiary		135,706	-	-	-
Net cash provided by/(used in) investing activities		88,527	-	-	-
Cash Flows from Financing Activities					
Proceeds from share issue		333,840	566,850	333,840	1,316,013
Repayment of finance leases		(7,188)	-	-	-
Loans to subsidiaries		-	-	(472,000)	(215,000)
Net cash provided by/(used in) financing activities		326,652	566,850	(138,160)	1,101,013
Net increase/(decrease) in cash held		(64,904)	154,505	(131,178)	205,532
Cash at the beginning of the period		242,112	87,607	236,037	30,505
CASH AT THE END OF THE FINANCIAL PERIOD	19(i)	177,208	242,112	104,859	236,037

The above Statements of Cash Flows should be read in conjunction with the attached notes

1. INTRODUCTION

e-Business Systems Ltd (formerly Safeworld Australia Ltd) is a public company limited by shares and is incorporated in Australia. The financial statements of e-Business Systems Ltd are for the year ended 30 June 2008.

Operations and Principal Activities

The principal activity of the consolidated entity during the year has been the acquisition of the whole of the issued share capital of Spheritec Ltd (subsequently re-registered as Spheritec Pty Ltd) and the supply of e-business services through that company following its acquisition as well as certain preparatory activity in anticipation of full commercial release of Safe Worlds by IBS-(BVI) 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 338, 50 Macquarie Street, Teneriffe, Queensland, 4006.

Authorisation of Financial Report

The financial report was authorised for issue on 9th September 2008 by the directors.

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.

Compliance with IFRS
Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (‘AIFRS’). Compliance with Australian equivalents to IFRS (‘AIFRS’) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

(a) Revenue Recognition

Sales income

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer.

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

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 de-recognised 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.

(g) Financial Assets and Financial Liabilities Cont'

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

An instrument is classified at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes are recognised in profit or loss.

LOANS AND RECEIVABLES

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as Loans and Receivables. Loans and Receivables are measured at amortised cost using the effective interest method less impairment.

OTHER

Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses. These comprise all trade payables.

(h) Payables

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

(i) Intangibles

Distribution rights

Costs associated with the initial acquisition of the Safe Worlds technology distribution rights 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. Master distribution rights are not subject to amortisation as it is not possible to determine the effective life of the asset until after full commercial release of the Safe Worlds technology.

Software

All software is stated at cost less accumulated amortisation. Software is amortised straight line over 4 years.

(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 Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing these financial statements:

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement, the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's disclosures.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements and will constitute a change in accounting policy for the Consolidated Entity. In

accordance with the transitional provisions the Consolidated Entity will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Consolidated Entity has not yet determined the potential effect of the revised standard on future earnings.

- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's financial report.
- Revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's financial report.
- AASB 2008-1: Amendments to AASB 2 "Share Based Payments he amendment clarifies that vesting conditions are restricted to service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's financial report.
- 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's financial report.
- 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity's financial report.

(l) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

(m) Capital Management

The Board's policy is to a maintain sufficient capital so as to maintain investor, creditor and market confidence and to sustain future development in the business. The entity is not subject to any externally imposed capital requirements. The Board's plan for future capital raising is discussed further at *(n) Going Concern*.

(n) Going Concern

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 losses, together with current trading conditions in circumstances where the business of Spheritec Pty Ltd has not yet been established, give rise to a material uncertainty that may cast significant doubt as to whether the company and consolidated entity can continue as going concerns.

The following steps have been taken to address the going concern uncertainty:

1. The company has (on 2 September) entered into heads of agreement that are expected in the near term to lead to a corporate transaction that (though not certain to proceed, the directors have no reason to suspect that it will not proceed to a corporate transaction) would make the consolidated entity profitable and cash flow-positive;
2. The directors have agreed as part of the proposed corporate transaction to remove financial obligations owed to them and their related entities by the consolidated entity from the balance sheet as financial obligations; and
3. David Glavonjic has tendered his resignation from his executive role as managing director while agreeing to remain on the board in a non-executive capacity.

As a result the directors believe that the going concern basis of preparation is appropriate and accordingly have prepared the financial report on this basis.

The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

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.

