

EZENET LIMITED

A.B.N. 84 083 646 477

ANNUAL REPORT

30 JUNE 2008

EZENET LIMITED
CORPORATE DIRECTORY
A.B.N. 84 083 646 477

This annual report covers both Ezenet Limited as an individual entity and the consolidated entity comprising Ezenet Limited and its subsidiaries. The consolidated entity's functional and presentation currency is AUD (\$).

A description of the consolidated entity's operations and of its principal activities is included in the review of operations and activities in the directors' report.

Directors

W G Martinick (Executive Chairman)

G R O'Dea (Managing Director) – Appointed 1 September 2007

D H Ward (Non-Executive Director)

R A Burt (Managing Director) – Resigned 31 August 2007, (Non-Executive Director) – Appointed 1 September 2007 and resigned 21 December 2007

Company Secretary

S M O Watson

General Manager

B A Wiley

Registered Office and Principal Place of Business

2 Bulimba Road
Nedlands WA 6009
Telephone: 08 9389 9345
Fax: 08 9389 9749
Web Site: www.ezenet.com.au

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Bank

National Australia Bank
Level 1 Gateway Building
177-179 Davy Streets
Booragoon WA 6154

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EZENET LIMITED DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2008.

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

W G Martinick
B.Sc, Ph.D.
(Executive Chairman)

Dr Wolf Martinick was appointed a director and chairman on 13 January 2003. He is an environmental scientist and has been involved with mineral exploration and mining projects around the world, especially Australasia, Africa, China, India and parts of the former Soviet Union. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Dr Martinick is a founding director and the chairman of Weatherly International plc, a company listed on the Alternative Investment Market of the London Stock Exchange in which Ezenet has 18,281,200 shares. He was a founding director of Basin Minerals Limited, another ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003.

He has been associated with the exploration and mining industry for over 35 years. He has particular experience in environmental, water, land access and indigenous people issues and has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He has in recent years been active in identifying and investigating mineral projects and prospects in various parts of the world, especially Africa.

Dr Martinick is also a director of the following ASX listed companies: Sun Resources Limited (appointed 19 February 1996); Uran Limited (appointed 1 November 2006); Precious Metals Australia Limited (appointed 22 December 2007); Azure Minerals Ltd (appointed 1 September 2007), Carbine Resources Limited (appointed 22 December 2006) and Ghazal Minerals Limited (appointed 30 May 2007).

G R O'Dea
(Managing Director – Appointed 1 September 2007)

Mr Ross O'Dea was appointed a director on 7 March 2002. He is a former Business Development Manager for The West Australian Newspaper with 35 years media experience in radio, television, press and outdoor advertising. Ross was contracted to the TAB Western Australia as Manager, Media Services, which concluded on 11 June 2004. Mr O'Dea was appointed managing director on 1 September 2007 and is responsible for the overall performance of the Ezenet Group. Mr O'Dea holds no other directorships.

D H Ward
Assoc. Admin., Assoc. Acctg., FTIA, ACA.
(Non-Executive Director)

Mr David Ward was appointed a director on 22 July 2005. After service in the Australian Army, Mr Ward graduated from the WA Institute of Technology in Accounting and Business Administration, and trained as an Auditor and Tax Agent. Having established the "Tax Hut" tax and accounting centres in 1995, he practices in West Perth and participates in organisations providing commercial and social dispute resolution.

Mr Ward has no other directorships.

EZENET LIMITED

DIRECTORS' REPORT (Continued)

R A Burt

B.Bus

(Ceased to be Managing Director on 31 August 2007)

(Appointed Non-Executive Director on 1 September 2007)

(Ceased to be Non-Executive Director on 21 December 2007)

Mr Richard Burt was appointed managing director on 28 February 2005. He joined the company in April 2004 as Chief Executive Officer. Mr Burt has extensive experience in corporate management across Australia within industries including downstream petroleum retailing, industrial products distribution, hospitality manufacturing and most recently wagering services where in his last senior executive role at the TAB Western Australia, he had responsibility for the wagering division of TAB with an annual turnover in excess of \$1 billion. Mr Burt has business degree and has undertaken Advanced Management programs at Mt Eliza and Columbia Universities. Mr Burt has no other directorships.

COMPANY SECRETARY

Simon Watson

LL.B., B.Ec.

Mr Watson was appointed the Company Secretary of Ezenet Limited in April 2003. Mr Watson holds degrees in Law and Economics. He is a Notary Public and practices as a specialist Solicitor in the field of international and national Commercial Law. His legal expertise supplements his role as Secretary and provides an important contribution to the Company.

GENERAL MANAGER – EZESTREAM PTY LTD

Brett A Wiley

Mr Wiley was appointed general manager of Ezestream Pty Ltd on 6 August 2007. Mr Wiley is responsible for the general management of Ezestream, expanding the provision of digital movie services to the hospitality and mining industries. Mr Wiley has spent over forty years working in the media and multi media industry including the Channel Nine Network and Channel Ten Network. Included in that period were sixteen years in international management and production.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the securities of the company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
W G Martinick **	14,086,140	-
G R O'Dea	898,425	-
D H Ward ***	2,066,424	-
R A Burt	700,000	-

**Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Shares are held indirectly by Blackwood Business Services Pty Ltd ATF Ward Superannuation Fund.

DIVIDENDS PAID OR PROPOSED

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

EZENET LIMITED

DIRECTORS' REPORT (Continued)

CORPORATE INFORMATION

The financial report of Ezenet Limited for the year ended 30 June 2008 was authorised for issued in accordance with a resolution of the directors on 3 October 2008. The consolidated entity's functional and presentation currency is AUD (\$).

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Principal Activities

The principal activity during the year of entities within the consolidated entity was the provision of digital movie services to the hospitality and mining industries together with investment in the mining and resource sector.

There has been no significant change to this activity during the year.

The consolidated entity's business is conducted from operations located in Australia.

Employees

The consolidated entity employed 10 people at 30 June 2008 (2007: 10 people).

OPERATING AND FINANCIAL REVIEW

Group Overview

Ezenet Limited is a company limited by shares and is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating Ezestream Pty Ltd, a wholly owned entity incorporated on 12 May 2003, and E-Resources Pty Ltd incorporated on 3 April 2007. Ezenet Limited made significant progress during the year in both its wholly-owned subsidiaries, with further progress across its core media distribution business Ezestream Pty Ltd and expanding its investments in resource-base companies through E-Resources Pty Ltd.

Operating Results

The consolidated entity's revenue was \$4,053,034 and the profit was \$131,510 for the financial year.

	2008	2007
	\$	\$
Operating revenue	4,053,034	3,340,360
Operating profit/(loss)	131,510	(266,899)

Year in Review

Ezenet Limited made significant progress during the year in both its wholly-owned subsidiaries, Ezestream Pty Ltd and E-Resources Pty Ltd.

EZENET LIMITED **DIRECTORS' REPORT (Continued)**

OPERATING AND FINANCIAL REVIEW (Continued)

Consolidated Entity

The Consolidate Entity summarised financial results for the 2007/08 financial year:

- Revenue of \$4,053,034 up 21.34%
- Earnings before interest, tax, depreciation and amortization of \$1,198,740, up \$490,395 on 2006/07 of \$708,345
- Net profit after tax of \$131,510, an increase of \$398,409 on 2006/07 result of (\$266,899)
- Net operating cash flows of \$1,009,426 an improvement of \$288,479 on the 2006/07 result of \$720,947
- Decline in net assets of \$2,375,656 from \$9,215,370 (2006/07) to \$6,839,714 (2007/08).

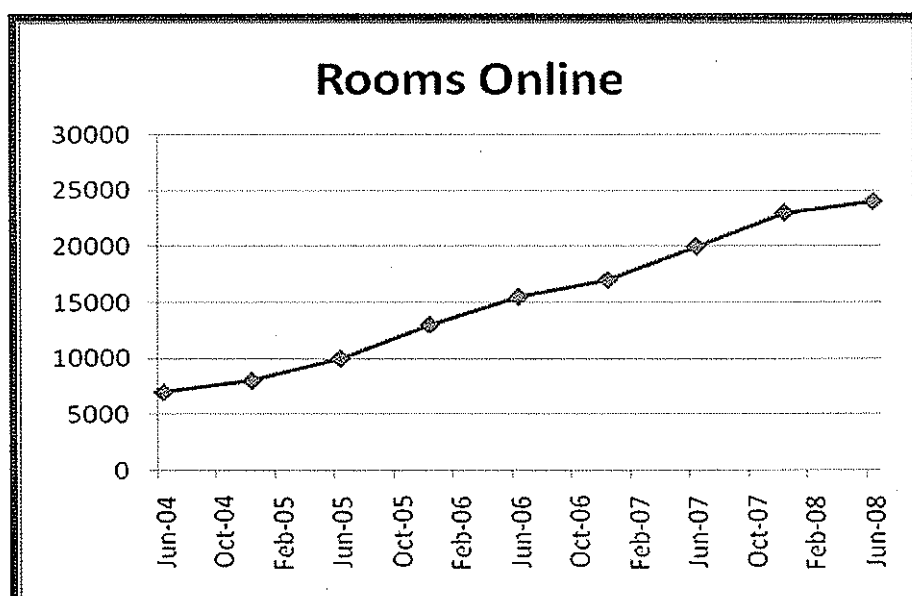
Ezestream Pty Ltd

Ezenet Limited continued the progress across its core media distribution business Ezestream Pty Ltd in the twelve months to June 2008.

Ezestream's expansion into hospitality, mining camp and health care accommodation markets was in excess of 20 % over the preceding period and this equates to 4,000 rooms, from 1 July 2007 to 30 June 2008 making a total of 24,112 rooms.

Key items contributing to growth included rolling out the company's digital video-on-demand and high-speed internet system into hotels and apartments; free-to-guest movie systems into hotels, mining camps and hospitals.

Note : Changes to measurement of rooms installed to rooms on line has been implemented to better represent the overall performance of the company.



EZENET LIMITED DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

Financial Results

Ezestream achieved revenue growth of 21.34% from ordinary activities compared with the previous corresponding period and generated a positive EBITDA (earnings before interest, taxation, depreciation and amortisation) result of \$1,198,740 for the twelve months.

