Manaccom Corporation Limited

www.manaccom.com ASX: MNL

Annual Financial Report

for the year ended 30 June 2008

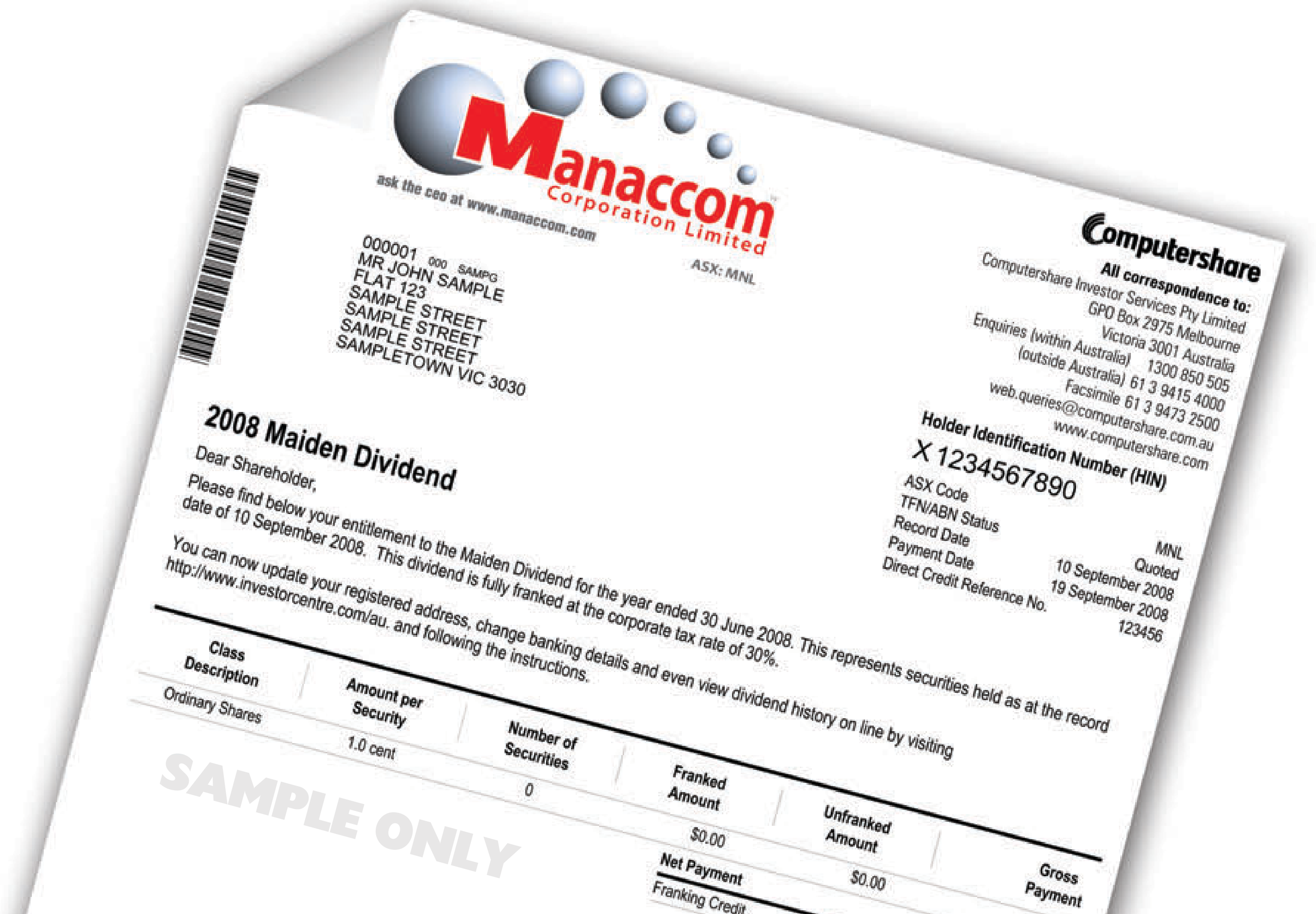
2008

www.manaccom.com ASX: MNL

Maiden Dividend

"Manaccom has now achieved its goal of paying shareholders a maiden dividend and based on current performance expects to continue paying dividends in future years."

David Barwick
Chairman



Manaccom Corporation Limited

(formerly Jumbo Corporation Limited)

ABN 66 009 189 128

and Controlled Entities

ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED 30 JUNE 2008

www.manaccom.com

CORPORATE DIRECTORY

DIRECTORS

David Barwick	(Chairman)
Mike Veverka	(Chief Executive Officer)
Ian Mackay	(Executive Deputy Chairman)

CHIEF FINANCIAL OFFICER

David Todd

COMPANY SECRETARY

Bill Lyne

REGISTERED OFFICE

Manaccom House
8-10 Camford Street
Milton QLD 4064
Telephone: 07 3331 5950
Facsimile: 07 3369 7844

BANKERS

Westpac Banking Corporation
Commonwealth Bank of Australia
ANZ Banking Group

SHARE REGISTRAR

Computershare Investor Services Pty Limited
Level 19
307 Queen Street
Brisbane QLD 4001
Telephone: 07 3237 2100
Facsimile: 07 3229 9860

AUDITORS

BDO Kendalls (QLD)
Level 18, 300 Queen Street
GPO Box 457
Brisbane QLD 4000

INTERNET ADDRESS

www.manaccom.com

AUSTRALIAN BUSINESS NUMBER

66 009 189 128

CONTENTS

BUSINESS OVERVIEW

WHAT DOES MANACCOM DO?

Manaccom has 2 main divisions – the Online Lottery Division, and the Distribution and Software Publishing Division.

ONLINE LOTTERY DIVISION

The online lottery division sells Australian lotteries to the public from the flagship website www.ozlotteries.com

The site is promoted through major Australian websites such as ninemsn.com.au via a co-branded website agreement.

Lotteries are sold through reseller agreements with Tattersalls' and the NSW Lotteries Corporation.

Lotteries and scratchies are also sold via stores in 9 Pacific countries including Fiji and Norfolk Island.

Jumbo Rewards is an emerging business that seeks to capitalise in the growth of digital advertising via the website www.jumborewards.com.

DISTRIBUTION AND SOFTWARE PUBLISHING DIVISION

The distribution and software publishing division publishes and markets popular software titles through large retailers and independent resellers.

Key relationships include Harvey Norman, Dick Smith, Officeworks, JB HiFi, Big W and Trend Micro.

The division is the incumbent Harvey Norman Software Supplier of the Year.

Software Titles	Retailers
Trend Micro	Harvey Norman
ZoneAlarm	Dick Smith
Net Nanny	JB Hi-Fi
Acronis	Officeworks
2Large2Email	

Sellerbyte is an emerging business that develops easy to use productivity software packages such as www.2large2email.com which assists customers to send large files via email.

ONLINE LOTTERY DIVISION

Since the acquisition of TMS Global Services Pty Ltd in 2005, Manaccom has applied its Internet experience to build www.ozlotteries.com into a popular and highly trafficked web site. Customers are able to purchase tickets in their favourite lotteries such as Powerball and Saturday Lotto with the extra convenience of buying online.

The lottery division also operates a computer network of lottery terminals throughout a number of Pacific Island Nations such as Fiji, Samoa and Norfolk Island. Residents in those countries are able to play Australian lotteries via the network with portions of the revenues flowing back into those countries.

Record sales were achieved in the final months of the year due to an excellent run of jackpots including an Australian record $50 million division one prize. The IT systems processed the high sales volumes well primarily due to the significant upgrades made in the previous year.

In June 2008, an exclusive co-branded website agreement with ninemsn was announced. This followed the conclusion of a similar agreement with Yahoo!7. These agreements boost the customer database which in turn underpins future sales.

Another significant milestone was a new agreement with Tattersall's which extended the relationship a further three years to 2013. This gives the business a greater horizon in which to grow the business.

The Company's flagship www.ozlotteries.com web site

DISTRIBUTION AND SOFTWARE PUBLISHING DIVISION

On 31 August 2007, the Company successfully completed the acquisition of Manaccom Pty Ltd and subsequently changed its name to Manaccom Corporation Limited to reflect the contribution made by this new division.

