

# e-Business Systems Ltd

ACN 107 353 695

## Annual report to shareholders - year ended 30 June 2009

**Annual general meeting**

**- to be held in Brisbane on Thursday 26 November 2009**

### **SUMMARY OF BUSINESS TO BE CONSIDERED**

ADOPTION OF AUDITED FINANCIAL STATEMENTS

AUTHORITY TO FIX AUDITORS' REMUNERATION

RE-ELECTION OF RUSSELL KRAUSE AS A DIRECTOR

APPROVAL OF PROPOSED DIRECTORS' FEES

DIRECTOR'S FEES – SHARE/CASH ALTERNATIVE

**This document is dated 23 October 2009 and contains:**

letter from the acting chairman

annual report

audited financial statements

notice of AGM

proxy form

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## LETTER FROM THE CHAIRMAN

365 Montague Road  
West End  
Queensland 4101

23 October 2008

Dear Shareholder,

### Introduction

With this letter you will receive notice of AGM to consider the business referred to on the front cover of this document.

Also included is a form of proxy for voting in case you are unable to attend the AGM. The AGM is to be held in Brisbane on Thursday 26 November.

You will also receive our audited financial statements for the year ended 30 June 2008 which will be considered at the AGM. These were previously released to the market on 25 September and subsequently sent to you. They are included again now for convenience.

### Business background

The past year has been a significant one for the company in that, in November, we completed the merger with Corpnet and also because of the very difficult operating environment we have had to face for most of the period since then.

We explain and comment on these matters in the annual report that follows but believe, in summary, that, after a difficult year, the company is well placed to take advantage of the upturn that now appears to be solidly in place.

Taken in context, as it should be, the operating loss of \$446,153 is a creditable result. We finished the year with a solid balance sheet and cash in the bank despite having funded restructuring costs and investing in our sales function.

### Financial Statements

The basis of presentation has changed since the Corpnet merger. This was explained at the time of our interim results and is again referred to – in various places – in the financial statements themselves. The reason for the change of presentation is that, as the Corpnet transaction was a reverse combination, we are required under accounting rules to base the consolidation on Corpnet rather than on EBS itself. In doing so, and because of the Safe Worlds distribution rights were previously capitalised within EBS, we have decided to eliminate the residual carrying value in the new consolidation – this accounts for the difference between the operating loss (the figure of \$446,153 referred to above) and the aggregate accounting loss (\$1,580,980) shown in the financial statements.

### Annual General Meeting

The business to be considered at the AGM is essentially routine in nature, but a word of explanation is appropriate in relation to the final resolution, which authorises payment of directors' fees in cash, or through the issue of shares, or as a combination of the two. We believe this flexibility is appropriate – not least because it may conserve cash within the business at a time when we are aiming for a resumption of growth. However, it may also appeal to external candidates for board appointment, and therefore help with our recruitment efforts. Both the mechanism itself, and the proposed discount of up to 20%, are consistent with market practice in the small cap segment.

## Conclusion

My fellow directors and I encourage you to attend the AGM and would ask that you try to let us know in advance if you do plan to attend so we have an indication of numbers. Please e-mail [reception@corpnet.com.au](mailto:reception@corpnet.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Russell Krause', with a stylized, flowing script.

Russell Krause  
Acting chairman  
e-Business Systems Ltd

## ANNUAL REPORT

### Principal Activities of the Group

Our principal activities as a group continue to be focused on e-business to both enterprise customers and SMBs across various business sectors. EBS is listed on the NSX.

### Group Companies

The group (which operates solely within Australia) comprises the following companies:

Company	Status	Country of Incorporation	Business
e-Business Systems Ltd	Listed on NSX	Australia	Holding company
Corpnet (Australia) Pty Ltd	Wholly-owned subsidiary	Australia	Business technology management & technical consulting services
Spheritec Pty Ltd	Wholly-owned subsidiary	Australia	e-business applications
SafeWorld Australia & New Zealand Pty Ltd	Wholly-owned subsidiary	Australia	Safe Worlds e-business platform & applications (non-trading)

### Report on Operations

During the period trading conditions were dominated by the domestic fall-out from the global financial crisis. Generally difficult trading conditions were already apparent at the time of our last annual report and were specifically referred to in our assessment of the proposed merger with Corpnet as communicated to shareholders in the merger circular that accompanied the annual report last October.

In the event, as stated in our half-year report in March, there was a further sharp deterioration towards the end of the period with a consequent inevitable impact on operations. This deterioration reflected the emergence of the full impact of the global financial crisis and resulted in a steep drop in general business confidence that severely curtailed business activity across most sectors of the economy. In our own sector, in order to reduce costs, customers took certain IT functions in-house, chose to cut back the scope of contracts for outsourced IT services, and in certain cases decided not to renew IT support contracts at all. All of this had a rapid and dramatic effect on our own operations that demanded decisive management action.

Severely adverse trading conditions continued almost to the end of the year and have only recently begun to improve – though not soon enough to show through in our FY09 results.

During the downturn management took the opportunity to make substantial changes to the way the business is run. This included in the first instance reducing the fixed cost base of the business wherever practicable consistent with maintaining its operational fabric – in particular by cutting staff numbers – freezing pay increases across the board, instituting temporary reductions in their own pay as a demonstration to staff of their own commitment, and redoubling efforts to retain current business coming up for renewal. Just as importantly, however, the opportunity was taken to make significant changes to, and indeed invest in, the sales function – the result is an operation that, in only a matter of months, has become very much more sales-focused while still maintaining customary high levels of customer service. The investment in sales has included recruitment of new people with proven business development skills and established market relationships.

The changes to the sales function have paved the way for a broader, and ongoing, program of cultural changes across the business generally. The clear objective (which is understood by all

staff) is operational excellence across all aspects of the business – in summary: a high performance culture. Significant progress has already been made towards this objective.

We believe as a result that the company is much better placed in the market than a year ago. In the circumstances the operating result (a loss of \$446,153) and healthy year-end balance sheet position (net cash after allowing for both current & non-current borrowings) represents a fair performance in a very challenging environment.

A full QA external review was conducted during the year which we successfully passed. ISO 20000 certification has therefore been maintained.

During the year we have continued to seek suitable merger / acquisition opportunities and have entered into preliminary discussions with a number of parties. As yet none of these discussions have progressed to the stage where there is a transaction to report, although certain of them are continuing, and we will continue to seek out other possible opportunities. We are conscious, however, of the demands on management time that these efforts involve and especially in an operating environment that cannot be assumed to have stabilised fully.

## Outlook for Current Year

Looking ahead, we are budgeting for growth in the current year, and the business is now performing in line with budget.

We do not believe it is prudent to make any specific forecast but, as a guide, can say that the current year budget envisages revenue comparable with the level that applied before the deterioration caused by the global financial crisis. We are confident therefore that there will be a return to profitability for the current year and, indeed, are already operating profitably.

We believe, in summary, that the (at times) drastic action taken during the past year positions us well for the upturn and can point to recent contract successes already announced to the market in evidence.

## Business Strategy

Much of our effort in recent months has been focused on the growing importance of virtualisation technology. Businesses are seeking to reduce operational complexity and cost via the delivery of agile platforms that scale with business growth. The market uptake of this technology and the associated services is an important part of our business growth strategy and underpins our tactical plan for new customer acquisition.

Virtualisation allows businesses to maximise the use of resources (computer hardware) while reducing business continuity costs and the cost of deploying and maintaining application delivery services. Virtualisation 'i-technology' replicates the operation of computer hardware through specialised software – the software implements a virtual realisation of an actual machine (ie computer hardware) and executes programs like a real machine. The recognised global leader in virtualisation is VMware which, since 2004, has been owned by EMC.

Corpnet has an established relationship with EMC (for which it is a Premier Partner) and accredited enterprise partner status with VMware. Collaboration between VMware and EMC and our strong relationships with both organisations give us a solid market presence – especially in Queensland - for the growing take-up of virtualisation technology in the enterprise market.

We have also devoted considerable effort to planning for what we see as likely strong future demand for cloud computing. Cloud computing is an industry term used to define the delivery of IT services from remotely hosted infrastructure. Cloud services comprise three methods of delivery;

- Infrastructure as a service - *IaaS*;
- Platform as a service - *PaaS*; and
- Software as a service - *SaaS*.

The overall concept of cloud computing is that organisations select one of these three options and that any infrastructure or operational involvement below the level chosen becomes the concern of the cloud services provider instead of the client. This methodology realises a scalable

and flexible platform from which to deliver services. Additional capacity is available on demand as organisations grow, and costs can shrink as organisations contract.

In the current economic climate, Corpnet envisages these technologies to be an essential part of the business landscape in the wake of the global financial crisis.

Closer alignment of Spheritec services with the broader Corpnet service offering will support the strategic initiatives described above – we have been working towards this objective as well and will continue doing so.

## Corporate Strategy

As already mentioned, the company has continued to seek suitable merger / acquisition opportunities, and we see transactional activity as an essential part of our overall growth plans. In summary those plans involve both expansion and diversification:

- Expansion to build our presence geographically - with a view to leveraging established relationships with enterprise customers operating nationally; and
- Diversification to ensure service capability across the IT lifecycle and exploit cross-selling opportunities between businesses within the group.