An increase in receipts of \$488,518 (15%) resulted in net cash flows from operating activities improving by \$288,479 for the twelve month period.

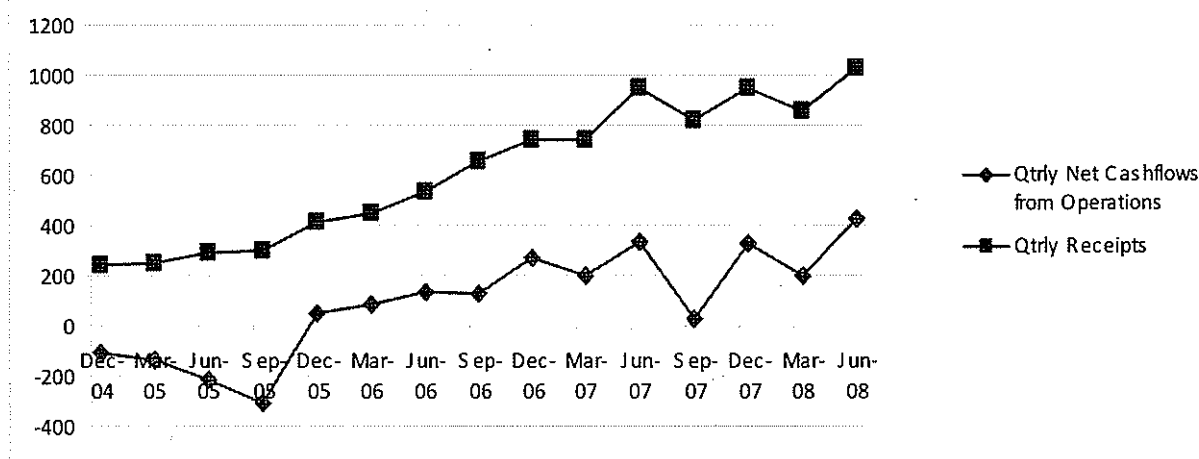


Table 2: Quarterly Cash Flows
(Dec 2004 – Jun 2008)

Ezestream is generating acceptable rates of return underpinned by contracts of up to five years from its digital video-on-demand and free-to-guest movie systems. The company invested \$1,548,330 into equipment for new installations compared with \$1,267,377 last year.

Outlook

Again, the outlook for 2008/09 is very positive. In addition to previous announcements of new customer contracts, a focus on improving existing customer services and revenue streams will be implemented.

Ezestream is also looking to add further products to its existing range of services so as to broaden our market opportunities.

Investments

During the year Ezenet Limited through its subsidiary E-resources, expanded its investments in resource-based companies with the purchase of shares in Ghazal Minerals Limited investing \$105,000.

In November 2007, E-Resources invested \$5,000 (5m shares at \$0.001 cents) in Ghazal Minerals Limited, an un-listed company with interests in the uranium mining industry around Africa. In May 2008, E-Resources invested a further \$100,000 (1m shares at \$0.10 cents) in Ghazal Minerals Limited.

In addition to the new investments in resource-based entities, Ezenet Limited along with its subsidiary E-Resources holds 18.2m shares in Weatherly International plc, an AIM-listed mineral company with copper interests in Zambia and Namibia. The fair value of the Weatherly International plc investment at 30 June 2008 was \$5,498,391

EZENET LIMITED DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

E-Resources has investments in UK-based Island Gas Resources plc (formally KP Renewables plc) an AIM-listed company with interests in renewable energy and holds 60,000 shares with a fair value at 30 June 2008 of \$90,372.

E-Resources also has 1m shares in Carbine Resources Ltd, an ASX-listed company with interests in the gold mining industry around Kalgoorlie. The fair value of the Carbine Resources Ltd investment at 30 June 2008 was \$150,000.

The total fair value of the 4 mining investments at 30 June 2008 was \$5,843,763.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

With the resignation of Richard Burt as Managing Director on 29 July 2007 and his role finishing on 31 August 2007, Ross O'Dea took over as interim Managing Director of Ezenet Limited from the 1 September 2007. Richard Burt continued as a Non-Executive Director from 1 September 2007 until his resignation on 21 December 2007.

Brett Wiley was appointed as General Manager of Ezestream Pty Ltd. Brett commenced this position on 6 August 2007.

SIGNIFICANT CHANGES AFTER THE BALANCE DATE

Convertible Note holder Neil O'Loughlin was repaid in full on 5 September 2008. The interest rate payable on Convertible Notes was increased on 1 August 2007 from 10% to 12%. This is paid to the holders on a quarterly basis in arrears.

In July 2008, Ezenet Limited through its subsidiary E-Resources Pty Ltd purchased an additional 500,000 share investments in Carbine Resources Ltd, an ASX-listed company with interests in the gold mining industry around Kalgoorlie, at a value of \$60,000.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Ezenet Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$13,000.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

EZENET LIMITED DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Details of key management personnel

(i) Directors

W G Martinick	Chairman (Executive)
G R O'Dea	Managing Director – appointed 1 September 2007
D H Ward	Director (Non-Executive)
R A Burt	Managing Director – resigned 31 August 2007
	Director (Non-Executive) – appointed 1 September 2007, resigned 21 December 2007

(ii) Executives

S M O Watson	Company Secretary
B A Wiley	General Manager – Ezestream Pty Ltd

Remuneration philosophy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and employment market conditions.

Remuneration structure

In accordance with best corporate governance practice, the structure of non-executive director and executive remuneration is separate and distinct.

Compensation of Directors and Executive Officer

(i) Compensation Policy

The Board of Directors of Ezenet Limited is responsible for determining and reviewing compensation arrangements for the directors and the managing director.

(ii) Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

EZENET LIMITED DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executives directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose board they sit.

At the Board meeting on 2 August 2007 it was decided to allow for directors fees of \$25,000 per annum to be paid from 1 December 2007. These amounts were accrued pro rata in the financial accounts for 30 June 2008. This was in accordance with a motion put to the shareholders at the last AGM

(iii) Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

Structure

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

Objective

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets. Currently the company has not set any new targets

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested LTI awards. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

Share-based compensation

Options or shares are issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria, but are issued to the directors and executive of Ezenet Limited to increase goal congruence between executives, directors and shareholders.

Director and executive remuneration is currently not linked to either long term or short term performance conditions. The Board feels that the expiry date and exercise price of the issue of options is sufficient to align the goals of the directors and executives with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the directors or the executives of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

There were no options granted to or vesting with key management personnel during the current and previous year.

Employment contracts

The former Managing Director, Mr Burt was employed under contract. The employment contract commenced 14 April 2004 and terminated on 31 August 2007. This contract entitled Mr Burt to an annual fixed amount of \$206,422 and \$18,578 in superannuation. On termination, Mr Burt was only entitled to that portion of remuneration that was fixed and only up to the date of termination.

Mr B Wiley is employed under contract. The employment contract commenced 6 August 2007. This contract entitles Mr Wiley to an annual fixed amount of \$137,615 and \$12,385 in superannuation. On termination, Mr Wiley is only entitled to that portion of remuneration that is fixed and only up to the date of termination.

Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and consolidated entity are as follows:

EZENET LIMITED
DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2008	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$		\$	\$	\$	
Directors						
W G Martinick	17,500	2,600	1,575	-	21,675	-
G R O'Dea	14,583	2,600	1,313	-	18,496	-
D H Ward	14,583	2,600	1,313	-	18,496	-
R A Burt	53,093 ²	2,600	4,778 ³	-	60,471	-
Executive officer						
S M O Watson	64,602 ³	2,600	1,313	-	68,515	-
B A Wiley	129,440 ⁴	23,055	11,128	-	163,623	-
Total	293,801	36,055	21,420	-	351,276	

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. The salary and superannuation are paid to Mr Burt as per his employment contract
3. Professional services relating to legal and company secretarial fees, of \$50,019 (2007: \$46,650) were provided by Mr Simon M O Watson.
4. The salary and superannuation are paid to Mr Wiley as per his employment contract. The Non Monetary Benefit relates to the use of a motor vehicle.

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2007	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$		\$	\$	\$	
Directors						
W G Martinick	-	3,000	-	-	3,000	-
G R O'Dea	-	3,000	-	-	3,000	-
D H Ward	-	3,000	-	-	23,000	-
R A Burt	188,073 ²	3,000	16,927 ²	75,000 ³	283,000	27%
Executive officer						
S M O Watson	46,650 ⁴	3,000	-	-	49,650	-
B A Wiley	-	-	-	-	-	-
Total	254,723	15,000	16,927	75,000	361,650	

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. The salary and superannuation are paid to Mr Burt.
3. The share based payment made to Mr Burt in relation to meeting key targets. 500,000 shares valued at quoted price on the date of issue.
4. Professional services relating to legal and company secretarial fees, of \$46,650 were provided by Mr Simon M O Watson.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

Compensation Options: Granted and Vested during the year.

There were no options granted directors or named executives during the year.

	Balance at beginning of period	Granted as remuneration	Options Cancelled	Net Change Other	Balance at end of period	Vested at 30 June 2007		
	1 July 2006				30 June 2007	Total	Not Exercisable	Exercisable
Specified Directors								
W G Martinick **	11,561,033	-	11,561,033	-	-	-	-	-
G R O'Dea	6,003,300	-	6,003,300	-	-	-	-	-
D H Ward ***	3,706,652	-	3,706,652	-	-	-	-	-
R A Burt	3,000,000	-	3,000,000	-	-	-	-	-
Specified Executives								
S M O Watson ****	10,219,147	-	10,219,147	-	-	-	-	-
B A Wiley	-	-	-	-	-	-	-	-
Total	34,490,132	-	34,490,132	-	-	-	-	-

**Options are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Options are held indirectly by D H Ward and Blackwood Business Services Pty Ltd.

****Options are held by SMO Watson and Kings Park Nominees Pty Ltd.

Shareholdings of Key Management Personnel

	Balance 1 July 07	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 08
Specified Directors					
W G Martinick **	13,986,140	-	-	100,000	14,086,140
G R O'Dea	898,425	-	-	-	898,425
D H Ward ***	1,993,091	-	-	73,333	2,066,424
R A Burt	700,000	-	-	-	700,000
Specified Executives					
S M O Watson****	4,764,846	-	-	-	4,764,846
B A Wiley	-	-	-	-	-
Total	22,342,502	-	-	173,333	22,515,835

**Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Shares are held by Blackwood Business Services Pty Ltd.

****Shares are held by SMO Watson and Kings Park Nominees Pty Ltd.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued).