Established in 1986, Manaccom has seen significant growth in recent years primarily due to its software supply agreement with Trend Micro and its distribution relationship with major retailers including Harvey Norman, Officeworks, Dick Smith Electronics and JB HiFi. Since the acquisition, Manaccom has widened its customer base with the addition of Big W and Harvey Norman OFIS

Trend Micro is listed on the Tokyo Stock Exchange with a Market Capitalisation of over AUD$6 billion, Trend Micro develops the popular Trend Micro Internet Security range of software titles which are published and distributed in Australia and New Zealand by Manaccom.

Sellerbyte is an emerging business that develops easy to use productivity software packages such as www.2large2email.com which assists customers to send large files via email.

Manaccom's extensive range of products is listed on www.manac.com.au

Manaccom is the incumbent Harvey Norman Software & Portable Media Supplier of the Year.

WHAT EXPERIENCE DOES MANACCOM HAVE?

The online division commenced operations in 1995 in the early days of the internet. The distribution and software publishing division commenced even earlier in 1986 as the PC boom was spreading around the world. Combining these two well respected businesses gives Manaccom an abundance of experience with which to navigate the IT industry.

The online division developed one of the first e-commerce systems providing online merchants with tools to operate their own online store. This experience was effectively used to build www.ozlotteries.com into the successful website it is today. This became the basis to the exclusive alliance agreement with Yahoo!7 and subsequently the exclusive co-branded website agreement with ninemsn.com.au.

The distribution and software publishing division has established a respected position in the growing software industry by being the driving force behind many of Australia's popular software titles.

GROWTH STRATEGY

Manaccom is well positioned for a year of growth. A number of new online marketing initiatives are slated for the year ahead to continue building the www.ozlotteries.com customer database. New products are being sourced for new distribution opportunities to ensure strong organic growth.

Directors have been seeking suitable acquisitions to complement existing operations and open doors into new markets within the IT industry.

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

Directors

The names of directors in office at any time during or since the end of the year are:

- David Barwick (Chairman)
- Mike Veverka (Chief Executive Officer)
- Ian Mackay (Executive Deputy Chairman [appointed 22 November 2007])
- Alan Phillips (Chairman [retired 22 November 2007])
- Jon Starink (Non-executive Director [retired 22 November 2007])

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Bill Lyne was appointed Company Secretary on 19 October 2007, and is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is Secretary of a number of other publicly listed companies and has a wealth of experience in corporate governance principles and practices.

Mr Lyne holds a Bachelor of Commerce (Economics) degree, is a Chartered Accountant, a Fellow of the Chartered Secretaries Australia and a presenter at CSA courses in company secretarial practice.

Principal Activities

The principal activities of the economic entity during the financial year were:

- TMS Global Services Pty Ltd (100% owned by Manaccom Corporation Limited). This company and its 100% owned subsidiaries are the main operational entities for the online lottery retailing activity described in the Business Overview section of this report.
- Manaccom Pty Ltd (100% owned by Manaccom Corporation Limited). This company was purchased on 31 August 2007 and is the distribution and software publishing entity described in the Business Overview section of this report.
- Benon Technologies Pty Ltd (100% owned by Manaccom Corporation Limited). This company is the main operational entity for the online retailing activity and a provider of IT services and support.
- Jumbo Interactive Pty Ltd (100% owned by Manaccom Corporation Limited). This company generates, sells and manages internet based traffic and advertising.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to $2,730,526.

Environmental Issues

The economic entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends Paid or Recommended

The directors have resolved to pay an ordinary dividend of 1.0c per share (30 June 2007 - Nil).

Review of Operations

The results for the full year ending 30 June 2008 include a profit of $2,730,526 from revenues of $37.8 million. EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation and impairment losses) was $2,866,437.

The results include 10 months from the Manaccom Pty Ltd business acquired 31 August 2007 (refer Note 24 (b) for full details), one-time expenses associated with the acquisition, and a one-time loss in the sale of the entire shareholding in Global Approach Limited (ASX:GLO) 4 July 2007.

Loss on Sale of Investments

1. Loss on Global Approach Limited (ASX:GLO) Investment.

Global Approach Limited is now known as Teys Limited (ASX:TYS). As previously announced, GLO was adversely affected by changes in US legislation relating to online gaming. Manaccom sold its entire holding in GLO 4 July 2007, raising $1.09 million (less brokerage costs) in additional working capital but resulting in a one-time loss of $21,779 in the 2008 financial year.

Growth in Online Division

Improvements and new additions made throughout the previous year have enabled the online division to rise to new heights and post record sales in the later months of the financial year. Growth in the flagship website www.ozlotteries.com was assisted through alliances with ninemsn and Yahoo!7 as well as a run of Australian record jackpots. The relationship with Tattersall's was extended to 2013 and further marketing initiatives are planned for the year ahead.

Manaccom Acquisition

Management has been active in searching for a suitable acquisition in the Information Technology industry. This effort culminated in the successful acquisition of the Manaccom Pty Ltd business on 31 August 2007 (refer Note 24 (b) for full details).

Manaccom is a successful distributor and software publisher of popular titles such as Trend Micro Internet Security. It has contracts to supply major retail chains including Harvey Norman, Dick Smith, JB Hi-Fi and Officeworks. At a general meeting of shareholders on 23 August 2007, shareholders approved the issue of 80 million shares (pre-consolidation) as part of the acquisition consideration.

Tax Consolidation

During the year, the group went through the process of becoming a Consolidated Entity for tax purposes, commencing 1 July 2006. This change allows the group to take advantage of carried forward tax losses subject to an available fraction. The tax benefits from these carried forward tax losses were not taken up last year as the consolidation process was only finalised this financial year. This, along with other prior year timing differences, resulted in an over-provision of tax in the prior year of $1,067,493. This over-provision and resultant benefit are a one-time adjustment and will not impact future years. Also impacting the profit is an adjustment for current year deferred taxes (timing differences) of $301,526. Overall, these adjustments have resulted in a net increase in profits of $765,967.

Summary of Results

The results for Manaccom Corporation Limited are summarised below:

Performance

	2008	2007	2006	2005	2004
Revenue	$37.8 million	$17.9 million	$16.6 million	$7.2 million	$7.7 million
EBITDA[1]	$2,866,437	$38,113	$869,970	$657,402	$400,033
PROFIT - NPAT	$2,730,526	($739,790)	$786,973	$625,213	$289,705

[1]excludes impairment losses

5 Year Asset Growth

	2008	2007	2006	2005	2004
Cash at Bank[2]	$5.6 million	$4.8 million	$6.2 million	$6.9 million	$1.9 million
Net Assets	$11.8 million	$6.8 million	$7.8 million	$4.0 million	$1.2 million
NTA	$3.0 million	$3.8 million	$4.8 million	$1.1 million	$1.0 million

[2] includes cash held under term deposit.

5 Year Share Price Analysis

	2008	2007	2006	2005	2004
PROFIT (NPAT)	$2,730,526	($739,790)	$786,973	$625,213	$289,705
EPS	6.5c	(0.22c)	0.23c	0.24c	0.13c
Share Price	22.5c	3.3c	3.4c	5.8c	1.8c
Shares on Issue	43 million	368 million	370 million	321 million	223 million
Market Cap	$9.7 million	$12.2 million	$12.6 million	$18.6 million	$4.0 million

Significant Changes in State of Affairs

During the financial year, the Company acquired the business of Manaccom which is a successful distributor and software publisher. The acquisition was completed 31 August 2007 which resulted in a contribution of 10 months trading from the new business to the entire group.

As approved at the AGM 22 November 2007, the company changed its name from Jumbo Corporation Limited to Manaccom Corporation Limited to reflect the contribution that the newly acquired Manaccom business would have to the company and the shares were consolidated on a 1:10 basis effective 7 December 2007 to reduce shareholder related costs. These new shares traded under the ASX code JUM until 10 December 2007 and the company's new ASX code MNL applied from 11 December 2007.

Future Developments, Prospects and Business Strategies

Details are contained on pages 3 to 6.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly effect or may significantly effect the operations of the economic entity.