(o) New Accounting Standards and Interpretations

The Consolidated Entity has adopted AASB 7 'Financial Instruments: Disclosures' and AASB 2005-10 'Amendments to Australian Accounting Standards arising from AASB 7 [1, 4, 101, 114, 117, 132, 133, 139, 1023 & 1038]', applicable beginning on or after 1 January 2007. The adoption of this standard has only affected disclosure in the financial statements. There has been no effect on profit and loss or the financial position of the Consolidated Entity.

Also adopted is AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]'. In principle, all options that currently exist under IFRS should be included and additional Australian disclosures should be eliminated, other than those now considered particularly relevant to the Australian reporting environment. The adoption of this standard has had no impact on the reported results or financial position of the Consolidated Entity.

The Consolidated Entity has adopted AASB 2008-4 "Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities" which amends AASB 124 to relieve disclosing entities that are companies from complying with the paragraphs in AASB 124 that have been included in the Corporations Act and Regulation 2M.3.03 to avoid each disclosing entity that is a Consolidated Entity having to disclose this information twice – in its directors' report and in its financial statements.

(p) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $

3. REVENUE

Operating Revenue:				
Sales	98,886	-	-	-
Non-Operating Revenue:				
Interest	10,615	3,968	7,210	3,968
Total Revenue	109,501	3,968	7,210	3,968

4. EXPENSES

Classification of expenses by nature:				
Write-down inter-company loan receivable	-	-	-	150,000
Depreciation and amortisation	22,528	10,009	-	-
Renegotiation of existing commercial agreement	-	749,138	-	-
Administration costs	663,034	11,274	228	-
Operating lease - premises	18,129	-	-	-
Impairment of goodwill	1,239,103			
Other expenses	-	-	-	749,424
Total Expenses	1,942,794	770,421	228	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%)	(551,566)	(229,936)	2,095	(268,637)
Non-deductible expenses	371,731	-	-	45,000
Utilisation of carried forward losses	-	-	(2,095)	-
Deferred tax assets not brought to account	179,835	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 $891,461 (2007: $711,626).

6. TRADE AND OTHER RECEIVABLES

Trade receivables	7,588	-	-	-
Non-trade receivables	29,475	5,979	-	-
Receivable from controlled entities	-	-	1,967,000	1,495,000
	37,063	5,979	1,967,000	1,495,000

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$

7. PROPERTY, PLANT AND EQUIPMENT

Plant & equipment at cost	117,856	33,462	-	-
Accumulated depreciation	(44,447)	(23,339)	-	-
	73,409	10,123	-	-

Movements in plant and equipment

Balance at the beginning of the year	10,123	20,132	-	-
Additions	5,644	-	-	-
Additions through acquisition of subsidiary	78,750	-	-	-
Depreciation expense	(21,108)	(10,009)	-	-
Balance at the end of year	73,409	10,123	-	-

8. OTHER FINANCIAL ASSETS

Investments in controlled entities at cost	-	-	3,752,107	2,500,000

9. INTANGIBLES

Software	47,214	-	-	-
Accumulated amortisation	(1,420)	-	-	-
	45,794	-	-	-
Goodwill	1,239,103	-	-	-
Accumulated impairment	(1,239,103)	-	-	-
	-	-	-	-
Master distribution rights at cost	2,338,637	2,338,637	-	-
Total intangibles	2,384,431	2,338,637	-	-

Movements in intangibles 2008

	Software	Goodwill
Balance at the beginning of the year	-	-
Additions	41,535	-
Additions through acquisition of subsidiary	5,679	1,239,103
Impairment	-	(1,239,103)
Amortisation expense	(1,420)	-
Balance at the end of year	45,794	-

Goodwill on the acquisition of Spheritec Pty Ltd (previously Spheritec Ltd) has been impaired to nil. The directors' assessment of the carrying value of goodwill, which is based on value-in-use calculations as required by AASB 136 'Impairment', is nil.