These efforts have not yet resulted in a concluded transaction. We are conscious, however, of the priority of finding the 'right' opportunity and the need to negotiate commercially realistic terms.

We are also conscious of the need to develop our board in line with our plans for the business and have recently held preliminary discussions with a small number of possible candidates. The objective is to round out the board with compatible appointments that will give the company a strong mix of relevant expertise, experience and business contacts.

In these matters, as in others, we will of course keep shareholders and the market informed.

## Interests of Directors & Officers

These are shown as at 30 June in the directors' report forming part of the financial statements; there has been no change since that date.

There was no contract of any significance subsisting at any time during, or at the end of, the financial year except as reflected in note 19 to the financial statements and for the following:

- Restricted securities agreements entered into by each of the directors with the company and the NSX relating to their respective holdings (direct and indirect) of shares and options to subscribe for shares;
- The deed of access & indemnity entered into by the company with group managing director Agim Isai in connection with the Corpnet merger;
- The deed of access & indemnity entered into by the company with Scott Hartwell upon his appointment as group chief financial officer; and
- Contractual arrangements entered into with Agim Isai and Scott Hartwell for their executive employment as group managing director and group chief financial officer respectively.

Details of these matters have all been announced to the market either in the circular to shareholders dated 10 October 2008 (relating to the Corpnet merger) or otherwise.

For convenience, however, the employment agreements with Agim Isai (group managing director) and Scott Hartwell (group chief financial officer) are summarised again as follows:

- Employment continues in each case indefinitely subject to termination as referred to below.
- Each executive is to fulfil the duties and obligations assigned to him by the board and serve the company on a full-time basis to the best of his ability.
- Salary (to be reviewed each year with effect from 1 July) is \$235,002 per year for Agim Isai and \$192,281 per year for Scott Hartwell – in each case before deduction of tax but inclusive of car and any other packaged benefits.

- There is provision for short-term incentive payments to be paid on a basis, and according to KPIs, to be established by the board having regard to operational and financial performance and each executive's contribution to it and his performance generally.
- Superannuation contributions (subject to statutory limits) are payable in respect of salary and short-term incentive.
- There are usual provisions for the protection of intellectual property and relating to the executive's permitted activities (for periods of up to twelve months) following termination of employment.
- Termination is in each case on three months' notice at any time by either party or, at the company's option, immediately in the event of material breach on the part of the executive or in certain other circumstances (such as bankruptcy) affecting him.

The contractual salary levels above were during the year temporarily reduced (to \$163,562 and \$157,311 per year respectively) by agreement with the executives concerned but were reinstated with effect from 1 July 2009.

## Summary of Results Including Prior Periods

These are summarised in the table below. EBS itself did not trade, either itself or through any controlled entity, prior to FY08, when it acquired Spheritec, which first traded during FY06. Results are therefore shown (in the case of Spheritec, for prior periods, on a stand-alone basis) for the four years up to and including FY08.

Period	Revenue		Earnings	
	EBS	Spheritec	EBS	Spheritec
FY06	\$9,301	\$2,691	\$(1,616,368)	\$(368,197)
FY07	\$3,968	\$50,340	\$(766,453)	\$(581,302)
FY08	\$109,501	n/a	\$(1,838,553)	n/a
FY09	\$12,965,852	n/a	\$(1,580,980)	n/a

### Notes:

1. All figures shown are taken from audited (and, where relevant, consolidated) financial statements for the period in question. Separate figures are presented for Spheritec for FY06 & FY07 as they relate to the period before Spheritec was acquired by EBS.
2. Losses incurred by EBS for FY08 & FY09 include respectively charges of \$1,239,103 for goodwill arising out of the acquisition of Spheritec and \$1,134,827 for impairment of intangible assets. These are accounting adjustments only and not cash items.
3. EBS had a 31 July year end for FY06, which was then changed to 30 June, with the result that the financial statements for FY07 cover a period of eleven months.
4. Spheritec had a 30 June year end for all periods shown. The financial statements for FY06 cover the period from incorporation (19 August 2005) to the balance date.
5. Revenue earned by EBS in FY06 and FY07 represents interest on sums held at bank. Revenue from operations first arose in FY08 with the acquisition of Spheritec.
6. Figures for EBS for all periods are consolidated to present results for EBS and its wholly-owned subsidiaries SafeWorld and, from FY08 & FY09 respectively, Spheritec and Corpnet.
7. Results for FY09 are consolidated but, in accordance with applicable accounting requirements, are consolidated as if the group holding company were Corpnet, rather than EBS, in order to reflect the economic substance of the merger transaction as a reverse combination. The comparative FY08 figures in the financial statements therefore differ from the FY08 figures shown above which are presented on the original basis – ie without adjustment for the reverse combination.



### Summary of Balance Sheet Position Including Prior Periods

These are shown in the table below. Spheritec is included in FY08, following its acquisition during the financial year, and subsequently in FY09. Corpnet is also included in FY09.

Item	FY09	FY08	FY07	FY06
Cash	\$637,519	\$177,208	\$242,112	\$87,607
Receivables	\$1,460,759	\$37,063	\$5,979	\$17,538
Property, plant & equipment	\$157,526	\$73,409	\$10,123	\$20,132
Inventories	\$135,832	-	-	-
Intangible assets	\$292,444	\$2,384,431	\$2,338,637	\$2,338,637
Other assets	\$232,103	\$5,852	-	-
Total assets	\$2,916,183	\$2,677,963	\$2,596,851	\$2,463,914
Payables	\$1,796,627	\$308,903	\$17,155	\$483,753
Interest-bearing loans - current	\$84,853	-	-	-
Interest-bearing loans – non-current	\$146,414	-	-	-
Other liabilities	\$195,776	\$41,970	-	-
Total liabilities	\$2,223,670	\$350,873	\$17,155	\$483,753
Net assets	\$692,513	\$2,327,090	\$2,579,696	\$1,980,161
Share capital	\$1,373,265	\$9,256,354	\$7,670,407	\$6,304,419
Accumulated loss	\$(680,752)	\$(6,929,264)	\$(5,090,711)	\$(4,324,258)
Total equity	\$692,513	\$2,327,090	\$2,579,696	\$1,980,161

#### Notes:

1. All figures shown are taken from audited consolidated financial statements for the period in question.
2. EBS had a 31 July year end for FY06 which was changed to 30 June for subsequent periods.
3. Figures for EBS for all periods are consolidated to present results for EBS and its wholly-owned subsidiaries SafeWorld and, from FY08 & FY09 respectively, Spheritec and Corpnet.
4. Results for FY09 are consolidated but, in accordance with applicable accounting requirements, are consolidated as if the group holding company were Corpnet, rather than EBS, in order to reflect the economic substance of the merger transaction as a reverse combination. The comparative FY08 figures in the financial statements therefore differ from the FY08 figures shown above which are presented on the original basis – ie without adjustment for the reverse combination.

### Corporate governance statement

The board understands the need for proper corporate governance. At present governance matters are addressed directly by the board as appropriate with a company at EBS' relatively early stage of development. This also reflects the fact that the board itself meets on a regular basis.

It is intended that the company should in due course adopt a formal corporate governance charter. In the meantime, the board has a policy of requiring all staff (including directors and consultants) to enter into a formal undertaking in relation to specified governance matters (share dealings and confidentiality) and their conduct as regards those matters.

## Principal shareholders

Details of the top ten shareholders (by reference to number of ordinary shares held) at 30 June 2008 are shown in the table overleaf.

Shareholder		Ordinary Shares Held	
		Number	Per Cent
1.	Agim Isai atf Zasi Investment Trust	11,580,169	14.49%
2.	Scott Hartwell	11,580,169	14.49%
3.	Mancinelli Holdings Pty Ltd	11,580,169	14.49%
4.	Integrate IT Pty Ltd	11,580,169	14.49%
5.	DW Piper	9,832,219	12.30%
6.	Agim Isai atf Agastra Investment Trust	8,302,762	10.39%
7.	R Coppa	1,931,083	2.42%
8.	Glavonjic Investments Pty Ltd	1,837,005	2.30%
9.	The Leg Vein Clinic Service Company Pty Ltd	937,500	1.17%
10.	RH Krause	799,625	1.00%
	Others	9,975,866	12.46%
	<b>Total</b>	<b>79,936,736</b>	<b>100.00%</b>

**AUDITED FINANCIAL STATEMENTS**

*Please see overleaf*

# e-Business Systems Ltd

ACN 107 353 695

## Financial Statements - year ended 30 June 2009

## **DIRECTORS' REPORT**

Your directors present the following report for the period ended 30 June 2009.

### **Directors**

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

#### **Ray Soper** (resigned 31 December 2008)

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 recently 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** (Non-executive director & acting chairman)

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** (Non-executive director)

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** (resigned 11 November 2008 – Company secretary)

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 specialised 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.

#### **Agim Isai** (appointed 11 November 2008 – Group managing director)

Having worked in the IT industry for more than fifteen years, Agim was one of the founding members of Corpnet Computer Solutions (a predecessor of the company's wholly-owned subsidiary Corpnet (Australia) Pty Ltd) in 1997. He has a diverse range of managerial experience across project management, operations, sales and marketing and has held the position of managing director at Corpnet (Australia) Pty Ltd since November 2004. He was appointed to the board as group managing director on completion of the merger with Corpnet (Australia) Pty Ltd. Agim holds affiliations with the Australian Institute of Project Management and the Australian Institute of Company Directors.