Information on Directors

David Barwick	—	Chairman (Non-executive)
Qualifications and Experience	—	David Barwick is an accountant by profession with over 36 years experience in the management and administration of publicly listed companies both in Australia and North America. During this period David has held the position of Chairman, Managing Director or President of over 26 public companies covering a broad range of activities.
Directorships held in other listed entities		Current director of Metallica Minerals Limited (since 11 March 2004), current director of Macarthur Minerals Limited ({TSX Venture Exchange} since 24 October 2005), former director of Global Approach Limited now Teys Limited (from 29 November 1996 to 29 October 2007, former director of International Gold Mining Limited ({TSX Venture Exchange} from 15 August 2006 to 26 July 2007), and former director of Morningstar Holdings (Australia) Limited (from 12 October 2006 to 30 August 2007).
Interest in Shares and Options	—	100,000 ordinary shares in Manaccom Corporation Limited.
Mike Veverka	—	Chief Executive Officer
Qualifications and Experience	—	Mike Veverka has been chief executive officer and a director of Manaccom Corporation Limited since the restructuring of the company in September 1999. Mike was instrumental in the development of the e-commerce software that is the foundation to the various Manaccom operations. Mike was the original founder of Benon Technologies in 1995 when development of the software began. Mike also established a leading Internet Service Provider in Queensland which operated successfully for 3 years before being sold. Mike is regarded as a pioneer in the Australian internet industry with many successful Internet endeavours to his name. Mike graduated with an honours degree in engineering in 1987.
Directorships held in other listed entities	—	Former director of Global Approach Limited now Teys Limited (from 5 January 2004 to 22 August 2007).
Interest in Shares and Options	—	8,231,723 ordinary shares in Manaccom Corporation Limited.

Ian Mackay	—	Executive Deputy Chairman
Qualifications and Experience	—	Ian Mackay left public accounting practise in 1976 to pioneer the use of computers by the profession. In 1986 he established Manaccom Pty Ltd to provide software for the booming PC market. Since that time he has established strong relationships with large international software vendors such as Trend Micro as well as large retail outlets such as Harvey Norman, The Coles Group, Dick Smith and JB Hi-Fi. Ian is past National President of AIMIA (Australian Interactive Multimedia Industry Association), was a board member of QANTM (Government funded Co-operative Multimedia Centre) and chaired the Queensland Government IIB (Information Industries Board) panel to review the computer games industry in Queensland. Ian is also the Treasurer of Variety Queensland – the children's charity.
Directorships held in other listed entities	—	Former director of Global Approach Limited now Teys Limited (from 14 January 2004 to 30 January 2006).
Interest in Shares and Options	—	8,960,000 ordinary shares in Manaccom Corporation Limited.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Manaccom Corporation Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Manaccom Corporation Limited has been designed to align director and key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the economic entity's financial results. The Board of Manaccom Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and key management personnel to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and key management personnel of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, and options (by invitation).
- The Board reviews executive and key management personnel packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives and key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the economic entity's profits and shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth. Refer below for further details of performance based remuneration.

Key management personnel are also entitled to participate in the employee share option arrangements.

The executive directors and key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and key management personnel is valued at the cost to the company and expensed. Shares given to directors and key management personnel are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes and Binomial methodologies.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance Based Remuneration

As part of the executive's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. These KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. For example, a KPI for the Chief Executive Officer is Net Profit After Tax of the economic entity.

Performance in relation to the KPIs is assessed annually by the Board, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year. This method of assessment was chosen because it provides the Board an objective means of measuring performance.

In determining whether or not a KPI has been achieved, Manaccom Corporation Limited bases the assessment on audited figures.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives.

The following table shows the gross revenue and profits (loss) for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2004	**2005**	**2006**	**2007**	**2008**
Revenue	$7.7 mil	$7.2 mil	$16.6 mil	$17.9 mil	$37.8 mil
Net Profit/Loss	$289,705	$625,213	$786,973	($739,790)	$2,730,526
Change in share Price at Year-end	1.8c	4.0c	(2.4c)	(1.0c)	(10.5c) *****
Dividends paid per share	-	-	-	-	1c
Return on capital employed	23.4%	15.9%	10.1%	(10.8%)	23.0%

***** this is after the 1:10 share consolidation (refer to the Significant Changes in State of Affairs earlier in the Report and Note 20).

Key Management Personnel Remuneration

The remuneration for each director and key management personnel of the consolidated entity was as follows:

2008	Short –term employee benefits	Post employment benefits	Share based payments	Total	Performance Related	Options proportion of total
	$	$	$	$	%	%
Directors						
David Barwick	44,000	-	-	44,000	-	-
Mike Veverka	284,768	17,532	-	302,300	16.5%	-
Ian Mackay	140,529	-	-	140,529	-	-
Alan Phillips	16,000	-	-	16,000	-	-
Jon Starink	12,500	-	-	12,500	-	-
Key Management Personnel						
David Todd	102,073	9,187	-	111,260	-	-
David Taplin	159,883	12,403	-	172,286	-	-
	759,753	39,122	-	798,875		

During the previous financial year, Xavier Bergade, Brad Board and Paul Crossin were considered Key Management Personal but with the acquisition of the Manaccom business this year and the resultant expanded group and change in corporate responsibilities and accountabilities, this is no longer applicable.

2007	Short –term employee benefits	Post employment benefits	Share based payments	Total	Performance Related	Options proportion of total
	$	$	$	$	%	%
Directors						
Directors						
Alan Phillips	72,000	-	-	72,000	-	-
Mike Veverka	222,853	4,500	-	227,353	-	-
David DeCampo	247,937	-	-	247,937	-	-
David Barwick	20,000	-	-	20,000	-	-
Jon Starink	25,000	-	-	25,000	-	-
Key Management Personnel						
Xavier Bergade	70,909	20,000	13,500	104,409	-	12.9%
Brad Board	79,231	7,131	13,500	99,861	-	13.5%
David Taplin	156,000	14,040	4,050	174,090	-	2.3%
Paul Crossin	86,139	6,500	-	92,639	7.0%	-
	980,069	52,171	31,050	1,063,289		

Employment contracts of directors and senior executives

The employment conditions of directors and senior executives are formalised in contracts of employment.

The employment contracts stipulate a range of terms and conditions. The company may terminate an employment contract without cause by providing generally four weeks written notice or making payment in lieu of notice, based on the individuals annual salary component. The notice period for the Chief Executive Officer is fifty two weeks. A termination payment may or may not be applicable dependent on the particular circumstances. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

Options issued as part of remuneration for the year ended 30 June 2008

Options are issued to executives as part of their remuneration. The options are not issued based upon performance criteria, but are issued to selected executives of Manaccom Corporation Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

All options were granted for nil consideration.

There were no options issued to directors and key management personnel as part of their remuneration for the 2008 financial year.

Options

At the date of this report, the unissued ordinary shares of Manaccom Corporation Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
4 July 2006	4 July 2009	100 cents	1,350,000
31 March 2008	31 March 2011	50 cents	1,500,000

During the financial year ended 30 June 2008, no ordinary shares of Manaccom Corporation Limited were issued on the exercise of options granted under the Manaccom Corporation Limited Employee Share Option Plan.

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Barwick	12	12	3	3
Mike Veverka	12	12	-	-
Ian Mackay	10	10	3	3
Alan Phillips	5	5	-	-
John Starink	5	5	-	-

An Audit Committee was formed during the financial year. The role of the Audit Committee is to monitor and review on behalf of the Board the effectiveness of the Company's control environment, reporting practices and responsibilities in the areas of accounting, risk management and compliance.

Indemnifying Officers or Auditor

The company has paid a premium to insure all directors and officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

Shareholdings

	Balance 1.7.07 #	Net Change *	Balance 30.6.08 *
Parent Entity Directors			
David Barwick	0	100,000	100,000
Mike Veverka	78,597,240	371,999	8,231,723
Ian Mackay	0	8,960,000	8,960,000

pre-consolidation

* takes into account the 1:10 consolidation effective 7 December 2007 (refer Note 20)

Proceedings on Behalf of Company

During the financial year, no person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings, further, during the financial year, the company was not a party to any such proceedings during the year.

Non-audit Services

The Board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/ payable to the external auditors during the year ended 30 June 2008:

Consolidated Tax Entity process	$48,104
Transfer Pricing Report	$13,860
Income tax	$11,000
Accounting advice	$11,173
	$84,137

Auditors' Independence

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 16 of the Directors' report.