REMUNERATION REPORT (Audited) (Continued)

	Balance 1 July 06	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 07
Specified Directors					
W G Martinick **	11,020,444	-	2,830,659	135,037	13,986,140
G R O'Dea	72,600	-	825,825	-	898,425
D H Ward ***	796,128	-	926,663	270,300	1,993,091
R A Burt	200,000	500,000	-	-	700,000
Specified Executives					
S M O Watson****	2,210,059	-	2,554,787	-	4,764,846
Total	14,299,231	500,000	7,137,934	405,337	22,342,502

**Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Shares are held by Blackwood Business Services Pty Ltd.

****Shares are held by SMO Watson and Kings Park Nominees Pty Ltd.

End of Remuneration Report

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' MEETINGS

During the year 8 directors' meetings were held. The number of meetings attended by each director was as follows:

	No. of meetings held while in office	Meetings attended
W G Martinick	8	8
G R O'Dea	8	8
D H Ward	8	8
R A Burt	4	2

As at the date of this report, the company did not have an audit committee, as the directors believe the size of the company does not warrant its existence.

CORPORATE GOVERNANCE

The company's corporate governance statement is contained in the additional Australian Stock Exchange information section of this annual report.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

LIKELY DEVELOPMENTS

The company continues to acquire new contracts and install new video on demand and high speed internet systems in its core hospitality markets throughout Australia. The company expects the rate of new installations to remain at high levels throughout the financial year 2008/09 due to strong market demand for the system and the Heads of Agreement signed with Hotels & Resorts. In addition, ongoing growth of the company's Digital Entertainment and Information System into mining camps is anticipated resulting from continued expansion of the Western Australian mining industry.

Whilst the company has not projected financial results for the 2009 period, Directors expect the financial results to improve with the increasing level of revenue from new installations.

SHARE OPTIONS

At the date of this report, there were no share options outstanding.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst & Young, as presented on page 16 of this Annual Report.

NON AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Ernst & Young.

Signed in accordance with a resolution of the directors



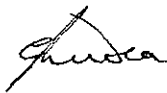
G R O'Dea
Director
Perth, 3 October 2008

**EZENET LIMITED
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Ezenet Limited, I state that:

- 1) In the opinion of the directors:
 - (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are 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 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.

On behalf of the Board



G R O'Dea
Director
Perth, 3 October 2008



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Auditor's Independence Declaration to the Directors of Ezenet Limited

In relation to our audit of the financial report of Ezenet Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to be 'G Lotter', written over a circular stamp or seal.

G Lotter
Partner
3 October 2008

EZENET LIMITED
INCOME STATEMENT
FOR YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED		EZENET LIMITED	
		2008	2007	2008	2007
		\$	\$	\$	\$
Continuing operations					
Revenue	3(a)	4,053,034	3,340,360	13,413	61,602
Cost of sales	3(b)	(1,028,769)	(896,812)	-	-
Gross Profit		3,024,265	2,443,548	13,413	61,602
Marketing expenses		(311,532)	(449,727)	-	(1,210)
Occupancy expenses		(86,265)	(58,507)	-	-
Administrative expenses		(244,994)	(298,833)	(214,783)	(227,600)
Other operating expenses	4	(2,006,455)	(1,568,037)	(4,271,235)	130,573
Finance costs		(236,723)	(244,382)	(216,821)	(244,205)
Expenses		(2,885,969)	(2,619,486)	(4,702,839)	(342,442)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		138,296	(175,938)	(4,689,426)	(280,840)
INCOME TAX (EXPENSE)/BENEFIT	5	6,786	(90,961)	-	(99,600)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF EZENET LIMITED	17	131,510	(266,899)	(4,689,426)	(380,440)
Basic earnings/(loss) per share (cents)	23	0.16	(0.35)		
Diluted earnings/(loss) per share (cents)		0.16	(0.35)		

The Income Statement should be read in conjunction with the accompanying notes.

EZENET LIMITED
BALANCE SHEET
AT 30 JUNE 2008

	Notes	CONSOLIDATED		EZENET LIMITED	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	18	497,926	953,794	59,727	744,439
Receivables	6	656,802	440,748	-	-
Inventory	7	221,040	388,081	-	-
Other	8	37,405	4,194	920	10,184
TOTAL CURRENT ASSETS		1,413,173	1,786,817	60,647	754,623
NON-CURRENT ASSETS					
Available-for-sale financial assets	9	5,843,763	9,320,449	986,878	9,320,449
Plant and equipment	10	2,946,147	2,162,612	-	-
Intangible asset	11	102,899	106,594	-	-
Interest in subsidiary	12	-	-	573,200	573,200
Receivables from subsidiary	12	-	-	334,963	2,219,504
Deferred tax asset	5	-	-	607,773	-
TOTAL NON-CURRENT ASSETS		8,892,809	11,589,655	2,502,814	12,113,153
TOTAL ASSETS		10,305,982	13,376,472	2,563,461	12,867,776
CURRENT LIABILITIES					
Payables	13	557,095	527,026	216,267	184,693
Provisions	14	60,738	50,897	-	-
Interest-bearing liabilities	15	1,871,480	1,748,665	1,710,000	1,745,548
TOTAL CURRENT LIABILITIES		2,489,313	2,326,588	1,926,267	1,930,241
NON CURRENT LIABILITIES					
Deferred tax liability	5	755,429	1,820,114	-	1,835,706
Provisions	14	11,613	14,400	-	-
Interest-bearing liabilities	15	209,913	-	-	-
TOTAL NON CURRENT LIABILITIES		976,955	1,834,514	-	1,835,706
TOTAL LIABILITIES		3,466,268	4,161,102	1,926,267	3,765,947
NET ASSETS		6,839,714	9,215,370	637,194	9,101,829
SHAREHOLDERS' EQUITY					
Contributed equity	16	9,169,348	9,169,348	9,169,348	9,169,348
Reserves	17	2,722,128	5,229,294	1,454,085	5,229,294
Accumulated losses	17	(5,051,762)	(5,183,272)	(9,986,239)	(5,296,813)
TOTAL EQUITY		6,839,714	9,215,370	637,194	9,101,829

The Balance Sheet should be read in conjunction with the accompanying notes.

EZENET LIMITED
CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED		EZENET LIMITED	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		3,664,151	3,175,633	-	-
Payments to suppliers and employees		(2,543,126)	(2,347,716)	(235,136)	(148,122)
Interest received		28,793	68,795	13,413	61,602
Borrowing costs		(215,667)	(175,765)	(151,210)	(175,765)
Income taxes paid		(295)	-	-	-
GST received/(paid)		-	-	5,862	(6,979)
Other		75,570	-	3,403	-
NET CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES	18	1,009,426	720,947	(363,668)	(269,264)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(1,548,330)	(1,267,377)	-	-
Payment for intangible assets		(55,231)	(71,575)	-	-
Payment for investments		(105,000)	(123,386)	-	(123,386)
Loan to related parties		-	-	(271,044)	(504,999)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,708,561)	(1,462,338)	(271,044)	(628,385)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares & options		-	1,234,448	-	1,234,448
Proceeds from borrowings raised		390,710	475,000	-	475,000
Repayment of borrowings:					
director's loan		-	(425,000)	-	(425,000)
Other		(97,443)	-	-	-
Other – Convertible notes repaid		(50,000)	-	(50,000)	-
NET CASH FLOWS FROM/(USED) IN FINANCING ACTIVITIES		243,267	1,284,448	(50,000)	1,284,448
NET INCREASE/(DECREASE) IN CASH HELD		(455,868)	543,057	(684,712)	386,799
Cash at the beginning of the financial year		953,794	410,737	744,439	357,640
CASH AT THE END OF THE FINANCIAL YEAR	18	497,926	953,794	59,727	744,439

The Cash Flow Statement should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of Ezenet Limited			
	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
CONSOLIDATED				
At 1 July 2006	7,774,900	(4,916,373)	3,616,238	6,474,765
Loss for the year	-	(266,899)	-	(266,899)
Total income and expense for the year	-	(266,899)	-	(266,899)
Public equity raisings	1,120,000	-	-	1,120,000
Exercise of options	94,448	-	-	94,448
Shares issued in settlement of consulting fees	20,000	-	-	20,000
Staff incentive placement	160,000	-	-	160,000
Convertible notes – equity portion	-	-	24,919	24,919
Available-for-sale asset reserve	-	-	1,588,137	1,588,137
As at 30 June 2007	9,169,348	(5,183,272)	5,229,294	9,215,370

	Attributable to equity holders of Ezenet Limited			
	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
CONSOLIDATED				
At 1 July 2007	9,169,348	(5,183,272)	5,229,294	9,215,370
Profit for the year	-	131,510	-	131,510
Total income and expense for the year	-	131,510	-	131,510
Available-for-sale asset reserve	-	-	(2,507,166)	(2,507,166)
As at 30 June 2008	9,169,348	(5,051,762)	2,722,128	6,839,714

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of Ezenet Limited			
	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
PARENT				
At 1 July 2006	7,774,900	(4,916,373)	3,616,238	6,474,765
Loss for the year	-	(380,440)	-	(380,440)
Total income and expense for the year	-	(380,440)	-	(380,440)
Public equity raisings	1,120,000	-	-	1,120,000
Exercise of options	94,448	-	-	94,448
Shares issued in settlement of consulting fees	20,000	-	-	20,000
Staff incentive placement	160,000	-	-	160,000
Convertible notes – equity portion	-	-	24,919	24,919
Available-for-sale asset reserve	-	-	1,588,137	1,588,137
As at 30 June 2007	9,169,348	(5,296,813)	5,229,294	9,101,829

	Attributable to equity holders of Ezenet Limited			
	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total Equity \$
PARENT				
At 1 July 2007	9,169,348	(5,296,813)	5,229,294	9,101,829
Loss for the year	-	(4,689,426)	-	(4,689,426)
Total income and expense for the year	-	(4,689,426)	-	(4,689,426)
Available-for-sale asset reserve			(3,775,209)	(3,775,209)
As at 30 June 2008	9,169,348	(9,986,239)	1,454,085	637,194

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. CORPORATE INFORMATION

The financial report of Ezenet Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 3 October 2008. The consolidated entity's functional and presentation currency is AUD (\$).