### **Review of Operations & Results of Operations**

The net loss after tax of the consolidated entity for the period ended 30 June 2009 was \$1,580,980 (2008: profit of \$426,892) comprising a trading loss from operations of \$446,153 and an accounting charge of \$1,134,827 against impairment of intangible assets.

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**DIRECTORS' REPORT (continued)**

**Significant Changes in the State of Affairs**

Significant operational changes arose during the period in the state of affairs of the company as a result of the merger transaction referred to below.

During the period the Company agreed and subsequently completed the merger with Corpnet (Australia) Pty Ltd. This took place on 11 November 2008 consequent upon shareholder approval at the AGM held on that date. Since then group operations have been conducted through Corpnet (Australia) Pty Ltd and Spheritec Pty Ltd – SafeWorld Australia & New Zealand Pty Ltd does not currently have any business operations. Details of the merger were provided to shareholders in the circular dated 10 October 2008.

In accordance with accounting requirements the combination has been accounted for as a reverse acquisition as if Corpnet (Australia) Pty Ltd had acquired the whole of the issued share capital of e-Business Systems Ltd. Although this half-year financial report has been issued in the name of the legal parent (ie e-Business Systems Ltd) the activities of the group are principally a continuation of those of the legal subsidiary, Corpnet (Australia) Pty Ltd, because on completion of the transaction the former shareholders in that company came to hold the majority of the issued share capital of the legal parent.

**Principal Activities**

The principal activity of the consolidated entity during the period (in addition to the merger referred to above) was the provision of a range of independent business technology management and technical consulting services to both enterprise customers and SMBs across various business sectors.

Since the merger Corpnet (Australia) Pty Ltd and Spheritec Pty Ltd have continued to operate separately although various initiatives have been undertaken to rationalise costs that were previously duplicated. During the period there was a sharp deterioration in the general business environment which had an inevitable impact on operations. This trend (stemming from the global financial crisis and a consequent steep drop in general business confidence) persisted almost to the end of the period and resulted in extremely challenging business conditions.

Management responded by redoubling efforts to retain current business coming up for renewal, by making significant changes to the sales function, and generally by cutting costs wherever practicable consistent with maintaining the operational fabric of the business. This was led by senior members of the management team who themselves accepted reductions in pay as a demonstration to staff of their own commitment.

The company is actively seeking further suitable transaction opportunities as advised in the merger circular and during the period appointed merger brokers (on a contingency fee arrangement) with this in mind.

**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.

**Likely Future Developments & 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**

Dividends totaling \$24,000 were paid during the financial year (2008: \$36,000). This sum was paid before completion of the merger with Corpnet (Australia) Pty Ltd to its former shareholders.

**e-BUSINESS SYSTEMS LTD**  
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**DIRECTORS' REPORT (continued)**

**Directors' Meetings**

Name	Eligible to attend	Attended
RJ Soper (resigned 31/12/08)	8	6
RH Krause	12	12
DS Glavonjic	12	12
JJ Martineau (resigned 11/11/08)	5	5
A Isai (appointed 11/11/08)	7	7

**Directors' Interests**

Name	Ordinary Shares	Options over Ordinary Shares	Converting performance shares
RJ Soper (resigned 31/12/08)	782,211	-	1,983,845
RH Krause	964,167	-	2,066,505
DS Glavonjic	1,840,735	-	5,637,939
JJ Martineau (resigned 11/11/08)	793,411	-	2,678,669
A Isai (appointed 11/11/08)	19,882,931	405,919	-

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.

**Options**

As at 30 June 2009 the following options were on issue:

Number of options	Exercise Price	Expiry Date
293,750	\$0.60	30/06/10
1,338,194	\$0.80	30/06/10

**Indemnification**

The company has entered into deeds of access and indemnity with each of the directors and with Scott Hartwell who was appointed as chief financial officer during the year. 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.

**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.

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**ACN 107 353 695**

**DIRECTORS' REPORT (continued)**

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	
		Fees/ Salary	Non- Monetary	Bonus	Long Service Leave	Super annuation	Total
		\$	\$	\$	\$	\$	\$
<b>Directors – Non Executive</b>							
RJ Soper (resigned 31/12/08)	2009	-	-	-	-	-	-
	2008 <sup>1</sup>	60,000	-	-	-	-	60,000
RH Krause	2009	33,000	-	-	-	2,970	35,970
	2008 <sup>1</sup>	36,000	-	-	-	-	36,000
DS Glavonjic	2009 <sup>2</sup>	107,939	-	-	-	1,890	109,829
	2008 <sup>1</sup>	227,500	-	-	-	-	227,500
JJ Martineau (resigned 11/11/08))	2009 <sup>3</sup>	77,712	-	-	-	-	77,712
	2008 <sup>1</sup>	112,500	-	-	-	-	112,500
<b>Managing Director</b>							
A Isai	2009	244,883	-	-	-	20,251	265,134
	2008	178,518	-	-	-	14,576	193,094
<b>Executives</b>							
SA Hartwell – chief financial officer (appointed 01/02/2009)	2009 <sup>4</sup>	52,286	-	-	-	5,246	57,532
	2008	-	-	-	-	-	-

Equivalent information is presented above in relation to e-Business Systems Ltd as well as Corpnet (Australia) Pty Ltd for comparison (as if the consolidation had not been performed as a reverse combination) as detailed in the notes below:

1. This relates to remuneration paid whilst a director of e-Business Systems Ltd only.
2. This includes consulting fees of \$86,939 and remuneration of \$21,000 relating respectively to the periods before and after completion of the merger with Corpnet (Australia) Pty Ltd.
3. This includes consulting fees of \$42,818 and \$34,919 relating respectively to the periods before and after completion of the merger with Corpnet (Australia) Pty Ltd.
4. This represents remuneration as chief financial officer from the date of appointment.



**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**DIRECTORS' REPORT (continued)**

**(c) Options and rights over equity instruments & 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:

	<b>Held at 1 July 2008</b>	<b>Granted as remuneration</b>	<b>Other Changes</b>	<b>Held at 30 June 2009</b>	<b>Vested at 30 June 2009</b>	<b>Vested &amp; Exercisable at 30 June 2009</b>	<b>Vested &amp; Un- exercisable at 30 June 2009</b>
<b>Directors</b>							
RJ Soper (resigned 31/12/08)	1,090,000	-	(1,090,000)	-	-	-	-
RH Krause	2,860,000	-	(2,860,000)	-	-	-	-
DS Glavonjic	500,000	-	(500,000)	-	-	-	-
JJ Martineau (resigned 11/11/08)	-	-	-	-	-	-	-
A Isai (appointed 11/11/08)	-	-	405,919	405,919	405,919	405,919	405,919
<b>Executives</b>							
SA Hartwell	nil	-	236,414	236,414	236,414	236,414	236,414

**(d) Equity holdings & 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:

<i>Shares held in e-Business Systems Ltd (number)</i>	<b>Balance 1 July 08</b>	<b>Purchased</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 June 09</b>	
					<b>Unconsol'd</b>	<b>Consol'd</b>
<b>Directors</b>						
RJ Soper (resigned 31/12/08)	1,983,845	1,145,000	-	(2,346,634)	3,128,845	782,211
RH Krause	1,566,505	1,790,000	-	(2,892,378)	3,856,505	964,127
DS Glavonjic	5,637,939	1,725,000	-	(5,522,504)	7,362,939	1,840,735
JJ Martineau (resigned 11/11/08)	2,678,889	495,000	-	(2,380,258)	3,173,669	793,411
A Isai (appointed 11/11/08)	-	79,531,723	-	(59,648,792)	79,531,723	19,882,931
<b>Executives</b>						
SA Hartwell	-	46,320,674	-	(34,740,506)	46,320,674	11,580,169
<b>Total</b>	11,867,178	131,007,397	-	(102,008,567)	143,374,355	35,843,584

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**DIRECTORS' REPORT (*continued*)**

***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:



.....  
Director

Dated: 24 September 2009



Chartered Accountants  
& Business Advisers

## AUDITORS' INDEPENDENCE DECLARATION

To: Directors of e-Business Systems Ltd

As lead auditor for the audit of e-Business Systems Ltd for the year ended 30 June 2009, 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 2001 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 Systems Ltd and the entities it controlled during the period.