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 Ltd acquired the whole of the issued share capital of e-Business & 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 though not during the period under review. All such sums have been fully expensed without being capitalised in the statement of financial position. The directors have chosen to take this view (which is considered prudent) and not to reflect these further sums in the statement of financial position (therefore leaving the original cost figure without any increase) on the basis that full commercial release of the Safe Worlds technology has not taken place. The recoverable amount is dependent upon the successful commercialisation of the Safe Worlds technology and is therefore subject to material uncertainty.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
10. TRADE AND OTHER PAYABLES				
Trade accounts payable and accruals	308,903	17,155	-	-
	308,903	17,155	-	-

Included above are amounts payable by the consolidated entity to director related entities totaling $283,000 (2007: $6,554).

11. FINANCIAL LIABILITIES

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Finance leases	31,449	-	-	-
	31,449	-	-	-
Non-Current				
Finance leases	10,521	-	-	-
	10,521	-	-	-

12. SHARE CAPITAL

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Ordinary Shares				
Issued and paid up capital	8,689,504	7,103,557	8,689,764	7,103,557
Options issued	566,850	566,850	566,850	566,850
	9,256,354	7,670,407	9,256,514	7,670,407

Movement in parent entity shares on issue	2008		2007	
	No. of Shares	**$**	**No. of Shares**	**$**
Beginning of the financial period	37,456,913	7,103,557	33,461,222	6,304,419
11,160,000 shares issued at $0.20 a share	-	-	-	-
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
6,260,537 share issued at $0.20 a share in consideration for acquisition of Spheritec Ltd	6,260,537	1,252,107	-	-
6,682,000 options exercised at $0.05	6,682,000	333,840	-	-
End of financial period	50,399,450	8,689,504	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 30 June 2008 the following options were on issue:

Number of options	*Vesting Date*	*Exercise Price*	*Expiry Date*	*Terms and Conditions*
150,000 150,000 200,000	1/10/05 1/10/06 1/10/07	$0.20 $0.20 $0.20	30/09/08 30/09/08 30/09/08	Subject to the consultancy agreement with D&K Ventures Pty Ltd still being current on the 30th September immediately preceding
9,125,000	immediate	$0.15	30/06/10	
124,330	immediate	$0.20	30/09/08	
124,330	immediate	$0.35	30/09/08	

During the period 6,682,000 options (previously paid as to $0.05 each on grant) were exercised at $0.05.

13. AUDITORS' REMUNERATION

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Audit of financial reports	16,000	6,000	-	-
Other services; preparation of financial reports	-	2,000	-	-
	16,000	8,000	-	-

14. 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. This note should be read in conjunction with note 16 below.

		Short Term			Long Term	Post Employment	Share Based Payments	
		Fees/ Salary $	**Non-Monetary $**	**Bonus $**	**Long Service Leave $**	**Super annuation $**	**Value of Shares $**	**Total $**
Directors – Non Executive								
RJ Soper	2008	$60,000	nil	nil	nil	nil	nil	nil
	2007	$368	nil	nil	nil	nil	nil	nil
RH Krause	2008	$36,000	nil	nil	nil	nil	nil	nil
	2007	nil	nil	nil	nil	nil	nil	nil
JJ Martineau	2008	$113,515	nil	nil	nil	nil	nil	nil
	2007	$54,863	nil	nil	nil	nil	nil	nil
Managing Director								
DS Glavonjic	2008	$207,500	nil	nil	nil	nil	nil	nil
	2007	$110,000	nil	nil	nil	nil	nil	nil
Total 2008	2008	$417,015	nil	nil	nil	nil	nil	nil
Total 2007	2007	$165,231	nil	nil	nil	nil	nil	nil

15. SEGMENT REPORTING

The consolidated entity operates in one business segment being software development and provision of e-business services, and predominantly in one geographical segment, being Australia.

16. RELATED PARTY TRANSACTIONS

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

2008	**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 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 $60,000 in respect of the period (2007: $368). This sum of $60,000 has been accrued by agreement for payment in due course out of cash flow.

The consolidated entity was invoiced by RH Krause for consulting fees totalling $36,000 in respect of the period (2007: $nil). This sum of $36,000 has been accrued by agreement for payment in due course out of cash flow.