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Director's Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has no share-based payment arrangements that may be affected by these amendments.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations.	1 July 2009	The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards**	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	The group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
Amendments to International Financial Reporting Standards**	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
IFRIC 15**	Agreements for the Construction of Real Estate	This interpretation proposes that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	The Group does not enter into agreements to provide construction services to the buyer's specifications and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2009
IFRIC 16**	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009

*designates the beginning of the applicable annual reporting period unless otherwise stated

** pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Ezenet Limited and its subsidiaries as at 30 June each year (the Group).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The investments in subsidiaries is carried at cost, less any impairment losses.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Useful life of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised as the services are provided.

Sale of goods

Revenue from the sale of goods is recognized when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the entity's right to receive the payment is established.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

(j) Foreign currency translation

Both the functional and presentation currency of Ezenet Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All resulting exchange differences in the consolidated financial report are taken to the income statement.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Inventory

Inventory including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Cost is based on a weighted average principle and includes expenditure incurred in acquiring the inventory and bringing them to their existing condition and location.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs or completion and the estimated costs necessary to make the sale.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Ezenet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, Ezenet Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

- Office equipment and fittings - 2.5 to 5.0 years
- Equipment installed in hotels - 4.0 to 5.0 years

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(p) Impairment of financial assets

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Intangible Assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'other operating expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Intangible Assets (continued)

A summary of the policies applied to the Group's intangible assets is as follows:

Film library

Useful life

4 years (2007: 4 years)

Amortisation method used

Straight-line (2007: Straight-line)

Internally generated or acquired

Acquired

Guest video customer base

Useful life

1 year

Amortisation method used

Straight-line

Impairment testing

Intangible assets are tested for impairment where an indicator of impairment exists either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(r) Impairment of non financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognized.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Share-based payment transactions

The Group provides benefits to directors, employees and consultants of the Group (with shareholders approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ezenet Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee leave benefits

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Contributed equity

Ordinary share are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorized capital and par value shares. Accordingly the company does not have authorized capital nor par value in respect of its issued capital.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares:

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
3. REVENUE FROM ORDINARY ACTIVITIES				
(a) Revenue				
Revenue from services rendered	3,837,117	2,962,024	-	-
Sale of goods	187,124	309,541	-	-
Interest received	28,793	68,795	13,413	61,602
Total other revenue from ordinary activities	4,053,034	3,340,360	13,413	61,602
(b) Cost of sales				
Cost of sales from services rendered	929,228	762,070	-	-
Cost of goods sold	99,541	134,741	-	-
Total cost of sales	1,028,769	896,812	-	-
4. EXPENSES AND LOSSES				
Other operating expenses				
Depreciation on equipment and fittings	764,795	570,549	-	-
Amortisation of film library	52,680	50,598	-	-
Amortisation of Guest Video	6,246	18,754	-	-
Plant and equipment written off	-	1,421	-	-
Inventory written off	16,000	-	-	-
Salaries & wages expenses	740,039	792,070	-	-
Research & development	-	7,800	-	-
Postage, couriers & freight	123,282	-	859	-
Superannuation expenses	70,560	-	-	-
Provision for non recovery of loan	-	-	4,250,876	-
Other expenses	232,853	126,845	19,500	(130,573)
	2,006,455	1,568,037	4,271,235	(130,573)
Operating lease rentals	78,962	53,739	-	-
Defined contribution superannuation plan expense	70,560	63,527	-	-
Provision for employee entitlements	20,230	29,359	-	-
Share-based payments	-	75,000	-	75,000
Consultants and directors benefit expense	66,852	31,854	66,852	31,854
Salary and wages expense	740,039	792,070	-	-
Foreign exchange loss/(gain)	4,064	(630)	-	-
Bad debts written off	5,913	-	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

5. INCOME TAX

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
The major components of income tax expense are:				
Income Statement				
Deferred income tax benefit/(expense)	6,786	(90,961)	-	(99,600)
Income tax benefit/(expense) reported in the income statement	6,786	(90,961)	-	(99,600)
Statement of Changes in Equity				
<i>Deferred income tax related to items charged or credited directly to equity</i>				
Unrealised gain on available-for-sale investments	(1,074,520)	557,831	(2,463,068)	557,831
Income tax expense reported in equity	(1,074,520)	557,831	(2,463,068)	557,831
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before income tax	138,296	(175,938)	(4,689,426)	(280,840)
At the Group's statutory income tax rate				
- Australia	41,489	(52,781)	(1,406,828)	(84,252)
- New Zealand	6,786			
Adjustments in respect of current income tax of previous years	2,429	97,901	2,429	171,252
Expenditure not allowable for income tax purposes	11,174	45,841		12,600
Tax losses (recognised)/not brought to account	(55,092)	-	1,404,399	-
	6,786	90,961	-	99,600
Income tax (benefit)/ expense reported in the consolidated income statement	6,786	90,961	-	99,600

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

5. INCOME TAX (Continued)

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred Income Tax				
Deferred income tax at 30 June relates to the following				
<i>Deferred tax liabilities</i>				
Available-for-sale investments	1,685,488	2,760,008	296,052	2,759,120
	<u>1,685,488</u>	<u>2,760,008</u>	<u>296,052</u>	<u>2,759,120</u>
<i>Deferred tax assets</i>				
Losses available for offset against future taxable income	903,825	903,825	903,825	923,414
Provision for future expenses	-	16,480	-	-
Provision for employee benefits	26,234	19,589	-	-
Gross deferred income tax assets	<u>930,059</u>	<u>939,894</u>	<u>903,825</u>	<u>923,414</u>
Net deferred tax liabilities/asset	<u>755,429</u>	<u>1,820,114</u>	<u>(607,773)</u>	<u>1,835,760</u>

The Group has not recognised tax losses arising in Australia of \$3,126,783 (2007: \$4,998,181) that may be available for offset against future taxable profits of the companies in which the losses arose.

Tax Consolidation

Ezenet Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Ezenet Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
6. RECEIVABLES (Current)				
Trade debtors	660,226	445,093	-	-
Less: Allowance for impairment loss (a)	(3,424)	(4,345)	-	-
	<u>656,802</u>	<u>440,748</u>	<u>-</u>	<u>-</u>

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is made when there is objective evidence that a trade receivable is impaired.

An impairment loss of \$4,992 (2007:\$4,345) has been recognised by the Group in the current year. These amounts have been included in the administrative expense item.

Movements in the provision for impairment loss were as follows:

As at 1 July	4,345	-	-	-
Charge for the year	4,992	4,345	-	-
Amounts written off	(5,913)	-	-	-
As at 30 June	<u>3,424</u>	<u>4,345</u>	<u>-</u>	<u>-</u>

As at 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days	91+ days	91+days
			PDNI*	PDNI*	PDNI*	CI*
30 June 2008 Consolidated	660,226	321,201	254,596	57,760	21,677	4,992
Parent	-	-	-	-	-	-
30 June 2007 Consolidated	445,093	267,629	150,287	22,242	590	4,345
Parent	-	-	-	-	-	-

* Past due not impaired ('PDNI')
 Considered impaired ('CI')

Receivables past due but are not considered impaired are: Consolidated \$334,033 (2007: \$173,119), Parent \$Nil (2007: \$Nil). Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Management has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in note 27.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 27.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

7. INVENTORY

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Year ended 30 June 2008				
Inventory at cost	221,040	388,081	-	-

8. OTHER (Current)

Prepayments	34,662	4,194	-	-
Other receivables	2,743	-	920	10,184
	37,405	4,194	920	10,184

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Listed shares at fair value				
Weatherly International plc	5,498,391	8,847,134	986,878	8,847,134
Carbine Resources Ltd	150,000	360,000	-	360,000
Island Gas (formerly KP Renewables plc)	90,372	113,315	-	113,315
Unlisted shares at cost				
Ghazal Uranium Limited	105,000	-	-	-
	5,843,763	9,320,449	986,878	9,320,449

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. [Carbine Resources Ltd is listed on the Australian Stock Exchange. Weatherly International plc and Island Gas (formerly KP Renewables plc) are listed on the London Alternative Investment Market.] Ghazal Uranium is an unlisted investment. All the shares were valued as at 30 June 2008.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

10. PLANT AND EQUIPMENT

	CONSOLIDATED				EZENET LIMITED	
	Office equipment and fittings \$	Motor Vehicles \$	Plant and equipment \$	Total \$	Office, Plant and equipment \$	Total \$
Year ended 30 June 2008						
At 1 July 2007, net of accumulated depreciation and impairment	28,615	-	2,133,997	2,162,612	-	-
Additions	15,141	44,435	1,488,754	1,548,330	-	-
Depreciation expense for the year	(13,776)	(10,878)	(740,141)	(764,795)	-	-
At 30 June 2008, net of accumulated depreciation and impairment	29,980	33,557	2,882,610	2,946,147	-	-
At 30 June 2008						
Cost	199,127	44,435	4,819,537	5,063,099	-	-
Accumulated depreciation and impairment	(169,147)	(10,878)	(1,936,927)	(2,116,952)	-	-
Net carrying amount	29,980	33,557	2,882,610	2,946,147	-	-

	CONSOLIDATED			EZENET LIMITED		
	Office equipment and fittings \$	Plant and equipment \$	Total \$	Office equipment and fittings \$	Plant and equipment \$	Total \$
Year ended 30 June 2007						
At 1 July 2006, net of accumulated depreciation and impairment	32,334	1,792,690	1,825,024	-	-	-
Additions	11,314	898,244	909,558	-	-	-
Write offs	-	(1,421)	(1,421)	-	-	-
Depreciation expense for the year	(15,033)	(555,516)	(570,549)	-	-	-
At 30 June 2007, net of accumulated depreciation and impairment	28,615	2,133,997	2,162,612	-	-	-
At 30 June 2007						
Cost	183,986	3,330,783	3,514,769	-	-	-
Accumulated depreciation and impairment	(155,371)	(1,196,786)	(1,352,157)	-	-	-
Net carrying amount	28,615	2,133,997	2,162,612	-	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