PKF

**Albert Loots**  
Partner

Dated at Brisbane this 24<sup>th</sup> day of September 2009

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**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

- (a) in the directors' opinion the financial statements and notes, and the remuneration disclosures that are contained in the Remuneration report 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 2009 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 1;
- (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 2009, required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors:



.....  
Director

Dated: 24 September 2009

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	2	12,965,852	18,723,742	12,813,369	18,723,742
Costs of sales		(9,760,401)	(14,100,605)	(9,714,951)	(14,100,605)
Administration expenses		(676,891)	(703,022)	(631,772)	(703,022)
Employee benefit expenses		(2,793,129)	(2,983,759)	(2,456,550)	(2,983,759)
Marketing expenses		(25,594)	(57,832)	(25,594)	(57,832)
Leasing expenses		(238,659)	(193,925)	(239,165)	(193,925)
Depreciation & amortisation expense		(60,483)	(21,310)	(35,912)	(21,310)
Impairment of trade receivables		(7,766)	(4,397)	(6,917)	(4,397)
Impairment of goodwill	7	(11,552)	(1,084)	(11,552)	(1,084)
Impairment of intangibles	7	(1,134,827)	-	-	-
Impairment of investments		-	-	(1,053,465)	-
Finance cost expense		(23,553)	(2,154)	(23,102)	(2,154)
<b>Profit/(Loss) Before Income Tax</b>		<b>(1,767,003)</b>	<b>655,654</b>	<b>(1,385,611)</b>	<b>655,654</b>
Income tax (expense) / benefit	3	186,023	(228,762)	186,023	(228,762)
<b>Net Profit / (Loss) After Income Tax</b>		<b>(1,580,980)</b>	<b>426,892</b>	<b>(1,199,588)</b>	<b>426,892</b>
<b>Earnings per share (cents per share)</b>		(2.12)	1.21		
<b>Diluted earnings per share (cents per share)</b>		(2.12)	1.21		

*The above income statements should be read in conjunction with the attached notes*

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**BALANCE SHEETS**  
**AS AT 30 JUNE 2009**

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Current Assets:</b>					
Cash & cash equivalents	16	637,519	846,510	626,746	846,510
Trade & other receivables	4	1,460,759	2,989,391	1,854,494	2,989,391
Inventories	5	135,832	160,894	135,832	160,894
Income tax receivable	3	-	1,831	-	1,831
Other assets	6	46,080	30,089	42,894	30,089
<b>Total Current Assets</b>		<u>2,280,190</u>	<u>4,028,715</u>	<u>2,659,966</u>	<u>4,028,715</u>
<b>Non-Current Assets:</b>					
Intangible assets	7	292,444	20,057	248,359	20,057
Property, plant & equipment	8	157,526	117,199	107,675	117,199
Financial assets	9	-	-	-	-
Deferred tax assets	3	186,023	-	186,023	-
<b>Total Non-Current Assets</b>		<u>635,993</u>	<u>137,256</u>	<u>542,057</u>	<u>137,256</u>
<b>Total Assets</b>		<u>2,916,183</u>	<u>4,165,971</u>	<u>3,202,023</u>	<u>4,165,971</u>
<b>Current Liabilities:</b>					
Trade & other payables	10	1,796,627	2,998,767	1,716,179	2,998,767
Interest bearing loans & borrowings	11	84,853	-	69,749	-
Provisions	12	195,776	241,176	195,776	241,176
<b>Total Current Liabilities</b>		<u>2,077,256</u>	<u>3,239,943</u>	<u>1,981,704</u>	<u>3,239,943</u>
<b>Non-Current Liabilities:</b>					
Interest bearing loans & borrowings	11	146,414	-	146,414	-
<b>Total Non-Current Liabilities</b>		<u>146,414</u>	<u>-</u>	<u>146,414</u>	<u>-</u>
<b>Total Liabilities</b>		<u>2,223,670</u>	<u>3,239,943</u>	<u>2,128,118</u>	<u>3,239,943</u>
<b>Net Assets</b>		<u>692,513</u>	<u>926,028</u>	<u>1,073,905</u>	<u>926,028</u>
<b>Equity:</b>					
Share capital	13	1,373,265	1,800	1,373,265	1,800
Retained profits		(680,752)	924,228	(229,360)	924,228
<b>Total Equity</b>		<u>692,513</u>	<u>926,028</u>	<u>1,073,905</u>	<u>926,028</u>

*The above balance sheets should be read in conjunction with the attached notes*

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**Consolidated**

	Attributable to Equity Holders		
	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2007	150	533,336	533,486
<i>Changes in equity:</i>			
Profit/(loss) for the year	-	426,892	426,892
Shares issued during the period	1,650	-	1,650
Dividends paid	-	(36,000)	(36,000)
Balance at 30 June 2008	1,800	924,228	926,028
Balance at 1 July 2008	1,800	924,228	926,028
<i>Changes in equity:</i>			
Profit/(loss) for the year	-	(1,580,980)	(1,580,980)
Shares issued during the period – acquisition of Corpnet	1,053,465	-	1,053,465
Shares issued during the period – capitalisation of debt	318,000	-	318,000
Dividends paid	-	(24,000)	(24,000)
Balance at 30 June 2009	1,373,265	(680,752)	692,513

**Parent**

	Attributable to Equity Holders		
	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2007	150	533,336	533,486
<i>Changes in equity:</i>			
Profit/(loss) for the year	-	426,892	426,892
Shares issued during the period	1,650	-	1,650
Dividends paid	-	(36,000)	(36,000)
Balance at 30 June 2008	1,800	924,228	926,028
Balance at 1 July 2008	1,800	924,228	926,028
<i>Changes in equity:</i>			
Profit/(loss) for the year	-	(1,199,588)	(1,199,588)
Shares issued during the period – acquisition of Corpnet	1,053,465	-	1,053,465
Shares issued during the period – capitalisation of debt	318,000	-	318,000
Dividends paid	-	(24,000)	(24,000)
Balance at 30 June 2009	1,373,265	(299,360)	1,073,905

*The above statements of changes in equity should be read in conjunction with the attached notes*

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Cash Flows from Operating Activities</b>					
Receipts from customers		14,525,921	17,267,493	13,971,667	17,267,493
Interest received		32,270	-	31,973	-
Payments to suppliers & employees		(14,674,376)	(16,413,416)	(14,128,052)	(16,413,416)
Finance costs & other costs of finance paid		(23,553)	(2,154)	(23,102)	(2,154)
Income tax recovered/(paid)		1,830	(214,707)	1,830	(214,707)
<b>Net Cash Provided By/(Used In) Operating Activities</b>	16	(137,908)	637,216	(145,684)	637,216
<b>Cash Flows from Investing Activities</b>					
Payments for property, plant & equipment		(11,697)	(52,277)	(11,697)	(52,277)
Payments for intangibles		(29,110)	(8,120)	(29,110)	(8,120)
<b>Net Cash Provided By/(Used In) Investing Activities</b>		(40,807)	(60,397)	(40,807)	(60,397)
<b>Cash Flows from Financing Activities</b>					
Payments of dividends		(24,000)	(142,000)	(24,000)	(142,000)
Proceeds from issue of securities		29,863	1,650	-	1,650
Proceeds from/(repayments of) borrowings		(36,139)	-	(9,273)	-
		(30,276)	(140,350)	(33,273)	(140,350)
Net increase in cash & cash equivalents		(208,991)	436,469	(219,764)	436,469
Cash & cash equivalents at beginning of financial year		846,510	410,041	846,510	410,041
<b>Cash &amp; cash equivalents at end of financial year</b>	16	637,519	846,510	626,746	846,510

*The above statements of cash flows should be read in conjunction with the attached notes*



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES**

e-Business Systems Ltd is a public company limited by shares and is incorporated in Australia and listed on the National Stock Exchange Limited (NSX).

During the period ended 30 June 2009 the Company agreed and subsequently completed the merger with Corpnet (Australia) Pty Ltd. Corpnet (Australia) Pty Ltd accordingly became a controlled entity and wholly-owned subsidiary of e-Business Systems Ltd on 11 November 2008. The combination has been accounted for as a reverse acquisition as if Corpnet (Australia) Pty Ltd had acquired the whole of the issued share capital of e-Business Systems Ltd. Although this financial report has been issued in the name of the legal parent (ie e-Business Systems Ltd) the activities of the group are principally a continuation of those of the legal subsidiary, Corpnet (Australia) Pty Ltd, because on completion of the transaction the former shareholders in that company came to hold the majority (82%) of the issued ordinary share capital of the legal parent.

The financial statements for the consolidated group are for the year ended 30 June 2009.

**Operations & Principal Activities**

The principal activity of the consolidated entity during the period was the provision of a range of independent business technology management and technical consulting services to both enterprise customers and SMBs across various business sectors.

**Currency**

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

**Registered Office**

The registered office is situated at 365 Montague Road, West End, Queensland 4101.

**Authorisation of Financial Report**

The financial report was authorised for issue on 28 September 2009 by the directors.

**Ultimate Parent Entity**

The ultimate parent entity is e-Business Systems Ltd.

**Basis of Preparation**

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of e-Business Systems Ltd comply with International Financial Reporting Standards (IFRS).

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**a. Principles of Consolidation**

A controlled entity is any entity over which the parent has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 20 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

**b. Business Combinations**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognized initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognized in profit or loss.

**c. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**d. Inventories**

Inventories are measured at the lower of cost and net realisable value.

**e. Work in Progress**

Work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

attributable to the contract activity in general and that can be allocated on a reasonable basis.

Project profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Project revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

**f. Property, Plant & Equipment**

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

Plant & equipment

Plant and equipment are measured on the cost basis.