The consolidated entity was invoiced by D&K Ventures Pty Ltd, a company associated with DS Glavonjic, for consulting fees totaling $227,500 in respect of the period (2007: $110,000). Of these the sum of $40,000 (invoiced to Spheritec Pty Ltd) 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 $112,500 in respect of the period (2007: $54,863). Of these the sum of $16,000 (invoiced to Spheritec Pty Ltd) has been accrued by agreement for payment in due course out of cash flow.

iv) Options and rights over equity instruments and holdings
The movements during the reporting period in the number of options over ordinary shares in e-Business Systems Ltd held, directly, indirectly or beneficially, by each director and senior executive, including their personally-related entities, are as follows:

	Held at 1 July 2007	Granted as remuneration	Other Changes	Exercised	Held at 30 June 2008	Vested at 30 June 2008	Vested & Exercisable at 30 June 2008	Vested & Un-exercisable at 30 June 2008
Directors								
RJ Soper	1,650,000	nil	(30,000)	530,000	1,090,000	1,090,000	1,090,000	nil
RH Krause	2,920,000	nil	(30,000)	30,000	2,860,000	2,860,000	2,860,000	nil
DS Glavonjic	1,700,000	nil	(550,000)	650,000	500,000	500,000	500,000	nil
JJ Martineau	nil	nil	nil	nil	nil	nil	nil	nil
	6,270,000	nil	(610,000)	1,210,000	4,450,000	4,450,000	4,450,000	nil

(v) Equity holdings and transactions
The movement during the reporting period in the number of ordinary shares in the company, directly, indirectly or beneficially, by each director and senior executive, including their related entities is as follows:

Shares held in e-Business Systems Ltd (number)	**Balance 1 July 07**	**Purchased**	**On Exercise of Options**	**Net Change Other**	**Balance 30 June 08**
Directors					
RJ Soper	853,333	nil	530,000	600,512	1,983,845
RH Krause	1,020,000	nil	30,000	516,505	1,566,505
DS Glavonjic	4,245,691	nil	650,000	742,248	5,637,939
JJ Martineau	3,075,000	nil	nil	(346,331)	2,728,669
Total	9,194,024	nil	1,210,000	1,498,015	11,685,544

Net change (other) includes principally shares issued as consideration for the issue of Spheritec Pty Ltd (formerly Spheritec Ltd) but also relates to non-beneficial holdings transferred to those entitled.

17. CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Percentage of Shares held 2008	2007
SafeWorld Australia & New Zealand Pty Ltd	Australia	100%	100%
Spheritec Pty Ltd (100% interest acquired 31 December 2007)	Australia	100%	-

SafeWorld Australia & New Zealand Pty Ltd has not yet traded but holds the master distribution rights in relation to the Safe Worlds technology for Australia and New Zealand. Its principal activities to date have been funding its development contribution for the Safe Worlds technology (now fully satisfied) under the master distribution agreement with IBS-(BVI) Ltd and certain preliminary business planning matters pending full commercial release of Safe Worlds by IBS-(BVI) Ltd.

Spheritec Pty Ltd markets e-business applications (in particular an on-line data back-up product known as Datagard) mainly to SMB users. It does so via both direct and indirect (reseller) channels.

Spheritec Pty Ltd's contribution to the consolidated entity's loss from date of acquisition was a loss of ($62,005). If Spheritec Pty Ltd had been owned for the entire financial year its contribution to the consolidated entity's loss would have been ($279,070).

If Spheritec Pty Ltd had been owned for the entire financial year its contribution to the consolidated entity's revenue would have been $181,858.

18. FINANCIAL INSTRUMENTS

Nature and extent of risk arising from financial instruments

(a) Credit Risk

Credit risk arises from:

(a) Failure of customers to pay for goods and services delivered to them

Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due. Credit risk is managed through:

(a) monitoring and follow-up of accounts receivable to ensure collections are being made promptly in accordance with contractual terms and conditions.
(b) preparation of aged listings of trade accounts receivable to assist in monitoring and follow-up.

Specific provisions are made against identified doubtful receivables and general provisions are made for losses which are known from past experience to be inherent in the Company's receivables. The level of the provision is determined having regard to economic conditions and other general risk factors.

All known bad debts are written off in the year in which they are identified.

All trade accounts receivable at 30 June 2008 are within terms.