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

Mike Veverka

Director

8 September 2008

AUDIT INDEPENDENCE DECLARATION

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

8 September 2008

The Directors
Manaccom Corporation Limited
PO Box 1297
MILTON QLD 4064

Dear Directors,

DECLARATION OF INDEPENDENCE TO THE DIRECTORS OF MANACCOM CORPORATION LIMITED

As lead auditor of Manaccom Corporation Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Manaccom Corporation Limited and the entities it controlled during the period.

Yours faithfully,

BDO Kendalls (QLD)

Tim Kendall

T. J. KENDALL
Partner

CORPORATE GOVERNANCE STATEMENT

Introduction

This Statement summarises the corporate governance practices that have applied in Manaccom Corporation Limited throughout the reporting period except where otherwise stated. It is structured along the same lines as the ASX Corporate Governance Council's Principles and Recommendations, as revised in August 2007, with sections dealing in turn with each of the Council's 8 corporate governance principles and addressing the Council's recommendations. This Statement and the charters, codes and policies referred to herein are posted on the Company's website www.manaccom.com and shareholders and other interested readers are welcome to refer to them. The Board will keep its corporate governance practices under review.

1. Lay solid foundations for management and oversight

The Council's first principle states that companies should "*establish and disclose the respective roles and responsibilities of board and management*." Manaccom has adopted a formal **Board Charter** that sets out the functions reserved to the Board and those delegated to the Chief Executive Officer. This enables the Board to provide strategic guidance for the Company and effective oversight of management.

Manaccom provides new Directors with a letter on appointment which details the terms and conditions of their appointment, provides clear guidance on what input is required by them, and includes materials to assist with induction into the Company.

The Company is also working towards, but has not yet completed, a similar approach for all senior executives whereby they will be provided with a formal letter of appointment setting out their terms of office, duties, rights and responsibilities as well as a detailed job description. The Board has delegated responsibilities and authorities to the CEO and other executives to enable management to conduct the Company's day to day activities. Matters which exceed defined authority limits require Board approval.

The Board is also responsible for the performance of the Company's executives, which is reviewed against appropriate measures and the performance of the Company as a whole, and through an annual appraisal process which is currently being implemented in accordance with those procedures.

2. Structure the board to add value

In its second principle the Council states that companies should "*have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties*." Manaccom's Board is so structured, and its Directors adequately discharge their responsibilities and duties for the benefit of shareholders.

The Board comprises one Non-executive Director (David Barwick, Chairman) and two Executive Directors Ian Mackay, (Executive Deputy Chairman) and the CEO (Mike Veverka). A fundamental requirement for the Manaccom Board is a deep understanding of business management and financial markets. All Board members meet this requirement, and bring a diverse range of skills and backgrounds. Additionally, Messrs Mackay and Veverka have both had a very long involvement in key sections of the Company and bring considerable relevant expertise and knowledge to the Board.

The qualifications, experience and relevant expertise of each Board member and their terms in office are set out in the Directors' Report section of the Company's Annual Report. All Directors, apart from the CEO, are subject to re-election by rotation at least every three years at the Company's Annual General Meeting.

The Board's view is that an independent director is a Non-executive director who does not have a relationship affecting independence on the basis set out in the Council's guidelines and meets materiality thresholds agreed by the Board as equating to payments to them or related parties of 5% of the Company's annual revenue or representing 20% of the individual's business revenue.

The Board considers that David Barwick meets this criterion. On the other hand, both Ian Mackay and Mike Veverka are considered to not be independent because they are substantial shareholders in Manaccom (i.e. hold more than 5% as defined in Section 9 of the Corporations Act) and are executive officers of the Company. Whilst the Board recognises that the current structure does not meet the Council's recommendation that the majority of the Board should be independent, it considers the current composition is appropriate given the Company's and the Directors' backgrounds and the current and foreseeable structure and size of the Company.

The Manaccom Board has not yet established a nomination committee. The full Board consists of only three Directors and has formed the view that the Company's present size does not justify separate committees for other than audit matters and that it is more efficient for the Board as a whole to deal with these other functions. To ensure the integrity of these functions the Board has included reference to them in the Board Charter, rather than in separate charters.

The performance of the Board, its committees and the Directors themselves is reviewed periodically by the Directors as a whole, rather than examining each individual's performance. The Board's principal evaluation benchmark is the Company's financial performance compared to similar organisations and the industry in which it operates; but other than that no formalised annual evaluation process has yet been established for Directors given that there is only one who is Non-executive.

The Company also complies with the recommendations for Directors in relation to independent professional advice, information access and contact with the Company Secretary.

The Directors may seek external professional advice at the expense of the Company on matters relating to their role as Directors of Manaccom. However, they must first request approval from the Chairman, which must not be unreasonably withheld. If withheld then it becomes a matter for the whole Board.

The Company Secretary attends all Board and committee meetings, is responsible for monitoring adherence to Board policy and procedures, and is accountable on governance matters.

3. Promote ethical and responsible decision-making

In principle 3 the Council states that companies should "*actively promote ethical and responsible decision-making*". To this end, Manaccom has formally adopted a **Code of Conduct** covering Directors and officers. The Code is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, and ethical matters such as acting with integrity, exercising due care and diligence in fulfilling duties, acting in the best interests of the Company and respecting the confidentiality of all sensitive corporate information. If a Director or officer becomes aware of unlawful or unethical behaviour by anyone in the Company then he is obliged under the Code to report such activities to the Chairman.

In addition, Directors recognise the legal obligations relevant to their role and the reasonable expectations of shareholders, other stakeholders and the wider financial community.

Manaccom also has a documented **Share Trading Policy** for Directors, executives and other relevant staff and consultants. The Policy prohibits Directors and executives from dealing in the Company's securities whilst in possession of price sensitive information. Otherwise, those persons may generally deal in securities at any time provided they obtain the prior consent of the Board Chairman (or, in the case of the Chairman himself, from the chairman of the Audit Committee).

4. Safeguard integrity in financial reporting

The Council states that companies should "*have a structure to independently verify and safeguard the integrity of their financial reporting*." In December 2007 Manaccom established an Audit Committee which operates under an **Audit Committee Charter**. The role of this committee is to ensure the truthful and factual presentation of the Company's financial position and to monitor and review on behalf of the Board the effectiveness of the Company's control environment, reporting practices and responsibilities in the areas of accounting, risk management and compliance. To assist this process, as required by Section 295A of the Corporations Act, the CEO and the Chief Financial Officer must certify to the Board in writing 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 are in accordance with relevant accounting standards.

The committee's Charter includes information on procedures for the selection and appointment of the external auditor and rotation of the engagement audit partner. The external auditor is required to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Audit Committee has three members, the Executive Deputy Chairman, Ian Mackay (as chairman), the Non-Executive Chairman, David Barwick, and the Company Secretary, Bill Lyne, all of whom have strong finance and accounting backgrounds, experience and appropriate technical expertise. However, the committee composition does not currently meet the Council's recommendations. Its chairman is not independent because the only independent Director is Chairman of the Company and one member is not a Director, although the third Director-member is an independent Non-executive Director. Until such time as the Board is enlarged this composition is considered acceptable given the current size of the Company and its operations.

The qualifications of the committee and meeting attendances by Director members are set out in the Directors' Report section of the Company's Annual Report.

Minutes of all committee meetings are provided to the Board and its chairman also reports to the Board after each committee meeting.

5. Make timely and balanced disclosure

In this principle the Council states that companies should "*promote timely and balanced disclosure of all material matters concerning the company*." Manaccom is committed to the promotion of investor confidence by ensuring that trading in the company's securities takes place in an informed market. And to assist compliance with continuous disclosure requirements under the ASX Listing Rules, the Company has a **Continuous Disclosure Policy** in place to ensure that material price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The CEO is accountable for compliance with this policy.

In addition all changes in Directors' interests in the Company's securities are promptly reported to the ASX in compliance with Section 205G of the Corporations Act and the ASX Listing Rules.

The Company's annual report is also used to keep investors informed, particularly in its review of operations and activities.

6. Respect the rights of shareholders

In principle 6 the Council states that companies should "*respect the rights of shareholders and facilitate the effective exercise of those rights*". Manaccom supports its desire to provide shareholders with adequate information about the Company and its activities through a published **Communications Policy**. It is also committed to electronic communications through its website, www.manaccom.com, which provides access to all recent ASX announcements, shareholder updates, boardroom broadcasts, notices of meetings, explanatory memoranda, annual reports and key contact details, as well as comprehensive information about the Company and its products and operations. Shareholders and other interested parties may sign-up to receive email notification of all ASX releases and other important announcements.

