

e-business systems ltd

ACN 107 353 695

Half-year Financial Report

Period ended 31 December 2011

CORPORATE INFORMATION

DIRECTORS

Geoff Marshall (Non-executive Chairman)
Agim Isai (Group Managing Director)
Paul Lynch (Non-executive director)

COMPANY SECRETARY

Jeremy Martineau

REGISTERED OFFICE & PRINCIPAL BUSINESS OFFICE

365 Montague Road
West End
Queensland, 4101

COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

National Stock Exchange of Australia Limited
NSX Code: EBS

INTERNET ADDRESS

www.ebusinesssystems.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 33 107 353 695

Directors' Report

Directors

The directors present their report for the six-month period ended 31 December 2011.

The names of the persons who have held office as directors during or since the end of the period are:

- Geoff Marshall
- Agim Isai
- Paul Lynch

Review and Results of Operations

The net profit after tax of the consolidated entity for the period ended 31 December 2011 was \$88,727 (2010: loss \$49,412).

The pre-tax operating profit of the consolidated entity for the half-year was \$198,502 (2010 loss: \$110,336). This is reconciled to reported profit/(loss) after income tax expense as follows:

	Dec 2011 \$	Dec 2010 \$
Profit/(loss) after income tax expense	88,727	(49,412)
Add back non-operating items:		
Costs in relation to closure of Spheritec:		
Close out costs - Spheritec	14,540	-
Impairment of intangibles – Spheritec	22,193	-
Impairment of property, plant and equipment – Spheritec	11,851	-
Income tax (benefit)/expense	61,191	(60,924)
Pre-tax operating profit/ (loss) of e-Business Systems Ltd	198,502	(110,336)

Significant Changes in State of Affairs

There were no significant operational changes that arose during the period in the state of affairs of the company.

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.

Auditors' Declaration

The auditors independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the board of directors



Geoff Marshall
Chairman

14 March 2012



Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The directors of e-Business Systems Limited and the entities it controlled during the financial half-year

I declare to the best of my knowledge and belief, in relation to the review of the financial half-year ended 31 December 2011 there have been:

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

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'Kim Colyer'.

Kim Colyer
Partner

Dated at Brisbane this 14th day of March 2012

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | 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

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

**Statement of Comprehensive Income
For the Half-year Ended 31 December 2011**

	Consolidated	
	Dec 2011	Dec 2010
	\$	\$
Revenue	10,120,293	9,021,520
Cost of sales	(8,560,455)	(7,788,708)
Gross profit	1,559,838	1,232,812
Administration expenses	(474,149)	(428,911)
Employee benefit expenses	(491,235)	(540,970)
Marketing expenses	(147,120)	(99,825)
Leasing expenses	(176,103)	(144,786)
Depreciation and amortisation expense	(80,117)	(102,828)
Impairment of receivables	-	(9,119)
Impairment of intangibles	(22,193)	-
Impairment of property, plant and equipment	(11,851)	-
Finance costs expense	(7,152)	(16,709)
Profit/(loss) before income tax	149,918	(110,336)
Income tax benefit/(expense)	(61,191)	60,924
Profit/(loss) after income tax expense	88,727	(49,412)
Other comprehensive income	-	-
Total comprehensive income	88,727	(49,412)
Earnings per share		
Basic earnings per share	0.12	(0.06)
Diluted earnings per share	0.12	(0.06)

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements

Balance Sheet
As at 31 December 2011

		Consolidated	
	Note	Dec 2011	June 2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		738,643	729,127
Trade and other receivables		2,938,113	3,523,152
Inventories		72,105	85,865
Other current assets		75,528	49,338
TOTAL CURRENT ASSETS		3,824,389	4,387,482
NON-CURRENT ASSETS			
Property, plant and equipment		150,315	171,788
Intangible assets		382,386	462,843
Deferred tax assets		116,961	178,152
TOTAL NON-CURRENT ASSETS		649,662	812,783
TOTAL ASSETS		4,474,051	5,200,265
CURRENT LIABILITIES			
Trade and other payables		2,893,212	3,676,074
Interest bearing loans and borrowings		95,749	146,964
Provisions		314,037	269,610
TOTAL CURRENT LIABILITIES		3,302,998	4,092,648
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		-	27,577
Provisions		14,114	11,828
TOTAL NON-CURRENT LIABILITIES		14,114	39,405
TOTAL LIABILITIES		3,317,112	4,132,053
NET ASSETS		1,156,939	1,068,212
EQUITY			
Share capital	2	1,412,265	1,412,265
Accumulated losses		(255,326)	(344,053)
TOTAL EQUITY		1,156,939	1,068,212