11. INTANGIBLE ASSET

	CONSOLIDATED			EZENET LIMITED
	Guest Video \$	Digital film library \$	Total \$	Total \$
Year ended 30 June 2008				
At 1 July 2007, net of amortisation	6,246	100,348	106,594	-
Additions	-	55,231	55,231	-
Amortisation expense for the year	(6,246)	(52,680)	(58,926)	-
At 30 June 2008, net of amortisation	-	102,899	102,899	-
At 1 July 2007				
Cost	25,000	356,162	381,162	-
Accumulated amortisation	(18,754)	(255,814)	(274,568)	-
Net carrying amount	6,246	100,348	106,594	-
At 30 June 2008				
Cost	25,000	411,393	436,393	-
Accumulated amortisation	(25,000)	(308,494)	(333,494)	-
Net carrying amount	-	102,899	102,899	-

	CONSOLIDATED			EZENET LIMITED
	Guest Video \$	Digital film library \$	Total \$	Total \$
Year ended 30 June 2007				
At 1 July 2006, net of amortisation	-	104,371	104,371	-
Additions	25,000	46,575	71,576	-
Amortisation expense for the year	(18,754)	(50,598)	(69,352)	-
At 30 June 2007, net of amortisation	6,246	100,348	106,594	-
At 1 July 2006				
Cost	-	309,587	309,587	-
Accumulated amortisation	-	(205,216)	(205,216)	-
Net carrying amount	-	104,371	104,371	-
At 30 June 2007				
Cost	25,000	356,162	381,162	-
Accumulated amortisation	(18,754)	(255,814)	(274,568)	-
Net carrying amount	6,246	100,348	106,594	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. INTEREST IN SUBSIDIARY (Non current)	Country of Incorporation	% equity held by consolidated entity	EZENET LIMITED	
			Investment 2008 \$	Investment 2007 \$
Ezestream Pty Ltd	Australia	100		
Share capital			573,199	573,199
E-Resources Pty Ltd	Australia	100		
Share capital			1	1
			<u>573,200</u>	<u>573,200</u>
Receivables from subsidiary (non current)				
Loan to subsidiary			5,937,404	3,571,069
Provision for non recovery of loan (i)			(5,602,441)	(1,351,565)
			<u>334,963</u>	<u>2,219,504</u>

Movements in the provision for non recovery of loan were as follows:

As at 1 July	(1,351,565)	(1,487,649)
Charge for the year	(4,250,876)	136,084
As at 30 June	<u>(5,602,441)</u>	<u>(1,351,565)</u>

The loan to subsidiary is unsecured, interest free and is repayable on demand.

Management has no intention to demand repayment of the loan within the next twelve months.

(i) Provision for impairment was made as subsidiary has been incurring losses in the past.

(a) Credit risk

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables. No collateral is held as security.

13. PAYABLES (Current)	CONSOLIDATED		EZENET LIMITED	
	2008 \$	2007 \$	2008 \$	2007 \$
Trade creditors and accruals	<u>557,095</u>	<u>527,026</u>	<u>216,267</u>	<u>184,693</u>

(a) Fair values

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk.

Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in note 27.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
14. PROVISIONS				
Current				
Employee annual leave entitlements	53,952	50,897	-	-
Provision for NZ income tax	6,786	-	-	-
	<u>60,738</u>	<u>50,897</u>	<u>-</u>	<u>-</u>
Non-current				
Employee long service leave entitlements	<u>11,613</u>	<u>14,400</u>	<u>-</u>	<u>-</u>

15. INTEREST-BEARING LIABILITIES

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Convertible notes (a)	1,710,000	1,745,548	1,710,000	1,745,548
Finance lease liabilities (b)	153,382	-	-	-
Unsecured loans (c)	8,098	3,117	-	-
	<u>1,871,480</u>	<u>1,748,665</u>	<u>1,710,000</u>	<u>1,745,548</u>
Non-current				
Finance lease liabilities (b)	178,074	-	-	-
Unsecured loans (c)	31,839	-	-	-
	<u>209,913</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (a) Each convertible note entitles the convertible note-holder to acquire one (1) fully paid ordinary share in the capital of the company on the following terms and conditions:
- The convertible note expires at 5.00pm on 30 September 2008, any unconverted portion to be redeemed,
 - The convertible note may be transferred at any time before the expiry date.
 - The convertible note is divided into parcels of fifty thousand dollars (\$50,000). All or any of the parcels may be converted in whole or in part from time to time by notice in writing to the company received before 31 August 2008,
 - The conversion price is A\$0.15,
 - The effective interest rate of the convertible note is 12%, (2007:10%) per annum payable quarterly in arrears,
 - The shares issued upon conversion of the convertible note:-
 - will rank equally with existing ordinary fully paid shares; and
 - will be eligible for listing on the official list of the Australian Stock Exchange.
- (b) The secured loan is an asset finance facility and is repayable over 36 months. The interest rate is 8.53%.
- (c) The unsecured loan is a chattel mortgage and is repayable over 60 months. The interest rate is 9.55%.
- (d) Defaults and breaches
- During the current year and prior years, there were no defaults or breaches on any of the loans.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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15. INTEREST-BEARING LIABILITIES (Continued)

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Assets pledged as security				
The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:				
Current				
<i>Finance lease</i>				
Finance lease liabilities	157,603	-	-	-
Total current assets pledged as security	157,603	-	-	-
Non-current				
<i>Finance lease</i>				
Finance lease liabilities	209,893	-	-	-
Total non-current assets pledged as security	209,893	-	-	-
Total assets pledged as security	367,496	-	-	-

16. CONTRIBUTED EQUITY

	2008	2007	2008	2007
(a) Issued and paid up capital				
83,989,367 ordinary shares fully paid (2007: 83,987,817)	9,573,586	9,573,586	9,573,586	9,573,586
Less: capital raising costs	(404,238)	(404,238)	(404,238)	(404,238)
	9,169,348	9,169,348	9,169,348	9,169,348

Effective 1 July 1998, the Corporations Legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital or par value in respect of its shares.

(b) Movements in ordinary share capital

	2008		2007	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	83,987,817	9,169,348	62,242,717	7,774,900
Issued during the year				
- public equity raising	-	-	8,000,000	1,120,000
- shares issued in settlement of consulting fees	-	-	200,000	20,000
- staff shares issued (i)	-	-	1,000,000	160,000
- options exercised (ii)	1,550	-	628,100	94,448
- options converted 4:1	-	-	7,423,816	-
- directors options converted 4:1	-	-	4,493,184	-
End of the financial year	83,989,367	9,169,348	83,987,817	9,169,348

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

16. CONTRIBUTED EQUITY (Continued)

(i) 1,000,000 staff shares were issued in 2007 at market value.

(ii) On 15 July 2007 there were 1,550 ordinary shares issued in respect of options converted that were outstanding at 30 June 2007.

(c) Share Options

At the end of the financial year there were no unissued ordinary shares (2007: 1,550).

Movement in Options	2008	2007
Beginning of the year	1,550	49,520,078
Exercised during the year	(1,550)	(628,100)
Converted options to shares 4:1 during year	-	(47,667,845)
Issue of new options	-	-
Expired options 30 June 2007	-	(1,097,583)
Unlisted options expired 31 December 2006	-	(125,000)
End of the year	-	1,550

(d) Staff shares issued

There were no shares issued to staff during the year (2007: 1,000,000).

(e) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Share options

There are no outstanding options at 30 June 2008.

(f) Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

17. ACCUMULATED LOSSES AND RESERVES

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Accumulated Losses				
Balance at beginning of year	(5,183,272)	(4,916,373)	(5,296,813)	(4,916,373)
Profit/(Loss) for the year	131,510	(266,899)	(4,689,426)	(380,440)
Balance at end of year	(5,051,762)	(5,183,272)	(9,986,239)	(5,296,813)
Share Option Reserve				
Balance at beginning of year	1,058,200	1,058,200	1,058,200	1,058,200
Movement during the year – share options expensed during the year	-	-	-	-
Balance at end of year	1,058,200	1,058,200	1,058,200	1,058,200
Convertible Note Equity Reserve				
Balance at beginning of year	136,403	111,484	136,403	111,484
Movement during the year, net of tax	-	24,919	-	24,919
Balance at end of year	136,403	136,403	136,403	136,403
Available-for-sale Assets Reserve				
Balance at beginning of year	4,034,691	2,446,554	4,034,691	2,446,554
Movement during the year, net of tax	(2,507,166)	1,588,137	(3,775,209)	1,588,137
Balance at end of year	1,527,525	4,034,691	259,482	4,034,691
Total Reserves				
Balance at end of year	2,722,128	5,229,294	1,454,085	5,229,294

Nature and purpose of reserves

Share option reserve

This reserve records the value of options issued to directors, employees and associates as part of their remuneration. Refer to notes 22 and 25.

Convertible note equity reserve

This reserve records the equity portion attributable to the convertible notes at the time of issue.

Available-for-sale asset reserve

This reserve records fair value changes on available-for-sale investments.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

18. CASH FLOW STATEMENT

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	131,510	(266,899)	(4,689,426)	(380,440)
- Depreciation of plant and equipment	764,795	570,549	-	-
- Amortisation of Film Library	52,680	50,598	-	-
- Amortisation of Guest Video	6,246	18,754	-	-
- Inventory written off	16,000	-	-	-
- Plant & equipment written off	-	1,420	-	-
- Provision for Diminution in Investment	-	-	-	(136,084)
- Convertible note finance cost	14,452	68,439	14,452	68,439
- Taxation	6,786	90,963	-	99,600
- Directors share issue expense	-	75,000	-	75,000
- Employee share issue expense	-	85,000	-	-
- Exchange rate fluctuations	4,064	-	-	-
- Bad debt	647	-	-	-
- Provision for non-recovery of loan	-	-	4,250,876	(1)
- Other	64,132	(30,240)	19,592	-
Changes in assets and liabilities				
- Trade receivables	(216,054)	(129,272)	-	-
- Other receivables	(4,901)	27,886	9,264	(6,979)
- Prepayments	(28,310)	30,953	-	-
- Inventory	167,041	-	-	-
- Trade and other creditors	30,070	98,436	31,574	11,201
- Employee entitlements	268	29,359	-	-
Net cash flows used in operating activities	1,009,426	720,946	(363,668)	(269,264)
a. Reconciliation of cash				
Cash balance comprises:				
Cash at bank	445,971	213,794	59,727	54,439
Short term deposit	51,955	740,000	-	690,000
Closing cash balance	497,926	953,794	59,727	744,439

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

At 30 June 2008, the Group had a borrowing facility of \$1,000,000 of which \$331,455 has been utilised (2007: Nil).