Maximum exposure to credit risk

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Trade receivables	7,588	-	-	-
Non-trade receivables	29,475	5,979	-	-
Receivable from controlled entities	-	-	1,967,000	1,495,000
Cash and cash equivalents	177,208	242,112	104,859	236,037
	214,271	248,091	2,071,859	2,071,859

Impairment losses
The ageing of trade receivables at the reporting date was:

Not past due	7,588	-	-	-

Credit risk - Cash and cash equivalents
The credit quality of financial assets that are neither past due nor impaired is considered strong. The counterparty to these financial assets are large financial institutions with strong credit ratings.

(b) Interest Rate Risk

Interest rate risk arises from changes in interest rates which act to the detriment of:
(a) the fair values of financial assets and financial liabilities
(b) future cash flows arising from interest-bearing financial assets

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.

Sensitivity analysis for movement in interest rates

Variable rate instruments	Consolidated		Parent Entity	
	1% increase	1% decrease	1% increase	1% decrease
Effect on surplus and equity for 2008	1,772	(1,772)	1,049	(1,049)
Effect on surplus and equity for 2007	2,421	(2,421)	2,360	(,360)

This analysis assumes that all other variables remain constant.

(c) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Per the balance sheet the entity has a net-current liability position of $96,033 and has continued to operate at a loss in recent years. Refer to Note 2 for details surrounding the going concern assumption of the entity.

The consolidated entity's financial liabilities comprise trade and other payables and have contractual maturity periods of 1 – 3 months.

(c) Fair Values

The carrying values of the consolidated entity's financial assets and liabilities approximate their fair values.

19. 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	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Cash	177,208	242,112	104,859	236,037

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

Profit/(loss) after income tax	(1,838,553)	(766,453)	6,982	(895,456)
Depreciation and amortisation	22,528	10,009	-	-
Impairment of goodwill	1,239,103	-	-	-
Changes in assets and liabilities				
Receivables	(26,451)	(11,558)	-	-
Payables	126,475	332,541	-	-
Other assets	(3,185)			
	(480,083)	(412,345)	6,982	(895,456)

(iii) Details of subsidiary acquired

Purchase consideration:	
6,260,537 shares issued at $0.20 a share*	1,252,107
Fair value of assets acquired and liabilities assumed:	
Cash and cash equivalents	135,706
Trade and other receivables	4,633
Other assets	2,667
Property, plant and equipment	78,750
Intangibles	5,679
Trade and other payables	(165,273)
Financial liabilities	(49,158)
Net fair value of assets acquired	13,004
Goodwill arising on acquisition	1,239,103

$0.20 a share was determined by reference to the most recent issue price of e-Business Systems Ltd shares and subsequently used as the list price on the NSX.

20. COMMITMENTS FOR EXPENDITURE

Commitments in relation to the leases of office premises are payable as follows:				
Not later than one year		-	-	-
Commitments in relation to finance leases:				
<u>Less than one year</u>				
Minimum lease payments	34,509	-	-	-
Future interest charges	(3,060)	-	-	-
Current finance lease liability	31,449	-	-	-
<u>Later than one year and not later than five years</u>				
Minimum lease payments	10,609	-	-	-
Future interest charges	(88)	-	-	-
Non-Current finance lease liability	10,521	-	-	-

21. EVENTS SUBSEQUENT TO BALANCE DATE

There are 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, except as otherwise disclosed in the financial statements and notes.

22. EARNINGS PER SHARE

Classification of securities as ordinary shares

The following securities have been classified as ordinary shares and included in the basic earning per share:

(a) ordinary shares

Classification of securities as potential ordinary shares

Outstanding options have not been included in the calculation of diluted earnings per share as they are anti-dilutive.

	Consolidated	
	June 08	**June 07**
Loss after income tax	(1,838,553)	(766,453)
Weighted average number of shares used as the denominator		
Number for basic earnings per share	43,892,819	35,459,008
Basic earnings per share		
Ordinary shares (cents per share)	(4.2)	(2.2)
Diluted earnings per share	(4.2)	(2.2)
Ordinary shares (cents per share)		

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*.

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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.

Chartered Accountants
& Business Advisers

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of e-Business Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Acts 2001*.

PKF

PKF
Chartered Accountants

Albert Loots
Partner

Dated at Brisbane this 10th day of September 2008