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings	2%
Leasehold improvements	4–5%
Plant and equipment	5–33%
Leased plant and equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**g. Leases**

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

**h. Financial Instruments**

Initial recognition & measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification & subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**i. Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

**j. Intangibles**

Distribution rights

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. In view of the prevailing economic circumstances, and given continuing uncertainty as to the delivery of Safe Worlds as a commercial product, the directors have taken the decision to fully write down the carrying value. The resulting accounting presentation is logical in view of the requirement for the financial statements to be shown as a reverse combination following the merger with Corpnet (Australia) Pty Ltd completed during the period under review.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquires at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

Software

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

**k. Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

**l. Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**m. Cash & Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**n. Revenue & Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognized only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

**o. Goods & Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**p. Comparative Figures**

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

During the period the company agreed and subsequently completed the merger with Corpnet (Australia) Pty Ltd. This took place on 11 November 2008 consequent upon shareholder approval at the AGM held on that date. Corpnet (Australia) Pty Ltd accordingly became a controlled entity and wholly-owned subsidiary of e-Business Systems Ltd on 11 November 2008. Details of the merger were provided to shareholders in the merger circular dated 10 October 2008.

The combination has been accounted for as a reverse acquisition as if Corpnet (Australia) Pty Ltd had acquired the whole of the issued share capital of e-Business Systems Ltd. Although this financial report has been issued in the name of the legal parent (ie e-Business Systems Ltd) the activities of the group are principally a continuation of those of the legal subsidiary, Corpnet (Australia) Pty Ltd, because on completion of the transaction the former shareholders in that company came to hold the majority (82%) of the issued ordinary share capital of the legal parent. As a result, all comparative information relates to Corpnet (Australia) Pty Ltd.

**q. Critical Accounting Estimates & Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**r. 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 2009 but have not been applied in preparing these Financial Statements:

- i. AASB 123 'Borrowing Costs' (Revised) and amending standard AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' [AASB 1, 101, 107, 111, 116, 138, Interpretations 1 & 12]'. These standards are applicable to annual reporting periods beginning on or after 1 January 2009. These standards eliminate the option of expensing borrowing costs relating to qualifying assets, instead requiring capitalisation. This will not affect the consolidated entity as all borrowing costs are capitalised with regard to qualifying assets.
- ii. AASB 101 'Presentation of Financial Statements' and amending standard AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'. These standards are applicable to annual reporting periods beginning on or after 1 January 2009. AASB 101 introduces the notion of the 'complete set of financial statements' and prescribes several changes to the presentation of the Financial Statements, including the requirement to disclose owner changes in equity separately from non-owner changes in equity. Presentation requirements for restatements or reclassifications of items in the financial statements have been introduced, along with changes to the presentation requirements for dividends and changes to the titles of the financial statements. Also introduced is a Statement of Comprehensive Income.
- iii. AASB 3 'Business Combinations' (Revised) and amending standard AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]'. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. The revised



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. SUMMARY OF ACCOUNTING POLICIES (*continued*)**

standard introduces a number of changes in accounting for business combinations that will impact the amount of goodwill recognised, the results in the period that the acquisition occurs, and the future revenues reported.

- iv. AASB 127 'Consolidated and Separated Financial Statement' (Revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127' [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]'. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. This standard allows a change in the ownership interest of a subsidiary (that does not result in a loss of control) to be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss.
- v. AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations' clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Adoption of the revised AASB 2008-1 will not result in a change in accounting policy for the entity as AASB 2008-1 only clarifies an existing treatment the entity had already complied with.
- vi. AASB 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]' results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The likely effect of these changes is in relation to the IAS40 amendment which includes investment property under construction within the scope of the standard, and will also allow investment property under construction to be measured at cost if fair value cannot be measured reliably until such time as the fair value becomes reliably measureable or construction is completed (whichever comes earlier). The consolidated entity has yet to determine the potential effect of this standard.
- vii. AASB 2008-7 'Amendments to accounting for the cost of an investment in subsidiary, jointly controlled entity or associate' [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] no longer requires entities to deduct dividends out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity, or associate. The investor entity must recognise these dividends as income. AASB 136 'Impairment of Assets' now includes recognising a dividend from a subsidiary, jointly controlled entity or associate as an impairment indicator in some circumstances. These standards are applicable to annual reporting periods beginning on or after 1 July 2009. Adoption of the revised AASB 2008-7 is not expected to impact the consolidated entity.
- viii. AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process' [AASB 5, 8, 101, 107, 117, 118, 136 & 139] are from the International Accounting Standards Board's annual improvement project. These provide a vehicle for making non-urgent but necessary amendments to accounting standards. The consolidated entity has yet to determine the potential effect of this standard.

The consolidated entity has no plans to adopt accounting policy options with effect from 1 July 2009. Application of the amending standards will not affect any of the amounts recognised in the financial statements and is expected to only impact disclosures contained within the financial report.

**e-BUSINESS SYSTEMS LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2. REVENUES FROM ORDINARY ACTIVITIES</b>				
<b>From Continuing Operations:</b>				
Revenue from sales	12,924,373	18,692,027	12,772,238	18,692,027
<b>Other Revenue:</b>				
Interest revenue	32,270	31,715	31,973	31,715
Other	9,209	-	9,158	-
<b>Revenue From Ordinary Activities</b>	<b>12,965,852</b>	<b>18,723,742</b>	<b>12,813,369</b>	<b>18,723,742</b>
<b>3. TAXATION</b>				
<b>(a) Income Tax Expense</b>				
<b>Current Tax:</b>				
Current tax movements	-	228,762	-	228,762
(Over)/under provisions	-	-	-	-
Deferred tax expense from temporary difference:	-	-	-	-
Current tax year movements	95,999	-	95,999	-
(Over)/under provisions	90,024	-	90,024	-
<b>Income Tax Expense Attributable to Profit</b>	<b>186,023</b>	<b>228,762</b>	<b>186,023</b>	<b>228,762</b>
<b>(b) Reconciliation of Income Tax Expense to Prima Facie Tax</b>				
Profit before income tax expense	(1,767,003)	655,654	(1,385,611)	655,654
Tax at the Australian tax rate of 30%	(530,101)	196,696	(415,683)	196,696
Tax effect of non-deductible amounts:				
Various non-deductible expenses	319,684	32,066	319,684	32,066
Tax losses not recognised	114,418	-	-	-
(Over)/under provisions	(90,024)	-	(90,024)	-
<b>Income tax expense</b>	<b>(186,023)</b>	<b>228,762</b>	<b>(186,023)</b>	<b>228,762</b>
<b>(c) Deferred Tax Assets</b>				
<b>The Balance Comprises Temporary Differences Attributable to:</b>				
<i>Amounts recognised in the Income Statement:</i>				
Provision for doubtful debts	2,075	-	2,075	-
Provision for obsolete stock	3,531	-	3,531	-
Employee benefits	58,733	-	58,733	-
Accrued expenses	30,794	-	30,794	-
Tax losses	96,499	-	96,499	-
	191,632	-	191,632	-
Amounts set-off against deferred tax liabilities	(5,609)	-	(5,609)	-
<b>Net Deferred Tax Asset</b>	<b>186,023</b>	<b>-</b>	<b>186,023</b>	<b>-</b>
<b>Movements:</b>				
Opening balance at 1 July	-	-	-	-
(Over)/under provisions	99,051	-	99,051	-
Provision for doubtful debts	2,075	-	2,075	-
Provision for obsolete stock	3,531	-	3,531	-
Employee benefits	(13,620)	-	(13,620)	-
Accrued expenses	4,096	-	4,096	-
Tax losses	96,499	-	96,499	-
	191,632	-	191,632	-
Amounts set-off against deferred tax liabilities	(5,609)	-	(5,609)	-
<b>Closing Balance at 30 June</b>	<b>186,023</b>	<b>-</b>	<b>186,023</b>	<b>-</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**3. TAXATION (continued)**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(d) Deferred Tax Liabilities</b>				
<b>The Balance Comprises Temporary Differences Attributable to:</b>				
<i>Amounts recognised in the Income Statement</i>				
Prepayments	5,609		5,609	-
	5,609	-	5,609	-
Amounts set-off to deferred tax asset	(5,609)	-	(5,609)	-
<b>Closing Balance at 30 June</b>	-	-	-	-
<b>Movements:</b>				
Opening balance at 1 July	-	-	-	-
(Over)/under provisions	9,027	-	9,027	-
Prepayments	(3,418)	-	(3,418)	-
	5,609	-	5,609	-
Amounts set-off from deferred tax asset	(5,609)	-	(5,609)	-
<b>Closing Balance at 30 June</b>	-	-	-	-
<b>(e) Unrecognised Tax Losses</b>				
Unrecognised deferred tax assets	1,005,878	-	-	-

**4. TRADE & OTHER RECEIVABLES**

<b>Current:</b>				
Trade receivables	1,426,099	2,835,522	1,418,702	2,835,522
Allowance for impairment	(6,917)	-	(6,917)	-
	1,419,182	2,835,522	1,411,785	2,835,522
Non-trade accounts receivable:				
Other	41,577	153,869	41,577	153,869
Related parties	-	-	401,132	-
<b>Total Current Receivables</b>	1,460,759	2,989,391	1,854,494	2,989,391

**5. INVENTORIES**

<b>Current:</b>				
Works in progress	124,061	141,007	124,061	141,007
Finished goods	23,541	19,887	23,541	19,887
Allowance for obsolete stock	(11,770)	-	(11,770)	-
<b>Total Current Inventories</b>	135,832	160,894	135,832	160,894