The Balance Sheet should be read in conjunction with the notes to the financial statements

**Statement of Changes in Equity
For the Half-year Ended 31 December 2011**

	Share Capital	Consolidated Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2010	1,412,265	(454,712)	957,553
Comprehensive income			
Profit after income tax	-	(49,412)	(49,412)
Other comprehensive income	-	-	-
Balance at 31 December 2010	1,412,265	(504,124)	908,141
Balance at 1 July 2011	1,412,265	(344,053)	1,068,212
Comprehensive income			
Profit after income tax	-	88,727	88,727
Other comprehensive income	-	-	-
Balance at 31 December 2011	1,412,265	(255,326)	1,156,939

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements

Cash Flow Statement
For the Year Ended 31 December 2011

	Consolidated	
	Dec 2011	Dec 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,823,974	10,661,624
Payments to suppliers and employees	(11,721,024)	(10,968,777)
Interest received	4,741	4,185
Finance costs	(7,152)	(16,709)
Income tax recovered	-	51,764
Net cash provided by/ (used in) operating activities	<u>100,539</u>	<u>(267,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant & equipment	(8,451)	(16,686)
Payments for intangible assets	(3,780)	(70,132)
Net cash used in investing activities	<u>(12,231)</u>	<u>(86,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	<u>(78,792)</u>	<u>(62,239)</u>
Net cash provided used in financing activities	<u>(78,792)</u>	<u>(62,239)</u>
Net increase/(decrease) in cash held	9,516	(416,970)
Cash at the beginning of the financial year	<u>729,127</u>	<u>1,004,220</u>
Cash at the end of the financial year	<u>738,643</u>	<u>587,250</u>

The cash flow statement should be read in conjunction with the notes to the financial statements

NOTE 1 BASIS OF PREPARATION

This general purpose Financial Report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly this Report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2011 and any public announcements made by e-Business Systems Ltd during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. New and revised standards have been issued by the AASB during the half-year; however there are no material changes to the policies that affect measurement of the results or financial position of the consolidated entity.

NOTE 2 SHARE CAPITAL

	Dec 2011 Number	June 2011 Number	Dec 2011 \$	June 2011 \$
Balance at beginning and end of year	80,823,100	80,823,100	1,412,265	1,412,265

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.

There are 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 Corpnet (Australia) Pty Ltd. Details (including share rights) are set out in the circular to shareholders dated 10 October 2008.

As at 31 December 2011 no options were on issue.

NOTE 3 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the period. There were \$496,000 franking credits available to the shareholders of the Consolidated Entity.

NOTE 4 OPERATING SEGMENT

Reportable Segments

The Consolidated Entity operates in one business segment, being software development and provision of e-business services, and in one geographical segment, being Australia.

Operating segments are identified on the basis of internal reports that are regularly reviewed by the management team in order to allocate resources to the segment and assess its performance.

NOTE 5 CONTINGENT LIABILITIES & CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 31 December 2011.

NOTE 6 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 31 December 2011 that impact upon the financial report as at 31 December 2011.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Geoff Marshall', is written over a faint, light blue rectangular stamp or watermark.

Geoff Marshall
Chairman

14 March 2011



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SECURITYHOLDERS OF E-BUSINESS SYSTEMS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of e-Business Systems Limited which comprises the balance sheet as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises the e-Business Systems Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of e-Business Systems Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.



Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'Kim Colyer'.

Kim Colyer
Partner

Dated at Brisbane this 14th day of March 2012