Company general meetings also represent a good opportunity for shareholders to meet with, and ask questions of, the Board of Manaccom and all shareholders are notified of such meetings and encouraged to attend.

7. Recognise and manage risk

In this principle the Council states that companies should "*establish a sound system of risk oversight and management and internal control*". Manaccom maintains documented policies for identifying, assessing and monitoring risk, summarised in a **Risk Management Policy**. Through the Audit Committee the Company monitors key business and financial risks, taking into consideration their likelihood and impact, and reviews and appraises risk control measures.

The CEO and senior executives have operational responsibility for risk management through Board approved guidelines. Some of these measures include formal authority limits for management to operate within, a compliance table setting out the Company's obligations and how they are executed, and an information technology plan. The CEO reports to the Board on any departures from policy or matters of concern that might be seen as or become material business risks.

In addition, the CEO and CFO are required to state in writing annually to the Board that to the best of their knowledge the integrity of the Company's risk management, internal control and compliance systems is sound and such systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

8. Remunerate fairly and responsibly

The Council's final principle states that companies should "*ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear*". The Board has not yet established a remuneration committee, nor is there a remuneration charter. The full Board consists of only three Directors and they have formed the view that the Company's present size does not justify a separate committee as it is considered more efficient for the Board as whole to deal with this function.

The Board considers that the Directors are sufficiently qualified to consider and decide on remuneration matters. However, external professional advice may be sought from experienced consultants where appropriate to assist in the Board's deliberations.

Non-executive Directors' remuneration is reviewed periodically with reference to comparable businesses and the trend in directors' fees generally, with the object of ensuring maximum stakeholder benefit from the retention of an effective Board. Shareholders, at the Company's AGM, determine any increase in the aggregate fees payable to Non-executive Directors, but it is those Directors who decide amongst themselves the split of such remuneration.

The Executive Director's remuneration is based on a fixed amount plus an incentive (calculated on audited figures) linked to the Company's financial performance. The base amount is designed to attract and retain an appropriately qualified and experienced CEO, and the incentive element is to reward him for his contribution towards the Company's success.

Other senior executives are offered remuneration packages necessary to attract and retain appropriately qualified key personnel as well as being commensurate with the skill and attention required to manage an organisation of the size and scope of the Manaccom group as it is today and taking into account its plans and forecasts into the future. In addition, the Company has an Employee Option Plan in place and from time-to-time has granted deserving staff with options as a reward for performance. However, the Board prohibits transactions by executives which might limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Further information about the Manaccom remuneration policy, along with details of all emoluments of Directors and key management can be found in the Remuneration Report section of the Directors' Report in the Company's Annual Report. There are no separate retirement benefits for non-executive Directors.

INCOME STATEMENT

For the year ended 30 June 2008.

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
Revenue	2	37,828,381	17,925,140	44,327	81,605
Cost of goods sold	3	(26,928,351)	(13,430,921)	-	-
Gross Profit		10,900,030	4,494,219	44,327	81,605
Finance costs expense	3	(148,611)	(95,725)	(147,767)	(93,606)
Depreciation expense	3	(165,641)	(55,220)	-	-
Amortisation expense	3	(447,991)	(359,223)	-	(15,637)
Salaries and employee benefits expense	3	(3,203,775)	(974,994)	(97,213)	(43,875)
Directors remuneration	3	(515,329)	(592,290)	(381,700)	(45,000)
Consultancy fees	3	(498,355)	(577,061)	(163,796)	(80,816)
Marketing costs	3	(705,336)	(492,826)	(9,411)	(6,974)
Other expenses from ordinary activities	3	(2,920,506)	(2,086,670)	(450,777)	(409,273)
Provision on loan to Benon	3	-	-	(287,924)	561,250
Profit (loss) before income tax expense		2,294,486	(739,790)	(1,494,261)	(52,326)
Income tax expense	4	436,040	-	1,368,703	-
Profit (loss) after related income tax expense		2,730,526	(739,790)	(125,558)	(52,326)
Net profit (loss) attributable to members of Manaccom Corporation Limited		2,730,526	(739,790)	(125,558)	(52,326)
Basic earnings per share (cents per share)	8	6.5	(0.20)		
Diluted earnings per share (cents per share)	8	6.2	(0.19)		
Dividends per share (cents per share)	7	1.0	-		

The accompanying notes form part of these financial statements

BALANCE SHEET

As at 30 June 2008.

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
CURRENT ASSETS					
Cash and cash equivalents	9	5,570,842	3,795,285	712,455	341,112
Trade and other receivables	10	3,011,700	961,339	66,684	87,834
Inventories	11	654,712	23,708	-	-
TOTAL CURRENT ASSETS		9,237,254	4,780,332	779,139	428,946
NON-CURRENT ASSETS					
Other Financial assets	12	79,520	2,084,935	79,520	2,084,935
Trade and other receivables	10	-	-	5,196,371	-
Interests in controlled entities	13	-	-	3,860,583	3,860,581
Property, plant and equipment	14	491,191	88,876	-	-
Intangible assets	15	8,450,640	3,161,782	357,935	270,000
Deferred tax asset	18	953,874	-	601,276	-
TOTAL NON-CURRENT ASSETS		9,975,225	5,335,593	10,095,685	6,215,516
TOTAL ASSETS		19,212,479	10,115,925	10,874,824	6,644,462
CURRENT LIABILITIES					
Trade and other payables	16	5,486,064	2,437,291	156,064	86,190
Short-term borrowings	17	44,038	820,000	-	820,000
Current tax liabilities	4	329,927	-	329,927	-
TOTAL CURRENT LIABILITIES		5,860,029	3,257,291	485,991	906,190
NON-CURRENT LIABILITIES					
Trade and other payables	16	-	-	1,289,555	31,390
Long-term Borrowings	17	1,330,046	-	1,250,000	-
Provisions	19	26,621	14,895	-	-
Deferred tax liabilities	18	144,408	-	-	-
TOTAL NON-CURRENT LIABILITIES		1,501,075	14,895	2,539,555	31,390
TOTAL LIABILITIES		7,361,104	3,272,186	3,025,546	937,580
NET ASSETS		11,851,376	6,843,739	7,849,278	5,706,882
EQUITY					
Issued Capital	20	28,155,664	25,932,142	28,155,664	25,932,142
Retained losses		(16,391,355)	(19,121,881)	(20,411,887)	(20,286,329)
Reserves		87,067	33,478	105,501	61,069
TOTAL EQUITY		11,851,376	6,843,739	7,849,278	5,706,882

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008.

	Ordinary Issued Capital	Retained Losses	Asset Revaluation Reserve	Option Reserve	Foreign Exchange Reserve	Total Equity
Economic Entity						
Balance at 1 July 2006	25,981,042	(18,382,091)	171,937	17,194	902	7,788,984
Share buy back	(48,900)	-	-	-	-	(48,900)
Profit (loss) attributable to members of parent entity	-	(739,790)	-	-	-	(739,790)
Revaluation decrement	-	-	(171,937)	-	-	(171,937)
Adjustments from translation of foreign controlled entities	-	-	-	-	(28,493)	(28,493)
Share based payment expenses	-	-	-	43,875	-	43,875
Balance at 30 June 2007	25,932,142	(19,121,881)	-	61,069	(27,591)	6,843,739
Issue of shares	2,600,000	-	-	-	-	2,600,000
Share buy back	(376,478)	-	-	-	-	(376,478)
Profit (loss) attributable to members of parent entity	-	2,730,526	-	-	-	2,730,526
Adjustments from translation of foreign controlled entities	-	-	-	-	9,157	9,157
Share based payment expenses	-	-	-	44,432	-	44,432
Balance at 30 June 2008	28,155,664	(16,391,355)	-	105,501	(18,434)	11,851,376
Parent Entity						
Balance at 1 July 2006	25,981,042	(20,234,003)	171,937	17,194	-	5,936,170
Share buy back	(48,900)	-	-	-	-	(48,900)
Profit (loss) attributable to members of parent entity	-	(52,326)	-	-	-	(52,326)
Revaluation decrement	-	-	(171,937)	-	-	(171,937)
Share based payment expenses	-	-	-	43,875	-	43,875
Balance at 30 June 2007	25,932,142	(20,286,329)	-	61,069	-	5,706,882
Issue of shares	2,600,000	-	-	-	-	2,600,000
Share buy back	(376,478)	-	-	-	-	(376,478)
Profit (loss) attributable to members of parent entity	-	(125,558)	-	-	-	(125,558)
Share based payment expenses	-	-	-	44,432	-	44,432
Balance at 30 June 2008	28,155,664	(20,411,887)	-	105,501	-	7,849,278