**6. OTHER ASSETS**

<b>Current:</b>				
Bonds/deposits	24,200	-	24,200	-
Prepayments	21,879	30,089	18,694	30,089
<b>Total Current Other Assets</b>	46,079	30,089	42,894	30,089

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>7. INTANGIBLE ASSETS</b>				
Goodwill - carrying amount	-	11,552	-	11,552
Software - at cost	317,180	15,709	270,255	15,709
Provision for amortisation	(24,736)	(7,204)	(21,896)	(7,204)
	292,444	8,505	248,359	8,505
Master distribution rights at cost	1,134,827	-	-	-
Provision for impairment	(1,134,827)	-	-	-
	-	-	-	-
<b>Total Intangible Assets</b>	<b>292,444</b>	<b>20,057</b>	<b>248,359</b>	<b>20,057</b>

**Movement During the Year:**

<i>Goodwill</i>				
Beginning of year	11,552	12,636	11,552	12,636
Impairment	(11,552)	(1,084)	(11,552)	(1,084)
<b>End of Year</b>	<b>-</b>	<b>11,552</b>	<b>-</b>	<b>11,552</b>

<i>Software</i>				
Beginning of year	8,505	1,532	8,505	1,532
Additions	254,546	8,120	254,546	8,120
Additions - business combinations	45,505	-	-	-
Amortisation expense	(16,112)	(1,147)	(14,692)	(1,147)
<b>End of Year</b>	<b>292,444</b>	<b>8,505</b>	<b>248,359</b>	<b>8,505</b>

<i>Master distribution rights at cost</i>				
Beginning of year	-	-	-	-
Additions - business combinations	1,134,827	-	-	-
<b>End of Year</b>	<b>1,134,827</b>	<b>-</b>	<b>-</b>	<b>-</b>

The carrying value of software held under finance lease at 30 June 2009 is \$ (2008: \$nil). The leased asset held under a finance lease was pledged as security for the related finance lease liability.

**8. PROPERTY, PLANT & EQUIPMENT**

**Plant & Equipment:**

Plant & equipment - at cost	368,434	239,442	251,139	239,442
Less accumulated depreciation	(218,980)	(130,545)	(151,536)	(130,545)
	149,454	108,897	99,603	108,897

**Leasehold Improvements:**

Plant & equipment - at cost	9,190	9,190	9,190	9,190
Less accumulated depreciation	(1,118)	(888)	(1,118)	(888)
	8,072	8,302	8,072	8,302

<b>Total Property, Plant &amp; Equipment</b>	<b>157,526</b>	<b>117,199</b>	<b>107,675</b>	<b>117,199</b>
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**8. PROPERTY, PLANT & EQUIPMENT (continued)**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Movement During the Year:</b>				
<i>Plant &amp; Equipment:</i>				
Beginning of year	108,897	76,553	108,897	76,553
Additions	11,697	52,277	11,697	52,277
Additions - business combinations	73,231	-	-	-
Depreciation expense	(44,371)	(19,933)	(20,991)	(19,933)
<b>End of Year</b>	<b>149,454</b>	<b>108,897</b>	<b>99,603</b>	<b>108,897</b>
<i>Leasehold Improvements:</i>				
Beginning of year	8,302	8,532	8,302	8,532
Depreciation expense	(230)	(230)	(230)	(230)
<b>End of Year</b>	<b>8,072</b>	<b>8,302</b>	<b>8,072</b>	<b>8,302</b>

**9. FINANCIAL ASSETS**

Investments in controlled entities at cost	-	-	1,053,465	-
Provision for impairment	-	-	(1,053,465)	-
	-	-	-	-

During the period the company agreed and subsequently completed the merger with Corpnet (Australia) Pty Ltd. This took place on 11 November 2008 consequent upon shareholder approval at the AGM held on that date. Corpnet (Australia) Pty Ltd accordingly became a controlled entity and wholly-owned subsidiary of e-Business Systems Ltd on 11 November 2008. Details of the merger were provided to shareholders in the merger circular dated 10 October 2008. The combination has been accounted for as a reverse acquisition as if Corpnet (Australia) Pty Ltd had acquired the whole of the issued share capital of e-Business Systems Ltd. Although this financial report has been issued in the name of the legal parent (ie e-Business Systems Ltd) the activities of the group are principally a continuation of those of the legal subsidiary, Corpnet (Australia) Pty Ltd, because on completion of the transaction the former shareholders in that company came to hold the majority (82%) of the issued ordinary share capital of the legal parent.

The terms of the merger transaction involved the issue by e-Business Systems Ltd of fully paid ordinary shares to the former shareholders in Corpnet (Australia) Pty Ltd as consideration. The ordinary share capital of e-Business Systems Ltd (including the consideration shares so issued) was then consolidated on a one-for-four basis such that the number of consideration shares issued by e-Business Systems Ltd became 65,548,124 ordinary shares. The effect of the merger transaction is such that, under accounting rules, it is required to be shown as a reverse acquisition as if the acquirer had been Corpnet (Australia) Pty Ltd rather than e-Business Systems Ltd. The value of the consideration shares for the purpose of the merger was \$1,053,465. The issued equity share capital upon completion of the merger was 79,936,736 ordinary shares which remains unchanged both at the end of the financial year and at the date of this financial report.

At the time of the merger transaction the net fair value of the identifiable assets and liabilities of e-Business Systems Ltd and its controlled entities was \$1,053,465. Its assets and liabilities were, in summary, made up as follows:

**Assets**

Cash & cash equivalents	29,863
Trade & other receivables	9,005
Property, plant & equipment	73,409
Intangible assets	1,180,331
	<u>1,292,608</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**9. FINANCIAL ASSETS (continued)**

**Liabilities**

Trade & other payables	197,173
Interest bearing loans & borrowings	41,970
	233,143

<b>Net assets acquired</b>	1,053,465
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Cash and cash equivalents of \$29,863 acquired as a result of the acquisition have been disclosed in the statement of cash flow as proceeds from issue of securities.

**10. TRADE & OTHER PAYABLES**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current:</b>				
Trade accounts payable	1,101,459	1,914,594	1,093,681	1,914,594
Other payables	602,769	1,054,062	530,099	1,054,062
Unearned revenue	92,399	30,111	92,399	30,111
<b>Total Current Payables</b>	1,796,627	2,998,767	1,716,179	2,998,767

**11. INTEREST BEARING LOANS & BORROWINGS**

**Current:**

Lease liability - secured	84,853	-	69,749	-
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**Non-Current:**

Lease liability - secured	146,414	-	146,414	-
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The software held under the finance lease was pledged as security for the related finance lease liability.

**12. PROVISIONS**

**Current:**

Employee benefits	195,776	241,176	195,776	241,176
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**13. SHARE CAPITAL**

**Issued Capital:**

Share capital	1,373,265	1,800	1,373,265	1,800
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**Share Capital Movements – Consolidated & Parent**

	<b>2009 Shares</b>	<b>2009 \$</b>	<b>2008 Shares</b>	<b>2008 \$</b>
Fully paid ordinary shares at 1 July	50,399,450	1,800	150	150
Shares issued	-	-	1,650	1,650
Shares issued as consideration for acquisition of Corpnet	262,192,494	1,053,465	-	-
Other shares issued as part of merger arrangements agreed with Corpnet	7,155,000	318,000		
Share adjustment to account for 1-for-4 share consolidation	(239,810,208)	-	-	-
<b>Total fully paid ordinary shares at 30 June</b>	79,936,736	1,373,265	1,800	1,800

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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**13. SHARE CAPITAL (continued)**

There is also a total of 50,399,450 converting performance shares in issue which are not shown in the table above because they do not have any present economic impact. These shares were issued fully paid up at an aggregate sum of \$1 in connection with the merger with Corpnnet (Australia) Pty Ltd. Details (including share rights) are set out in the circular for shareholders dated 10 October 2008.