The fair value of cash and cash equivalents is \$497,926 (2007: \$953,794).

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19. EXPENDITURE COMMITMENTS

a) Commitments

(i) Leasing commitments

Operating lease commitments – Group as lessee

The Group has entered into a commercial lease in November 2006 on the building in which the business operates from. This lease has an average life of 3 years with an option for renewal included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Within one year	70,628	68,796	70,628	68,796
After one year but not more than five years	74,400	303,825	74,400	303,825
After more than five years	-	-	-	-
Total minimum lease payments	145,028	372,621	145,028	372,621

20. SEGMENT INFORMATION

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced.

Operational Segment

The Operational segment includes revenue derived by the consolidated entity primarily from the information technology sector. With the majority of the revenue coming from the supply of digital movie supply to the hospitality, mining camps and health care clients.

Investment Segment

The Investment segment relates to its four holdings in Weatherly plc, Carbine Resources Limited, Island Gas (formerly KP Renewables plc) and Gzahal Uranium Limited.

Business Segment

The following table presents revenue and profit information and certain asset information regarding business segment for the year ended 30 June 2008.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

20. SEGMENT INFORMATION (Continued)

	Continuing operations		
	Investments	Operational	Total
Year ended 30 June 2008			
Revenue			
Sales to clients	-	4,024,241	4,024,241
Other revenue	-	28,793	28,793
Total segment revenue	-	4,053,034	4,053,034
Total consolidated revenue			4,053,034
Result			
Segment results	-	375,019	375,019
Profit / (loss) before income tax and finance costs			375,019
Finance costs			(236,723)
Profit / (loss) before income tax			138,296
Income tax expense			(6,786)
Net profit / (loss) for the year			131,510
Assets and liabilities			
Segment assets	5,843,763	4,462,219	10,305,982
Total assets			10,305,982
Segment liabilities	755,429	2,710,839	3,466,268
Total liabilities			3,466,268
Other segment information			
Depreciation and amortisation	-	(823,721)	(823,721)
Increase in fair value of investments	(3,581,687)	-	(3,581,687)
Write offs	-	647	647
Cash flow information			
Net cash flow from operating expenses	-	1,009,426	1,009,426
Net cash flow from investing activities	(105,000)	(1,603,561)	(1,708,561)
Net cash flow from financing activities	-	243,267	243,267

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

20. SEGMENT INFORMATION (Continued)

	Continuing operations		
	Investments	Operational	Total
Year ended 30 June 2007			
Revenue			
Sales to clients	-	3,271,565	3,271,565
Other revenue	-	68,795	68,795
Total segment revenue	-	3,340,360	3,340,360
Total consolidated revenue			3,340,360
Result			
Segment results	-	68,444	68,444
Profit / (loss) before income tax and finance costs			68,444
Finance costs			(244,382)
Profit / (loss) before income tax			
Income tax expense			(90,962)
Net profit / (loss) for the year			(266,900)
Assets and liabilities			
Segment assets	9,320,449	3,597,181	12,917,630
Total assets			12,917,630
Segment liabilities	2,760,008	2,340,988	5,100,996
Total liabilities			5,100,996
Other segment information			
Depreciation and amortisation	-	(639,901)	(639,901)
Increase in fair value of investments	2,145,968	-	2,145,968
Write offs	-	(1,421)	(1,421)
Cash flow information			
Net cash flow from operating expenses	-	720,947	720,947
Net cash flow from investing activities	(123,386)	(1,338,952)	(1,462,388)
Net cash flow from financing activities	-	1,284,448	1,284,448

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

21. SUBSEQUENT EVENTS

Convertible Note holder Neil O'Loughlin was repaid in full on 5 September 2008. The interest rate on Convertible Notes payable was increased on 1 August 2007 from 10% to 12%. This is paid to the holders on a quarterly basis in arrears.

In July 2008, Ezenet Limited through subsidiary E-Resources Pty Ltd purchased an additional 500,000 share investments in Carbine Resources Ltd, an ASX-listed company with interests in the gold mining industry around Kalgoorlie, at a value of \$60,000.

22. EMPLOYEE BENEFITS

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Employee Benefits				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	-	-	-	-
Provisions (current)	53,952	50,897	-	-
Provisions (non-current)	11,613	14,400	-	-
	<u>65,565</u>	<u>65,297</u>	<u>-</u>	<u>-</u>

Superannuation contributions by the consolidated entity of up to 9% of employees' wages and salaries are legally enforceable in Australia.

Employee Share Incentive Scheme

There were no shares or options issued under the Employee Share Incentive Scheme during the year. Shareholders approved a resolution at the General Meeting for management of the company, to grant options over the ordinary shares of Ezenet Limited to consultants, contractors and certain members of staff of the consolidated entity, to allow them the mechanism to participate in the future development of the company and as an incentive for their past and future involvement and commitment. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the directors and management of Ezenet Limited and are issued at the discretion of the directors and management of Ezenet Limited. These options vest on the grant date.

	2008		2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	0	0	18,830,000	0.19
- granted	0	0	0	
- forfeited	0	0	125,000	0.15
- converted	0	0	18,705,000	0.19
Balance at end of year	0	0	0	

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

22. EMPLOYEE BENEFITS (Continued)

a. Remuneration options granted during the reporting period:

There were no options granted by Ezenet Limited to employees during the year. (2007: Nil).

b. Remuneration options exercised:

There were no options exercised or expired during the year. 12,780,000 options were converted to 3,195,000 shares during year ended 30 June 2007.

c. Remuneration options held as at the end of the reporting period:

There were no options held by the employees as at 30 June 2008. (2007: Nil).

d. Remuneration shares issued:

There were no shares issued to staff during the year. (2007: 1,000,000).

23. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income / (loss) and share data used in the calculations of basic and diluted earnings per share:

	2008	2007
Net profit /(loss) after tax	131,510	(266,899)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	83,989,367	76,530,297
Effect of dilution		
Convertible notes	-	11,733,333
Share options	-	-
Weighted average number of ordinary shares in issued adjusted for the effect of dilution	83,989,367	88,263,630

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

24. AUDITOR'S REMUNERATION

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
The auditor of Ezenet Limited is				
Ernst & Young				
<i>Amounts received or due and receivable by Ernst & Young (Australia) for:</i>				
Amounts received or due and receivable				
By the auditors of Ezenet Limited for:				
- an audit or review of the financial report	56,832	40,800	56,832	40,800
- other services	-	-	-	-
	<u>56,832</u>	<u>40,800</u>	<u>56,832</u>	<u>40,800</u>

25. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel:

(i) Directors

W G Martinick	Chairman (executive)
G R O'Dea	Managing Director – appointed 1 September 2007
D H Ward	Director (non-executive)
R A Burt	Managing Director - Resigned as Managing Director on 31 August 2007
	Director (non-executive) – appointed 1 September 2007 and resigned as Director on 21 December 2007

(ii) Executives

S M O Watson	Company Secretary
B A Wiley	General Manager

There were no other specified executives during the year.

(b) Employment contracts

The former Managing Director, Mr Burt was employed under contract. The employment contract commenced 14 April 2004 and terminated on 31 August 2007. This contract entitled Mr Burt to an annual fixed amount of \$206,422 and \$18,578 in superannuation. On termination, Mr Burt was only entitled to that portion of remuneration that was fixed and only up to the date of termination.

Mr B Wiley is employed under contract. The employment contract commenced 6 August 2007. This contract entitles Mr Wiley to an annual fixed amount of \$137,615 and \$12,385 in superannuation. On termination, Mr Wiley is only entitled to that portion of remuneration that is fixed and only up to the date of termination.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. KEY MANAGEMENT PERSONNEL (Continued)

(c) Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and consolidated entity are as follows:

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2008	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$	\$	\$	\$	\$	
Directors						
W G Martinick	17,500	2,600	1,575	-	21,675	-
G R O'Dea	14,583	2,600	1,313	-	18,496	-
D H Ward	14,583	2,600	1,313	-	18,496	-
R A Burt	53,093 ²	2,600	4,778 ³	-	60,471	-
Executive Officer						
S M O Watson	64,602 ³	2,600	1,313	-	68,515	-
B A Wiley	129,440 ³	23,055	11,128	-	163,623	-
Total	293,801	36,055	10,292	-	351,276	

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. The salary and superannuation are paid to Mr Burt as per his employment contract.
3. Professional services relating to legal and company secretarial fees, of \$50,019 (2007: \$46,650) were provided by Mr Simon M O Watson.
4. The salary and superannuation are paid to Mr Wiley as per his employment contract. The Non Monetary Benefit relates to the use of a motor vehicle.

	Short term		Post employment	Share based payments	Total	Total performance related
30 June 2007	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$		\$	\$	\$	
Directors						
W G Martinick	-	3,000	-	-	3,000	-
G R O'Dea	-	3,000	-	-	3,000	-
D H Ward	-	3,000	-	-	23,000	-
R A Burt	188,073 ²	3,000	16,927 ²	75,000 ³	283,000	27%
Executive Officer						
S M O Watson	46,650 ⁴	3,000	-	-	49,650	-
B A Wiley	-	-	-	-	-	-
Total	254,723	15,000	16,927	75,000	361,650	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. KEY MANAGEMENT PERSONNEL (Continued)

(c) Compensation of Key Management Personnel (Consolidated and Parent) (Continued)

- 1 The Non Monetary Benefit relates to the Directors Indemnity Insurance
- 2 The salary and superannuation are paid to Mr Burt.
- 3 The share based payment made to Mr Burt in relation to meeting key targets. 500,000 shares valued at quoted price on the date of issue.
- 4 Professional services relating to legal and company secretarial fees, of \$46,650 were provided by Mr Simon M O Watson.