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

For the year ended 30 June 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		36,493,481	19,213,462	9,467	240,968
Payments to suppliers and employees		(33,919,318)	(19,554,900)	(1,043,066)	(663,613)
Interest received		190,292	145,238	44,327	62,514
Interest and other costs of finance		(148,611)	(95,725)	(147,767)	(93,606)
Net cash provided by (used in) operating activities	24 (a)	2,615,844	(291,925)	(1,137,039)	(453,737)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(371,461)	(64,602)	-	-
Purchase of investments		-	(109,775)	2	(109,775)
Acquisition of business net of cash acquired	24 (b)	(2,500,000)	(109,775)	(2,500,000)	-
Proceeds from funds on deposit		894,694	(4,315)	894,695	(4,315)
Advances from related parties			(12,716)	1,971,222	306,826
Proceeds from sale of investments		1,088,941	-	1,088,941	-
Net cash provided by (used in) investing activities		(887,826)	(191,408)	1,454,860	192,736
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue/(buy-back) of shares		(376,478)	(48,900)	(376,478)	(48,900)
Proceeds/ (Repayment) of borrowings		424,017	(940,000)	430,000	(940,000)
Net cash provided by (used in) financing activities		47,539	(988,900)	53,522	(988,900)
Net increase in cash held		1,775,557	(1,472,233)	371,343	(1,249,901)
Cash at 1 July 2007		3,795,285	5,267,518	341,112	1,591,013
Cash at 30 June 2008	9	5,570,842	3,795,285	712,455	341,112

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the economic entity of Manaccom Corporation Limited and controlled entities, and Manaccom Corporation Limited as an individual parent entity. Manaccom Corporation Limited is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

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

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

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

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity controlled by Manaccom Corporation Limited. Control exists where Manaccom Corporation Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Manaccom Corporation Limited to achieve the objectives of Manaccom Corporation Limited. A list of controlled entities is contained in Note 13 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. Business Combinations

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

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

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

c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that any future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

d. Tax Consolidation

Manaccom Corporation Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Manaccom Corporation Limited is the head company within the tax consolidated group. Each entity in the group recognises its own and deferred tax assets and liabilities. Such taxes are measured using the “stand-alone taxpayer” approach. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2006. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. The tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

e. Inventories

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

f. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a diminishing value basis over their effective lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	40%
Leased Plant and Equipment	30%

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

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

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

g. Leases

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

h. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value on trade date, plus for instruments not at fair value through profit and loss transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

These investments have fixed or determinable payments and the group has the intention and ability to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and loses arising from changes in fair value are taken directly to equity. When an available-for-sale financial asset is derecognised, the cumulative gain or loss in equity is transferred to profit or loss as part of gain or loss on disposal.

v. Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortisation cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Use of allowance accounting

The carrying amount of receivables is reduced by the use of an allowance account where there is objective evidence that the entity will not be able to recover all amounts due. Evidence impairment may include indications that the customer is experiencing significant financial difficulty, where debt collection procedures have been commenced, there is a fair probability that the customer will be put into administration or liquidation, or where balances are outstanding for more than 90 days.

i. Impairment of assets

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

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

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

j. Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group’s share of post-acquisition reserves of its associates.

k. Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in the intangible assets. Goodwill is tested annually or impairment and carried at cost less accumulated impairment loses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Customer acquisition

Expenditure on customer acquisition is recognised at cost of acquisition. Customer acquisition costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over their useful life. Customer acquisition costs are tested bi-annually for impairment and carried at cost less accumulated amortisation and any impairment losses.

l. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the transaction of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are treated as follows:

– Assets and liabilities are translated at the year-end exchange rates prevailing at the reporting date.

– Income and expenses are translated at average exchange rates for the period.

– Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

m. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Equity-settled compensation

The group operates a number of share-based compensation plans. These include both share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

n. Cash and Cash Equivalent

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

o. Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

p. Goods and Services Tax (GST)

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

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

q. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

r. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

s. Critical Accounting Estimates and Judgement

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

i. Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

No impairment has been recognised on goodwill for the year ended 30 June 2008. The recoverable amount of goodwill was determined using a discounted cash flow model based upon the following assumptions:

a) 2008 cash flow increased at 5% per annum for 5 years;
b) a terminal growth rate of 3%; and
c) discount rates ranging between 14% and 16%.

ii. Goodwill on Consolidation

Under AASB 3: Business Combinations, goodwill is capitalised to the balance sheet and subjected to an annual impairment test. Amortisation of goodwill is prohibited.

Impairment testing as at 1 July 2008 confirmed no impairment of the $8,371,614 goodwill less accumulated impairment losses of $854,805 as disclosed in the economic entity's financial statements at 30 June 2008.

NOTE 2: REVENUE

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Operating activities					
— Jumbo mall commissions and licensing income		225,473	111,147	-	-
— Revenue from sale of goods		11,906,097	792	-	-
— Revenue from services		12,052	50,338	-	-
— Revenue from online lottery		25,423,310	17,587,709	-	-
		37,566,932	17,749,986	-	-
Non-operating activities					
— Interest Received					
- Cash		184,988	140,923	39,023	58,199
- Held to maturity financial assets		5,304	4,315	5,304	4,315
— Other revenues		71,157	29,916	-	19,091
		261,449	175,154	44,327	81,605
Total Revenue		37,828,381	17,925,140	44,327	81,605

NOTE 3: PROFIT FOR THE YEAR

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
a. Expenses				
Cost of sales				
Sale of goods	26,900,085	13,421,218	-	-
Sale of services	28,267	9,703	-	-
Finance costs expensed				
— Interest expense	148,611	95,725	147,767	93,606
Depreciation of non-current assets:				
— Plant and equipment	165,641	55,220	-	-
Amortisation of non-current assets:				
— Leased plant and equipment	50,757	565	-	-
— Intangibles	397,234	358,658	-	15,637
Salaries and employee benefits expense				
— Salaries	2,826,074	783,423	48,423	-
— Superannuation contributions	270,483	116,781	4,358	-
— Leave provision	62,786	30,915	-	-
— Employee share options	44,432	43,875	44,432	43,875
Consultancy Fees				
— Legal fees	113,573	82,640	74,853	20,532
— Corporate other	384,782	494,421	88,943	60,284
Directors remuneration	515,329	592,290	381,700	45,000
Marketing costs				
— Commissions	-	-	-	3,401
— Promotions	288,432	242,904	9,411	3,573
— Other	416,904	249,922	-	-
Other Expenses				
— Bad and doubtful debts	37,127	34,615	-	-
— Operating lease rental	553,979	332,256	-	-
— Auditors remuneration	78,509	118,779	75,509	118,779
— Accountancy fees	130,027	74,365	90,887	5,685
— Bank merchant fees and charges	407,169	224,630	131,215	2,564
— ASX & ASIC fees	83,659	37,880	82,893	36,164
— Software licensing & IT fees	182,156	149,885	-	-
— Communications fees	161,879	111,840	-	-
— Impairment loss on intangibles	-	218,249	-	30,502
— Fair value loss on available-for-sale financial assets	-	194,725	-	194,725
— Insurance	39,981	62,648	563	-
— Gain/ (loss) from sale of available-for-sale financial assets	21,779	-	21,779	-
— Payroll Tax	199,048	74,461	8,765	950
— Foreign Exchange Loss/Gain	174,015	90,054	-	-
— Impairment loss on loan to subsidiary	-	-	287,924	(561,250)
— Other	851,177	362,283	39,166	19,904
	35,533,895	18,664,930	1,538,588	133,931