**Options over parent entity ordinary shares**

<i>Number of options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
293,750	\$0.60	30/06/10
1,338,194	\$0.80	30/06/10

**14. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Audit & review of financial statements	28,500	20,000	-	20,000

**15. COMMITMENTS**

Finance lease commitments are payable:

Within one year	103,198	-	87,360	-
One year or later and no later than 5 years	160,160	-	160,160	-
<b>Total Minimum Lease Payments</b>	<b>263,358</b>	<b>-</b>	<b>247,520</b>	<b>-</b>
Less: future finance lease charges payable:				
Within one year	18,345	-	17,611	-
One year or later and no later than 5 years	13,746	-	13,746	-
	<b>32,091</b>	<b>-</b>	<b>31,357</b>	<b>-</b>

Lease liabilities provided for in these financial statements:

Current liability (note 11)	84,853	-	69,749	-
Non-current liability (note 11)	146,414	-	146,414	-
<b>Total Lease Liabilities</b>	<b>231,267</b>	<b>-</b>	<b>216,163</b>	<b>-</b>

Non-cancellable operating leases in relation to the rental of premises & equipment:

Within one year	251,419	61,179	251,429	61,179
One year or later and no later than 5 years	375,011	19,043	375,011	19,043
	<b>626,430</b>	<b>80,222</b>	<b>626,430</b>	<b>80,222</b>

**16. NOTES TO THE CASH FLOW STATEMENT**

Cash on hand	500	500	500	500
Cash at bank	637,019	846,010	626,246	846,010
	<b>637,519</b>	<b>846,510</b>	<b>626,746</b>	<b>846,510</b>

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**16. NOTES TO THE CASH FLOW STATEMENT (continued)**

Reconciliation of net cash provided by operating activities to operating profit after income tax

Operating profit/(loss) after income tax	(1,580,980)	426,892	(1,199,588)	426,892
<i>Non-cash items:</i>				
Depreciation/amortisation	60,483	21,310	35,914	21,310
Impairment of goodwill	11,552	1,084	11,552	1,084
Impairment of receivables	7,766	4,397	6,917	4,397
Impairment of inventory	11,770	-	11,770	-
Impairment of intangibles	1,134,827	-	-	-
Impairment of investments	-	-	1,053,465	-
<i>Net movement in assets/liabilities:</i>				
(Increase)/decrease in trade accounts receivables	1,417,757	(1,292,859)	1,416,820	(1,292,859)
(Increase)/decrease in non-trade accounts receivables	112,292	(101,149)	(288,839)	(101,149)
(Increase)/decrease in inventories	13,292	(98,422)	13,292	(98,422)
(Increase)/decrease in other assets	(15,991)	8,177	(12,807)	8,177
(Increase)/decrease in tax assets	(184,192)	14,055	(184,192)	14,055
Increase/(decrease) in accounts payable	(1,143,372)	1,642,477	(1,026,876)	1,642,477
Increase/(decrease) in unearned income	62,288	(62,241)	62,288	(62,241)
Increase/(decrease) in provision for employee benefits	(45,400)	73,495	(45,400)	73,495
Net Cash Provided By/(Used In) Operating Activities	(137,908)	637,216	(145,684)	637,216

*Non-Cash Investing Activities*

During the period, software to the value \$225,436 was acquired via a finance lease.

**17. KEY MANAGEMENT PERSONNEL REMUNERATION**

**(a) Remuneration Paid**

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

**e-BUSINESS SYSTEMS LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**17. KEY MANAGEMENT PERSONNEL REMUNERATION (continued)**

		Short Term			Long Term	Post Employment	
		Fees/ Salary	Non- Monetary	Bonus	Long Service Leave	Super annuation	Total
		\$	\$	\$	\$	\$	\$
<b>Directors – Non Executive</b>							
RJ Soper (resigned 31/12/08)	2009	-	-	-	-	-	-
	2008 <sup>1</sup>	60,000	-	-	-	-	60,000
RH Krause	2009	33,000	-	-	-	2,970	35,970
	2008 <sup>1</sup>	36,000	-	-	-	-	36,000
DS Glavonjic	2009 <sup>2</sup>	107,939	-	-	-	1,890	109,829
	2008 <sup>1</sup>	227,500	-	-	-	-	227,500
JJ Martineau (resigned 11/11/08))	2009 <sup>3</sup>	77,712	-	-	-	-	77,712
	2008 <sup>1</sup>	112,500	-	-	-	-	112,500
<b>Managing Director</b>							
A Isai	2009	244,883	-	-	-	20,251	265,134
	2008	178,518	-	-	-	14,576	193,094
<b>Executives</b>							
Scott Hartwell – Chief Financial Officer (appointed 01/02/2009)	2009 <sup>4</sup>	52,286	-	-	-	5,246	57,532
	2008	-	-	-	-	-	-

Equivalent information is presented above in relation to e-Business Systems Ltd as well as Corpnet (Australia) Pty Ltd for comparison (as if the consolidation had not been performed as a reverse combination) as detailed in the notes below:

1. This relates to remuneration paid whilst a director of e-Business Systems Ltd only.
2. This includes consulting fees of \$86,939 and remuneration of \$21,000 relating respectively to the periods before and after completion of the merger with Corpnet (Australia) Pty Ltd.
3. This includes consulting fees of \$42,818 and \$34,919 relating respectively to the periods before and after completion of the merger with Corpnet (Australia) Pty Ltd.
4. This represents remuneration as chief financial officer from the date of appointment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**18. 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.

**19. RELATED PARTY TRANSACTIONS**

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

<b>2009</b>	<b>2008</b>
RJ Soper ( <i>resigned 31/12/08</i> )	RJ Soper
RH Krause	RH Krause
DS Glavonjic	DS Glavonjic
JJ Martineau ( <i>resigned 11/11/08</i> )	JJ Martineau
A Isai ( <i>appointed 11/11/08</i> )	

**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 for consulting fees totaling \$nil in respect of the period (2008: \$60,000) by entities associated with RJ Soper, who resigned as a director on 31 December 2008. Sums relating to the period up to completion of the merger with Corpnet (Australia) Pty Ltd were satisfied as part of the merger arrangements in accordance with the merger circular dated 10 October 2008.

The consolidated entity was invoiced by RH Krause for consulting fees totalling \$nil in respect of the period (2008: \$36,000). Sums relating to the period up to completion of the merger with Corpnet (Australia) Pty Ltd were satisfied as part of the merger arrangements in accordance with the merger circular dated 10 October 2008.

The consolidated entity was invoiced by D&K Ventures Pty Ltd, a company associated with DS Glavonjic, for consulting fees totaling \$nil in respect of the period (2008: \$172,500). Sums relating to the period up to completion of the merger with Corpnet (Australia) Pty Ltd were satisfied as part of the merger arrangements in accordance with the merger circular dated 10 October 2008.

The consolidated entity was invoiced by Calthorpe Corporate Consulting Pty Ltd for consulting fees totaling \$34,919 in respect of the period (2008: \$49,500) a company associated with JJ Martineau, who resigned as a director on completion of the merger with Corpnet (Australia) Pty Ltd on 11 November 2008. Sums relating to the period up to completion of the merger with Corpnet (Australia) Pty Ltd were satisfied as part of the merger arrangements in accordance with the merger circular dated 10 October 2008.

*The above information has been prepared, consistent with the basis of presentation in the financial statements, in accordance with the requirements of applicable accounting standards which dictate that, for accounting purposes Corpnet (Australia) Pty Ltd is treated as having control of the other group entities. Comparative information for the 2008 financial year has been stated on the same basis.*



**e-BUSINESS SYSTEMS LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**19. RELATED PARTY TRANSACTIONS (continued)**

**iv) Options and rights over equity instruments & 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:

	<b>Held at 1 July 2008</b>	<b>Granted as remuneration</b>	<b>Other Changes</b>	<b>Held at 30 June 2009</b>	<b>Vested at 30 June 2009</b>	<b>Vested &amp; Exercisable at 30 June 2009</b>	<b>Vested &amp; Un- exercisable at 30 June 2009</b>
<b>Directors</b>							
RJ Soper (resigned 31/12/08)	1,090,000	-	(1,090,000)	-	-	-	-
RH Krause	2,860,000	-	(2,860,000)	-	-	-	-
DS Glavonjic	500,000	-	(500,000)	-	-	-	-
JJ Martineau (resigned 11-11-08)	-	-	-	-	-	-	-
A Isai (appointed 11-11-08)	-	-	405,919	405,919	405,919	405,919	405,919
<b>Executives</b>							
SA Hartwell	-	-	236,414	236,414	236,414	236,414	236,414
	4,450,000	nil		642,333	642,333	642,333	642,333

**v) Equity holdings & 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:

<i>Shares held in e-Business Systems Ltd (number)</i>	<b>Balance 1 July 08</b>	<b>Purchased</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 June 09</b>	<b>Unconsol'd</b>	<b>Consol'd</b>
<b>Directors</b>							
RJ Soper (resigned 31/12/08)	1,983,845	1,1450,000	-	(2,346,634)	3,128,845	782,211	
RH Krause	1,566,505	1,790,000	-	(2,892,378)	3,856,505	964,127	
DS Glavonjic	5,637,939	1,725,000	-	(5,522,504)	7,362,939	1,840,735	
JJ Martineau (resigned 11/11/08)	2,678,889	495,000	-	(2,380,258)	3,173,669	793,411	
A Isai (appointed 11/11/08)	-	79,531,723	-	(59,648,792)	79,531,723	19,882,931	
<b>Executives</b>							
SA Hartwell	-	46,320,674	-	(34,740,506)	46,320,674	11,580,169	
<b>Total</b>	11,867,178	131,007,397	-	(102,008,567)	143,374,355	35,843,584	

**e-BUSINESS SYSTEMS LTD**  
**ACN 107 353 695**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**20. CONTROLLED ENTITIES**

<u>Controlled Entities</u>	<u>Country of Incorporation</u>	<u>Percentage of Shares held</u>	
		<u>2009</u>	<u>2008</u>
Corpnet (Australia) Pty Ltd	Australia	100%	-
SafeWorld Australia & New Zealand Pty Ltd	Australia	100%	100%
Spheritec Pty Ltd	Australia	100%	100%

The group structure presented in the above table reflects the legal ownership with e-Business Systems Ltd as the group holding company. The accounting information presented in this note, however, reflects the presentation required under accounting standards with Corpnet (Australia) Pty Ltd as the controlling entity and should be read accordingly.

e-Business Systems Ltd itself does not trade but acts as group holding company for the other group companies referred to in the table above and the summary below.