Compensation

There were no shares issued to Key Management Personnel during the year ended 30 June 2008.

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options.

(e) Option holdings of Key Management Personnel

There were no options over unissued ordinary shares outstanding as at 30 June 2008.

	Balance at beginning of period	Granted as remuneration	Options Cancelled	Net Change Other	Balance at end of period	Vested at 30 June 2007		
	1 July 2006				30 June 2007	Total	Not Exercisable	Exercisable
Specified Directors								
W G Martinick **	11,561,033	-	11,561,033	-	-	-	-	-
G R O'Dea	6,003,300	-	6,003,300	-	-	-	-	-
D H Ward ***	3,706,652	-	3,706,652	-	-	-	-	-
R A Burt	3,000,000	-	3,000,000	-	-	-	-	-
Specified Executives								
S M O Watson ****	10,219,147	-	10,219,147	-	-	-	-	-
B A Wiley	-	-	-	-	-	-	-	-
Total	34,490,132	-	34,490,132	-	-	-	-	-

**Options are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Options are held indirectly by D H Ward and Blackwood Business Services Pty Ltd.

****Options are held by SMO Watson and Kings Park Nominees Pty Ltd.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

25. KEY MANAGEMENT PERSONNEL (Continued)

(f) Shareholdings of Key Management Personnel

	Balance 1 July 07	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 08
Specified Directors					
W G Martinick **	13,986,140	-	-	100,000	14,086,140
G R O'Dea	898,425	-	-	-	898,425
D H Ward ***	1,993,091	-	-	73,333	2,066,424
R A Burt	700,000	-	-	-	700,000
Specified Executives					
S M O Watson****	4,764,846	-	-	-	4,764,846
B A Wiley	-	-	-	-	-
Total	22,342,502	-	-	173,333	22,515,835

**Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Shares are held by Blackwood Business Services Pty Ltd.

****Shares are held by SMO Watson and Kings Park Nominees Pty Ltd.

	Balance 1 July 06	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 07
Specified Directors					
W G Martinick **	11,020,444	-	2,830,659	135,037	13,986,140
G R O'Dea	72,600	-	825,825	-	898,425
D H Ward ***	796,128	-	926,663	270,300	1,993,091
R A Burt	200,000	500,000	-	-	700,000
Specified Executives					
S M O Watson****	2,210,059	-	2,554,787	-	4,764,846
B A Wiley	-	-	-	-	-
Total	14,299,231	500,000	7,137,934	405,337	22,342,502

**Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund.

***Shares are held by Blackwood Business Services Pty Ltd.

****Shares are held by SMO Watson and Kings Park Nominees Pty Ltd.

(g) Loans to/from Key Management Personnel

There were no loans outstanding to or from Key Management Personnel during the year ended 30 June 2008.

(h) Other transactions and balances with Key Management Personnel

Services

Professional services, relating to accounting and taxation advice, of \$21,636 (2007: \$20,000) were provided by Young & Wilkinson, a partnership associated with D H Ward on normal commercial terms and conditions. Professional services relating to legal and company secretarial fees, of \$50,019 (2007: \$46,650) were provided by Mr Simon M O Watson.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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26. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statement of Ezenet Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	% Equity interest		Investment	
		2008	2007	2008	2007
Ezestream Pty Ltd	Australia	100	100	573,199	573,199
E-Resources Pty Ltd	Australia	100	100	1	1
				<u>573,200</u>	<u>573,200</u>

(b) Ultimate parent

Ezenet Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 25.

(d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Sales to related parties	Purchases from related parties	Related party balances
PARENT				
Intercompany loan to Ezestream Pty Ltd	2008	-	-	3,736,900
Intercompany loan to Ezestream Pty Ltd	2007	-	-	3,571,069
Intercompany loan to E-Resources Pty Ltd	2008	-	-	3,045,604
Intercompany loan to E-Resources Pty Ltd	2007	-	-	-
Provision for non-recovery of loans	2008	-	-	(5,602,441)
Provision for non-recovery of loans	2007	-	-	(1,351,565)
Total	2008	-	-	1,180,063
	2007	-	-	2,219,504

Loans provided to the subsidiaries are interest free, unsecured and repayable on demand.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments comprise receivables, payables, finance leases, available for sale investments and cash.

The Group's main risks arising from the financial instruments are:

- (a) interest rate risk,
- (b) liquidity risk,
- (c) credit risk
- (d) price risk and
- (e) foreign currency risk.

Risk Exposures and Responses

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

At balance date, the Group had the following financial assets exposed to Australian Variable interest rate risk:

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial assets				
Cash at bank	497,926	953,794	59,727	744,439

The Group's interest bearing liabilities are at fixed rates and are therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27. FINANCIAL INSTRUMENTS (Continued)

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post tax profit Higher/(Lower)		Equity Higher/(Lower)	
	2008	2007	2008	2007
	\$	\$	\$	\$
CONSOLIDATED				
+1% (100 basis points)	4,979	9,538	4,979	9,538
-1% (100 basis points)	(4,979)	(9,538)	(4,979)	(9,538)
EZENET LIMITED				
+1% (100 basis points)	597	7,444	597	7,444
-1% (100 basis points)	(597)	(7,444)	(597)	(7,444)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		EZENET LIMITED	
	2008	2007	2008	2007
	\$	\$	\$	\$
6 months or less	2,398,317	628,499	1,977,002	286,166
6 – 12 months	80,487	105,483	-	102,319
1 – 5 years	269,009	1,760,735	-	1,760,735
	<u>2,747,813</u>	<u>2,494,717</u>	<u>1,977,002</u>	<u>2,149,220</u>

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27. FINANCIAL INSTRUMENTS (Continued)

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balances view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

Year ended 30 June 2008	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
Financial assets					
Cash & cash equivalents	497,926	-	-	-	497,926
Trade & other receivables	656,802	-	-	-	656,802
Available for sale investments	(60,000)	-	-	-	(60,000)
	<u>1,094,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094,728</u>
Financial liabilities					
Trade & other payables	(557,095)	-	-	-	(557,095)
Interest bearing liabilities	(1,841,222)	(80,487)	(269,009)	-	(2,190,718)
	<u>(2,398,317)</u>	<u>(80,487)</u>	<u>(269,009)</u>	<u>-</u>	<u>(2,747,813)</u>
Net Maturity	<u>(1,303,589)</u>	<u>(80,487)</u>	<u>(269,009)</u>	<u>-</u>	<u>(1,653,085)</u>

Year ended 30 June 2008	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
EZENET LIMITED					
Financial assets					
Cash & cash equivalents	59,727	-	-	-	59,727
Trade & other receivables	-	-	-	-	-
Available for sale investments	-	-	-	-	-
	<u>59,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,727</u>
Financial liabilities					
Trade & other payables	(216,267)	-	-	-	(216,267)
Interest bearing liabilities	(1,760,735)	-	-	-	(1,760,735)
	<u>(1,977,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,977,002)</u>
Net Maturity	<u>(1,917,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,917,275)</u>

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27. FINANCIAL INSTRUMENTS (Continued)

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments. For the Company it arises from receivables due from subsidiaries and customers.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with high credit-quality financial institutions, being in Australia and only with major Australian (big four) banks.

Fair value

The fair values of financial assets and liabilities approximate their carrying amounts shown in the balance sheet due to their short term nature. The carrying amounts of financial assets and liabilities as described in the balance sheet are as follows:

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2008	2007	2008	2007
	\$	\$	\$	\$
FINANCIAL ASSET				
Cash	497,926	953,794	497,926	953,794
Debtors	656,802	440,748	656,802	440,748
Other debtors	37,405	4,194	2,743	4,194
Available-for-sale financial assets	5,843,763	9,320,449	5,843,763	9,320,449
Total financial assets	7,035,896	10,719,185	7,001,234	10,719,185
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	557,095	527,026	557,095	527,026
Finance lease liabilities	39,937	3,117	39,937	3,117
Unsecured loans	331,455	-	331,455	-
Convertible Notes	1,710,000	1,745,548	1,710,000	1,745,548
Total financial liabilities	2,638,487	2,275,691	2,638,487	2,275,691

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27. FINANCIAL INSTRUMENTS (Continued)

EZENET LIMITED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2008	2007	2008	2007
	\$	\$	\$	\$
FINANCIAL ASSET				
Cash	59,727	744,439	59,727	744,439
Other debtors	920	10,184	920	10,184
Loan to subsidiary	1,180,063	2,219,504	1,180,063	2,219,504
Available-for-sale financial assets	986,878	9,320,449	986,878	9,320,449
Total financial assets	2,227,133	12,294,576	2,227,133	12,294,576
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	216,267	184,693	216,267	184,693
Convertible Notes	1,710,000	1,745,548	1,710,000	1,745,548
Total financial liabilities	1,926,267	1,930,241	1,926,267	1,930,241

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Available-for-sale financial assets: Market values have been used to determine the fair value of listed available-for-sale investments.

Convertible Notes & loans: The carrying amount approximates fair value due to the interest rates on the Convertible Notes and loans being market related.

(d) Price Risk

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on the LSE (London Stock Exchange) and the ASX (Australian Securities Exchange).

The table below details the share price sensitivity analysis of the entity at the reporting date, holding all other variables constant. A 5% sensitivity, favourable (+) and unfavourable (-) change is deemed to be a possible change based on ASX movements for the past 12 months, and is used when reporting share price risk.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

27. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis

CONSOLIDATED		Effect on:		Effect on:	
Risk Variable	Sensitivity	Profit 2008	Equity 2008	Profit 2007	Equity 2007
Share price	+5%	-	292,188	-	466,022
sensitivity	-5%	-	(292,188)	-	(466,022)

EZENET LIMITED		Effect on:		Effect on:	
Risk Variable	Sensitivity	Profit 2008	Equity 2008	Profit 2007	Equity 2007
Share price	+5%	-	49,344	-	466,022
sensitivity	-5%	-	(49,344)	-	(466,022)

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group has minimal transactions denominated in currencies other than the functional currency of the Group, the Australian dollar (AUD). At the balance date, the Group and Company did not have any financial assets or liabilities denominated in currencies other than the functional currency of the Group and are therefore not exposed to foreign currency risk at year-end.