NOTE 4: INCOME TAX EXPENSE

a.	The components of tax expense comprise:				
	Current tax	329,928	-	(767,427)	-
	Deferred tax	301,526	-	289,837	-
	Prior year losses not brought to account	(1,067,493)	-	(891,113)	-
		(436,039)	-	(1,368,703)	-
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)					
—	Economic entity	688,346	(221,937)	-	-
—	Parent entity	-	-	(448,278)	(15,697)
Add tax effect of:					
—	other non-allowable items	229,159	4,946	256,738	-
—	Share options expensed during year	13,330	13,163	13,330	-
—	Write-back of provisions	-	-		(168,375)
Less tax effect of:					
—	Prior year losses not brought to account	(1,067,494)	-	(891,113)	-
—	Other allowable deductions	(299,380)	-	(299,380)	-
		(436,039)	(203,828)	(1,368,703)	(184,072)
Recoupment of prior year tax losses not previously brought to account		-	-	-	184,072
Deferred tax assets not brought into account		-	203,828	-	-
Income tax attributable to entity		(436,039)	-	(1,368,703)	-

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Information regarding directors and executive compensations as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

a. Options and Rights Holdings

There are no options and rights holdings held by Key Management Personnel.

b. Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1.7.2007	**Received as Compensation**	**1:10 consolidation ***	**Net Change Other**	**Balance 30.6.2008 ***
David Barwick	-	-	-	100,000	100,000
Mike Veverka	78,597,240	-	7,859,723	372,000	8,231,723
Ian Mackay	-	-	-	8,960,000	8,960,000
David Todd	-	-	-	10,000	10,000
Total	76,375,240	-	7,859,723	9,442,000	17,301,723

***** takes into account the 1:10 share consolidation 7 December 2007 (refer note 20)

NOTE 6: AUDITORS' REMUNERATION

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report of any entity in the group – BDO Kendalls	78,508	87,000	75,508	87,000
— non-audit services – BDO Kendalls				
- Tax consolidation	48,104	-	48,104	-
- Transfer pricing	13,860	-	13,860	-
- Accounting advice	11,173	8,000	11,173	-
- Income tax	11,000	-	11,000	-
Total	162,645	95,000	159,645	87,000

Parent company pays all group audit fees.

NOTE 7: DIVIDENDS

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
a. Proposed final fully franked ordinary dividend of 1 cent per share (2007: Nil) with a franking percentage of 100% (2007: n/a)	430,315	-	430,315	-
b. Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax	329,927	-	329,927	-

NOTE 8: EARNINGS PER SHARE

		Economic Entity	
		2008 $	2007 $
a.	Reconciliation of earnings to net profit or loss		
	Net profit/ (loss)	2,730,526	(739,790)
	Earnings used in the calculation of basic EPS	2,730,526	(739,790)
	Earnings used in the calculation of dilutive EPS	2,730,526	(739,790)
b.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	42,184,123	368,292,589
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	43,962,740	384,542,589

NOTE 9: CASH AND CASH EQUIVALENTS

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Cash at bank and in hand	5,570,842	3,795,285	712,455	341,112
	5,570,842	3,795,285	712,455	341,112

The effective interest rate on short-term bank deposits was 7.47% pa (2007: 6.18% pa); these deposits have an average maturity of 30 days

NOTE 10: TRADE AND OTHER RECEIVABLES

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Trade debtors	2,709,099	837,975	58,865	58,866
Sundry debtors	331,177	92,397	7,819	9,392
Amounts receivable from parties other than related parties	-	30,967	-	19,576
Less provision for non-recovery	(28,576)	-	-	-
	3,011,700	961,339	66,684	87,834
NON-CURRENT				
Amounts receivable from:				
Related parties	-	-	7,663,063	2,178,768
Less provision for non-recovery	-	-	(2,466,692)	(2,178,768)
	-	-	5,196,371	-

All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the economic entity.

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on terms ranging from 30 days to 120 days. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expense items.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
2008	1/7/2007			30/6/2008
Economic Entity	$	$	$	$
Current trade receivables	-	37,127	(8,551)	28,576
	-	37,127	(8,551)	28,576
Parent Entity				
Non-current wholly owned subsidiaries	2,178,768	287,924	-	2,466,692
	2,178,768	287,924	-	2,466,692

	Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
2007	1/7/2006			30/6/2007
Economic Entity	$	$	$	$
Current trade receivables	-	34,615	(34,615)	-
	-	34,615	(34,615)	-
Parent Entity				
Non-current wholly owned subsidiaries	2,740,018	(561,250)	-	2,178,768
	2,740,018	(561,250)	-	2,178,768

No security is held over loans and receivables.

b. **Past due but not impaired trade debtors**

The following provides an aging analysis of trade debtors which are past due and impairments which have been raised.

	Total	Amount Impaired	Amount not Impaired
2008			
Economic Entity	$	$	$
Not past due	2,482,017	-	2,482,017
Past due 30 days	33,219	-	33,219
Past due 60 days	56,110	-	56,110
Past due 90 days	46,102	-	46,102
Past due 90 days +	91,650	28,576	63,074
	2,709,098	28,576	2,680,522
Parent Entity			
Past due 90 days +	58,866	-	58,866
	58,866	-	58,866

	Total	Amount Impaired	Amount not Impaired
2007			
Economic Entity	$	$	$
Not past due	739,225	-	739,225
Past due 30 days	16,679	-	16,679
Past due 90 days +	82,071	-	82,071
	837,975	-	837,975
Parent Entity			
Past due 90 days +	58,866	-	58,866
	58,866	-	58,866

NOTE 11: INVENTORIES

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Finished goods at cost	654,712	23,708	-	-
	654,712	23,708	-	-

NOTE 12: FINANCIAL ASSETS

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
NON CURRENT				
Financial Assets				
Available-for-sale financial assets	-	1,110,720	-	1,110,720
Held-to-maturity financial assets	79,520	974,215	79,520	974,215
	79,520	2,084,935	79,520	2,084,935
a. **Available-for-sale Financial Assets Comprise**				
Listed Investments, at fair value				
— Shares in listed corporations	-	1,110,720	-	1,110,720
	-	1,110,720	-	1,110,720

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

b. **Held to Maturity Financial Assets Comprise**				
— Fixed interest deposits	79,520	974,215	79,520	974,215

NOTE 13: CONTROLLED ENTITIES

a. **Controlled Entities**

	Country of Incorporation	Percentage Ownership		Carrying Value of Investment	
		2008 %	2007 %	2008 $	2007 $
Benon Technologies Pty Ltd	Australia	100	100	12,170,000	12,170,000
Provision for write down				(12,170,000)	(12,170,000)
Editson Pty Ltd	Australia	100	100	160,000	160,000
Provision for write down				(160,000)	(160,000)
TMS Global Services Pty Ltd	Australia	100	100	3,860,581	3,860,581
Provision for write down				-	-
Building Site Services (Aust) Pty Ltd	Australia	-	70	-	160,150
Provision for write down				-	(160,150)
Dealer Dan Pty Ltd	Australia	100	100	8	8
Provision for write down				(8)	(8)
Online Computing Australia Pty Ltd	Australia	100	100	16,000	16,000
Provision for write down				(16,000)	(16,000)
Manaccom Pty Ltd	Australia	100	-	1	-
Provision for write down				-	-
Jumbo Interactive Pty Ltd	Australia	100	-	1	-
Provision for write down				-	-
Total carrying value of investment in controlled entities				3,860,583	3,860,581

a. ***Acquisition of Controlled Entities***

On 31 August 2007 the parent entity acquired 100% of the business of Manaccom Pty Ltd with Manaccom Corporation Limited entitled to all profits from 1 September 2007 for a purchase consideration of $5,100,000 (refer note 24 b).