Corpnet (Australia) Pty Ltd offers a range of independent business technology management and technical consulting services to both enterprise and SMBs. Clients span various business sectors covering professional services, healthcare, mining & natural resources, property & construction, manufacturing & maintenance, hospitality, and technology, as well as government. Services provided include enterprise management, technology management, technical support and infrastructure services and are supported with a range of established vendor relationships.

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

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.

For accounting purposes Corpnet (Australia) Pty Ltd is treated as having acquired control of the other group entities on 11 November 2008. The contribution of those entities to the consolidated entity's loss from that date was a loss of (\$300,030). If the merger with Corpnet (Australia) Pty Ltd had been completed on 1 July 2008, so that the group relationship had been in existence for the entire financial year, the contribution of those entities to the consolidated entity's loss and to its revenue would have been \$37,454 and \$224,916 respectively.

**21. FINANCIAL INSTRUMENTS**

***Nature & extent of risk arising from financial instruments***

***(a) Credit Risk***

Credit risk arises from the 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; and
- (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 2009 are within terms.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**21. FINANCIAL INSTRUMENTS (continued)**

*Maximum exposure to credit risk*

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables	1,426,099	2,835,522	1,418,702	2,835,522
Non-trade receivables	41,577	153,869	41,577	153,869
Receivable from controlled entities	-	-	401,132	-
Cash & cash equivalents	637,519	846,510	626,746	846,510
	<u>2,105,195</u>	<u>3,835,901</u>	<u>2,488,157</u>	<u>3,835,901</u>

*Impairment losses*

The ageing of trade receivables at the reporting date was:

Not past due	975,271	1,889,381	971,151	1,889,381
0-30 days past due	425,014	927,563	424,414	927,563
30-60 days past due	25,814	18,578	23,138	18,578
	<u>1,426,099</u>	<u>2,835,522</u>	<u>1,418,702</u>	<u>2,835,522</u>

*Credit risk - Cash & 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; and
- (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*

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
Effect on surplus & equity for 2009	4,459	(4,459)	4,384	(4,384)
Effect on surplus & equity for 2008	5,922	(5,922)	5,922	(5,922)

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.

The consolidated entity's financial liabilities comprise trade and other payables and finance lease liabilities.

Trade and other payables and have contractual maturity periods of one to three months.

Refer to note 15 for the contractual maturity periods for the finance lease liabilities.

**(d) Fair Values**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

**22. 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.

**23. EARNINGS PER SHARE**

***Classification of securities as ordinary shares***

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

	<b>Consolidated</b>	
	<b>June 09</b>	<b>June 08</b>
Profit/(loss) after income tax	(1,580,980)	426,892
<i>Weighted average number of shares used as the denominator</i>		
<b>Number for basic earnings per share</b>	<b>74,693,762</b>	<b>35,258,306</b>
Basic earnings per share		
Ordinary shares (cents per share)	(2.12)	1.21
Diluted earnings per share	(2.12)	1.21
Ordinary shares (cents per share)		



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITORS 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 2009, 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 for both e-Business Systems Ltd ("the company") and the consolidated entity. The consolidated entity comprises the company 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 company 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.

#### *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 company'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 company'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*.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | [www.pkf.com.au](http://www.pkf.com.au)  
PKF | ABN 83 236 985 726  
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia  
GPO Box 1078 | Brisbane | Queensland 4001

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*Auditor's Opinion*

In our opinion:

- (a) the financial report of e-Business Systems Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 Systems Ltd for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

**PKF**

**Albert Loots**  
Partner

Dated at Brisbane this 24<sup>th</sup> day of September 2009

## NOTICE OF ANNUAL GENERAL MEETING

### Time & place

Notice is hereby given that the annual general meeting of e-Business Systems Ltd ACN 107 353 695 will be held at the registered office, 365 Montague Road, West End, Queensland 4101, at 10:00 (local Brisbane time) on Thursday 26 November 2009.

### Business

The following business will be considered:

**1. Audited financial statements – ordinary resolution**

To receive and consider the audited financial statements for the period ended 30 June 2009 together with the report of the auditors PKF

**2. Auditors' remuneration – ordinary resolution**

To authorise the directors to fix the remuneration of the auditors

**3. Re-election of Russell Krause as a director - ordinary resolution**

To re-elect Russell Krause, appointed to the board on 10 December 2003, as a director

**Note:** Russell Krause stands for re-election in accordance with rule 16.1 of the constitution.

**4. Approval of proposed directors' fees - ordinary resolution**

In respect of the current financial year, ending 30 June 2010, to fix the remuneration of the directors (other than the managing director) at \$60,000 and \$36,000 per year for the chairman and for the other directors respectively subject to a maximum of \$200,000 in aggregate

**5. Directors' fees – share/cash alternative - ordinary resolution**

To authorise the board, in respect of each financial year from and including that ended 30 June 2009, to satisfy fees (as from time to time authorised by the company in general meeting) payable to any director (at the option of the director concerned) either in cash or by the issue of ordinary shares fully paid (at a discount not exceeding 20% to the volume-weighted average of the prices at which the company's ordinary shares were traded on the NSX during the ten business days immediately prior to the date of issue or, in the event that there have been no trades in that period, at a discount not exceeding 20% to the average price of the two most recent on-market or off-market trades) or partly in cash and partly through the issue of ordinary shares as referred to above

### Voting instructions

The following instructions apply in relation to voting at the meeting in person:

1. Each member present (which includes a member present as proxy, attorney or body corporate representative) may cast one vote. However, if a member holds two or more appointments, and these appointments direct the member to vote in different ways, then the proxy may not vote on a show of hands.
2. On a poll shareholders have one vote for each fully paid share and, for each partly paid share held, a fraction of a vote equal to the proportion paid up or credited as paid up towards total amount on the share.

In order to vote at the meeting by proxy please complete and return the proxy form in accordance with the instructions noted on it. It is important, for your proxy to be valid, that it should be duly completed and lodged with our registrar, Security Transfer Registrars Pty Ltd, so as to be received by them no later than forty-eight hours before the meeting – ie no later than 10:00 (local Brisbane time) on Tuesday 24 November 2009.

The company has determined in accordance with of the Corporations Act that, for the purpose of voting at the meeting or any adjourned meeting, shares will be taken to be held by those persons shown in the register of members as at close of business on Friday 20 November 2009.

The directors

e-Business Systems Ltd



**PROXY FORM**

*Please see overleaf*

ACN 107 353 695

**REGISTERED OFFICE:**  
365 MONTAGUE ROAD  
WEST END  
QUEENSLAND 4101

W: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Change of Name or Address:** If your registration details are incorrect, please mark this box and make the correction on this form.

My/Our contact details in case of enquiries are:

**Contact Name**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Contact Number**

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Shareholders are entitled to appoint up to two proxies (whether shareholders or not) to attend the meeting and vote on their behalf.

If you wish to appoint two proxies, please phone Security Transfer Registrars on +61 8 9315 2333 to obtain your second proxy form. Both forms must be completed with the nominated amount (number/percentage) clearly printed on it. If you do not specify the nominated amount, each proxy may exercise half of your voting rights.

**PLEASE RETURN THE FORMS FOR BOTH PROXIES TOGETHER IF YOU WISH TO APPOINT TWO PROXIES**

## NOTES

### 1. Name & Address

This is the name and address on the share register of e-Business Systems Ltd. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy

If you wish to appoint the chairperson of the meeting as your proxy please mark 'X' in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the chairperson as your proxy.

If the person you wish to appoint as your proxy is someone other than the chairperson of the meeting please write the name of that person in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the chairperson of the meeting will be your proxy. A proxy need not be a shareholder of e-Business Systems Ltd.

### 3. Directing your Proxy How to Vote

To direct the proxy how to vote place an 'X' in the appropriate box against each item in Section B. Where more than one proxy is to be appointed, and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the company's share registry on +61 8 9315 2333, or you may photocopy this form.

To appoint a second proxy you must:

- On each of the first proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form - if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes; and
- Return both forms in the same envelope.

### 5. Signing Instructions

**Individual:** Where the holding is in one name, the shareholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders must sign.

**Power of Attorney:** To sign under power of attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.

**Companies:** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director may sign alone. Otherwise this form must be signed by a director jointly with either another director or the company secretary. Please indicate the office held in the appropriate place.

If a representative of the company is to attend the meeting, the appropriate 'certificate of appointment of corporate representative' should be lodged with e-Business Systems Ltd before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the company's share registry.

### Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received no later than 10.00am (local Brisbane time) on Tuesday 24 November 2009 being 48 hours before the time for holding the meeting. Any proxy form received after that time will not be valid for the scheduled meeting. Please lodge the proxy form with the company's share registry. You are encouraged to submit your proxy by mail or fax. The delivery addresses for the company's share registry (Security Transfer Registrars) are as follows:

#### Delivery Addresses

By mail:	<b>Security Transfer Registrars Pty Ltd</b> <b>PO box 535, Applecross, WA 6953</b>
By hand:	Suite 1, 770 Canning Highway, Applecross, WA 6153
By fax:	+ 61 8 9315 2233
By e-mail:	registrar@securitytransfer.com.au