Independent auditor's report to the members of Ezenet Limited

Report on the Financial Report

We have audited the accompanying financial report of Ezenet Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising 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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2 (B), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 and International Standards on Auditing. 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.

Auditor's Opinion

In our opinion:

1. the financial report of Ezenet Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of Ezenet Limited and the consolidated entity at 30 June 2008 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*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Ezenet Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'G Lotter'.

G Lotter
Partner
Perth

3 October 2008

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 JUNE 2008

The Board of Directors of Ezenet Limited is responsible for the corporate governance of the consolidated entity. Its purpose is to guide and monitor the business and affairs of Ezenet Limited on behalf of the shareholders by whom the Board was elected and to whom it is accountable.

In accordance with the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations), the Corporate Governance Statement must contain specific information, and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed that fact must be disclosed, together with the reasons for the departure. Ezenet Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Encourage enhanced performance
- Principle 9. Remunerate fairly and responsibly
- Principle 10. Recognise the legitimate interests of stakeholders.

Ezenet Limited's corporate governance practices were in place throughout the year ended 30 June 2008 and were fully compliant with the Council's best practice recommendations.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

As the Board acts on behalf of and is accountable to shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to manage those risks.

The responsibility for the operation and administration of the company is delegated by the Board to appropriate company staff and consultants.

The Board is responsible for ensuring that management objectives and activities are in accordance with the policies and expectations set by them. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of the strategic and operational business plans;

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT (Continued)
30 JUNE 2008

- Board monitoring of key performance indicators;
- identification of risks and strategies put in place to mitigate key risks; and
- there are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

The Board currently comprise of two non-executive directors, including the Chairman, and one executive director, namely the Managing Director, Mr G R O'Dea. The chairman, Mr W G Martinick, is not considered to be independent using the Council's definition of independence by virtue of the fact that he is a substantial shareholder of Ezenet Limited. However, he has been appointed to this position as he has the relevant skills, experience and expertise. Mr DH Ward is considered to be independent by definition stated above.

The Board does not have a majority of independent directors however the Board considers both its structure and composition to be appropriate for the size and operations of the Company.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
W G Martinick	5.5 years
G R O'Dea	6.3 years
D H Ward	3.0 years
R A Burt (resigned 21 December 2007)	2.9 years

It is further recommended by Corporate Governance Council Recommendation 2.3 that the roles of chair and chief executive officer should not be exercised by the same individual. The Company complies with this recommendation

Meetings of the Board

The Board meets formally at least eight times a year and on other occasions, as required. The agenda for meetings is prepared by the company secretary in consultation with the managing director. Standard items include the managing director's report, financial reports, strategic matters and governance and compliance matters. Executives are available to participate in Board discussions as required.

Board access to information and independent advice

All Directors have unrestricted access to all employees of the group and, subject to the law and the terms of Deeds of Access, Insurance and Indemnity, access to all Company records. Consistent with Corporate Governance Council Principle 2, each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The Company will reimburse the director for the reasonable expense of obtaining that advice.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT (Continued)
30 JUNE 2008

Remuneration and Nomination Committee

The Committee operates under a Charter approved by the Board. The role of the Committee is to:

- Review and make recommendations about remuneration policies for executives and non-executive Directors; and
- Make assessments and recommendations about the performance and suitability of individual Directors and the Board as a whole.

Members of the Committee during the year were:

W G Martinick (Chairman)
 G R O'Dea
 D H Ward
 S M O Watson

For details of the Company's policy relating to Remuneration, plus the amounts of all monetary and non-monetary emoluments paid to Directors and other key management personnel during the year, refer to the remuneration report contained in the Directors' Report.

Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all Directors and employees of the consolidated entity. As such, the Company has developed a Code of Conduct in accordance with the principles expressed in the council's recommendations which has been fully endorsed by the Board and applies to all Directors and employees. The Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standard of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the consolidate entity. This concerns the propriety of decision making in conflict of interest situations and quality decision making for the benefits of shareholders.

Securities Trading

The Board has adopted the "Security Dealing Policy" in accordance with the Corporations Act 2001 that applies to all Directors, officers and employees of the Company. Under this policy it is illegal for Directors, officers or employees who have price sensitive information relating the Group which has not been published or which is not otherwise 'generally available' to:

- Buy, sell or otherwise deal in Company shares or options ("Company securities");
- Advise, procure or encourage another person (for example, a family member, a friend, a family Company or trust) to buy or sell Company securities; or
- Pass on information to any other person, if one knows or ought to reasonably know the person may use the information to buy or sell (or procure another person to buy or sell) Company securities.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT (Continued)
30 JUNE 2008

Corporate Reporting

In accordance with Principle 4.1, the Managing Director has made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group; and
- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating efficiently in all material respects.

Audit and Risk Management Committee

Member of the Audit Committee during the year were:

S M O Watson	- Secretary
D H Ward	- Non- Executive Director

The Committee operates in accordance with guidelines approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records and identifying and controlling risks to ensure that they do not have a negative impact on the Company. The Committee also provides the Board with additional assurance regarding the reliability of the financial information for inclusion in the financial reports.

The Audit and Risk Management Committee is also responsible for:

- Ensuring compliance with statutory responsibilities relation to accounting policy and disclosure;
- Liaising with, discussing and resolving relevant issues with the auditors;
- Assessing the adequacy of accounting, financial and operating controls;
- Reviewing half-year and annual financial statements before submission to the Board; and
- Overseeing risk management strategies in relation to debt management, capital management, cash management and insurance.

In accordance with Principle 7, the Board has established a Risk Management policy, which is designed to safeguard the assets and interests of the Company and to ensure the integrity of reporting.

The Managing Director will inform the Board annually in writing that:

- The sign off given on the financial statements is founded on a sound system of risk management and internal control compliance which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control systems is operating effectively and efficiently in all material respects.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT (Continued)
30 JUNE 2008

External Auditors

The Company's current external auditors are Ernst & Young. As noted in the Audit and Risk Management Committee charter, the performance and independence of the auditors is reviewed by the Audit and Risk Management Committee.

Ernst & Young existing policy requires that its audit team provide a statement as to their independence. This statement was received by the Audit and Risk Management Committee for the period ended 30 June 2008.

Continuous disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings and media communications. The Company Secretary has responsibility for coordinating disclosure of information to the Australian Securities Exchange.

The Company's continuous disclosure policy is reviewed periodically and updated as required and is consistent with Principle 5.

Communication with shareholders

The Company places considerable importance on effective communication with shareholders to ensure their access to timely and relevant information.

The Company communicates information on its activities and financial performance through the issue of the annual and half-year financial reports, quarterly reports on activities and cash flows and through other announcements released to the Australian Securities Exchange.

The Company posts all reports, ASX announcements, media releases and copies of newspaper reports on the Company's website www.ezenet.com.au. The website contains an archive of ASX announcements and annual reports for at least the last 3 years. The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company will ensure that the annual general meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Company requires the attendance of the external auditor at the Company's annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance Evaluation

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Ezenet Limited.

The Board of directors aims to ensure that shareholders are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report circulated to the Australian Stock Exchange Limited and the Australian Securities and Investments Commission;

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT (Continued)
30 JUNE 2008

- the quarterly reports and periodical announcements to the Australian Stock Exchange Limited;
- the annual general meeting and other meetings called to obtain approval of Board action as appropriate; and
- other meetings called to generally communicate key performance areas of the business.

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 JUNE 2008

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 3 September 2008.

(a) Statement of shareholdings

Range	Names of 20 largest shareholders	Ordinary Shares			
		Fully paid			
		No of holders	No. of shares held	% held	No. of shares in escrow
100,001 or more	Martinick Wolf Gerhard	1	12,353,266	14.71%	
	HSBC Custody Nom Aust Lim	1	7,500,000	8.93%	
	O'Loughlin Neil Thomas	1	3,774,198	4.49%	
	Godsell David	1	3,449,813	4.11%	
	Hope James Wallace JWH A/C	1	2,583,623	3.08%	
	Kings Park Nominees PL	1	1,756,202	2.09%	
	Martinick Inv PL – Martinick S/F	1	1,732,874	2.06%	
	Hillbrow Inv Ltd	1	1,720,000	2.05%	
	Hope James Wallace + N E N & J S/F A/C	1	1,685,750	2.01%	
	Watson Simon Maxwell O	1	1,612,500	1.92%	
	Kings Park Nom PL Watson S/F A/C	1	1,396,144	1.66%	
	Whaleview PL Davies S/F A/C	1	1,349,788	1.61%	
	De Chassart Phillip D	1	1,299,597	1.55%	
	Van Rooyen Reinier	1	1,262,500	1.50%	
	Kelly Michelle Anne	1	1,193,980	1.42%	
	Wakeford Holdings PL	1	1,182,155	1.41%	
	Indi Holdings PL	1	1,084,275	1.29%	
	Bond Street Custs Ltd -Cogilv	1	1,057,520	1.26%	
	Reeb Investments PL	1	1,027,500	1.22%	
	Blackwood Business Services	1	981,824	1.17%	
	Various	20	50,003,509	59.54%	
		75	22,963,853	27.34%	
		95	72,967,362	86.88%	Nil
10,001 - 100,000	Various	249	9,254,913	11.02%	Nil
5,001 – 10,000	Various	112	895,910	1.07%	Nil
1,001 – 5000	Various	263	789,470	0.94%	Nil
1 – 1,000	Various	133	81,712	0.09%	Nil
Total		852	83,989,367	100.00	Nil

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 JUNE 2008

(b) Statement of option holders

Names	No of holders	No of options held	% held
Total		Nil	

The terms of the issued options are

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Market buy-back

There is no current on-market buy-back of shares.

Substantial Shareholders, as at 30 June 2008, who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
W G Martinick and Martinick Investments Pty Ltd ATF The Martinick Superannuation Fund	14,086,140
Wildhorn Master Fund	7,500,000
N T O'Loughlin	3,774,198
J W Hope	2,583,623