From the date of acquisition, the Manaccom business has contributed $1,985,296 to the net profit of the group. The profit would have been $1,801,338 if held for the entire year.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	864,969	456,548	-	-
Accumulated depreciation	(504,603)	(334,229)	-	-
	360,366	122,319	-	-
Leasehold improvements				
Leased plant and equipment	353,018	21,600	-	-
Accumulated depreciation	(222,193)	(19,562)	-	-
	130,825	2,038	-	-
Total Property, Plant and Equipment	491,191	124,357	-	-

a. **Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment $	Leased Plant and Equipment $	Total $
Economic Entity:			
Balance at the beginning of year	122,319	2,038	124,357
Additions through acquisition of business	127,764	159,286	287,050
Additions	275,924	20,258	296,182
Depreciation expense	(165,641)	(50,757)	(216,398)
Carrying amount at the end of year	360,366	130,825	491,191

NOTE 15: INTANGIBLE ASSETS

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Goodwill	8,371,614	3,686,355	425,435	337,500
Accumulated impaired losses	(854,805)	(854,805)	(67,500)	(67,500)
Net carrying value	7,516,809	2,831,550	357,935	270,000
Website Development costs	2,014,572	1,057,374	46,910	46,910
Accumulated amortisation	(917,882)	(544,374)	(16,408)	(16,408)
Accumulated impairment losses	(218,249)	(218,249)	(30,502)	(30,502)
Net carrying value	878,441	294,751	-	-
Software costs	137,416	52,670		
Amortisation charge	(82,026)	(17,189)		
	55,390	35,481		
Total intangibles	8,450,640	3,161,782	357,935	270,000

	Software	Goodwill	Website Development Costs	Total
	$	$	$	$
Economic Entity:				
Year ended 30 June 2007				
Balance at the beginning of year	52,670	2,836,830	670,253	3,559,753
Net additions		-	201,405	201,405
Write off		(5,280)	-	(5,280)
Amortisation charge	(17,189)	-	(358,658)	(375,847)
Impairment losses		-	(218,249)	(218,249)
	35,481	2,831,550	294,751	3,161,782
Year ended 30 June 2008				
Balance at the beginning of year	35,481	2,831,550	294,751	3,161,782
Additions through acquisition of entity	36,426	-	-	36,426
Additions	7,209	4,687,935	957,198	5,798,379
Write off	-	(2,676)	-	(2,676)
Amortisation charge	(23,726)	-	(373,508)	(397,234)
Closing value at 30 June 2008	55,390	7,516,809	878,441	8,450,640
Parent Entity:				
Year ended 30 June 2007				
Balance at the beginning of year	-	270,000	46,139	270,000
Amortisation charge	-	-	(15,637)	(15,637)
Impairment losses	-	-	(30,502)	(30,502)
	-	270,000	-	270,000

Year ended 30 June 2008				
Balance at the beginning of year	-	270,000	-	270,000
Additions	-	87,935	-	87,935
Amortisation charge	-	-	-	-
Impairment losses	-	-	-	-
Closing value at 30 June 2008	-	357,935	-	357,935

NOTE 16: TRADE AND OTHER PAYABLES

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Trade creditors	3,548,469	2,098,264	26,056	11,919
Payables – other	-	6,848	-	-
GST payable	408,613	21,128	(14,498)	5,003
Sundry creditors and accrued expenses	1,354,700	186,628	144,506	69,268
Employee benefits	174,282	124,423	-	-
	5,486,064	2,437,291	156,064	86,190
NON-CURRENT				
Payables to subsidiary	-	-	1,289,555	31,390
	-	-	1,289,555	31,390

NOTE 17: BORROWINGS

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
CURRENT				
Bank loans	-	820,000	-	820,000
Finance leases	44,038	-	-	-
	44,038	820,000	-	820,000
NON-CURRENT				
Bank loans	1,250,000	-	1,250,000	-
Finance leases	80,046	-	-	-
	1,330,046	-	1,250,000	-

Borrowings are secured by a fixed and floating charge over the assets of the parent entity and subsidiaries.

The covenants within the bank borrowings require interest not to exceed 25% of profit before income tax and finance costs (net profit before interest and tax/ total interest expense > 4x), and debt not to exceed 50% of profit before interest, depreciation and income tax (consolidated debt/ earnings before interest, tax, depreciation and amortisation < 2x).

NOTE 18: TAX

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Liabilities				
CURRENT				
Income Tax	329,297	-	329,297	-

NON-CURRENT

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rate $	Exchange Differences $	Closing Balance $
Consolidated Group						
Deferred Tax Liability						
Property Plant and Equipment						
- depreciation	-	-	-	-	-	-
- lease	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Accruals	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Property Plant and Equipment						
- depreciation	-	3,256	-	-	-	3,256
- lease	-	9,571	-	-	-	9,571
Amortisation	-	115,970	-	-	-	115,970
Accruals	-	15,611	-	-	-	15,611
Balance at 30 June 2008	-	144,408	-	-	-	144,408
Deferred Tax Assets						
Future Income Tax Benefit attributable to tax losses	-	-	-	-	-	-
Property Plant and Equipment						
- depreciation						
- lease	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Accruals	-	-	-	-	-	-

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	$	$	$	$	$	$
Provisions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Future Income Tax Benefit attributable to tax losses	-	572,079	-	-	-	572,079
Property Plant and Equipment						
- depreciation	-	-	-	-	-	-
- lease	-	8,113	-	-	-	8,113
Amortisation	-	25,794	-	-	-	25,794
Accruals	-	212,935	-	-	-	212,935
Provisions	-	104,276	-	-	-	104,276
Other	-	30,677	-	-	-	30,677
Balance at 30 June 2008	-	953,874	-	-	-	953,874

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions of deductibility set out in Note 1(c) occur:

Temporary difference $381,795 (2007: Nil)

Tax losses: operating losses $572,079 (2007: $716,714)

Tax losses: capital losses Nil (2007: Nil)

Parent Entity						
Deferred Tax Liability						
Balance at 30 June 2007	-	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-	-
Deferred Tax Asset						
Future Income Tax Benefit attributable to tax losses	-	-	-	-	-	-
Accruals	-	-	-	-	-	-
Other	-	-	-	-	-	-

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	$	**$**	**$**	**$**	**$**	**$**
Balance at 30 June 2007	-	-	-	-	-	-
Future Income Tax Benefit attributable to tax losses	-	572,079	-	-	-	572,079
Accruals	-	21,826	-	-	-	21,826
Other	-	7,371	-	-	-	7,371
Balance at 30 June 2008	-	601,276	-	-	-	601,276

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions of deductibility set out in Note 1(c) occur:

— Temporary difference $29,197 (2007: Nil)

— Tax losses: operating losses $572,079 (2007: $155,832)

— Tax losses: capital losses Nil (2007: Nil)

NOTE 19: PROVISIONS

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
NON-CURRENT				
Long-term employee benefits	26,621	14,895	-	-

A provision has been recognised for employee entitlements relating for long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

NOTE 20: ISSUED CAPITAL

	Note	Economic Entity		Parent Entity	
		$	$	$	$
		2008	2007	2008	2007
43,031,525 (2007: 368,071,110) fully paid ordinary shares		28,155,664	25,932,142	28,155,664	25,932,142

The economic entity does not have authorised capital or par value in respect of its issued shares.

	Note	Economic Entity		Parent Entity	
		Number of shares		Number of shares	
		2008	2007	2008	2007
a. **Ordinary shares**					
At the beginning of the reporting period		368,071,110	370,071,110	368,071,110	370,071,110
Shares issued during the year					
— 1 September 2007					
Shares issued under Manaccom business purchase (see note 23.d for details)		80,000,000	-	80,000,000	-
— 7 December 2007					
Pre-consolidation		448,071,110	-	448,071,110	-
1:10 share consolidation as approved at AGM 22 December 2007		44,807,111	-	44,807,111	-
Rounding effect		(150)	-	(150)	-
Post consolidation		44,806,961	-	44,806,961	-
Shares bought back during the year					-
— 2007 Share buy-backs		-	(2,000,000)	-	(2,000,000)
— 2008 Share-buy backs		(1,775,436)	-	(1,775,436)	-
		43,031,525	368,071,110	43,031,525	368,071,110

a. Options

For details of options see Note 25.

b. Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Board regularly reviews its capital management strategies in order to optimise shareholder value. On 30 April 2007 Manaccom Corporation Limited advised the market of the intention to buy-back on-market up to 37 million (pre-consolidation) of its then issued share capital. Shares are bought back when the Board considers investment in the Company's own shares represents a better business opportunity than any alternative at the time. During 2007 a total of 2,000,000 shares (pre-consolidation) were bought back and in 2008 1,775,436 (post-consolidation).

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 20% and 40%. The gearing ratio's for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Note	Economic Entity $		Parent Entity $	
		2008	2007	2008	2007
Total borrowings	17	1,374,084	820,000	1,250,000	820,000
Net Debt		1,374,084	820,000	1,250,000	820,000
Total equity		11,851,376	6,843,739	6,843,739	5,706,882
Total Capital		13,225,460	7,663,739	8,093,739	6,526,882
Gearing ratio		10%	11%	15%	13%

NOTE 21: RESERVES

a. Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets and available-for-sale financial assets. Under certain circumstances dividends can be declared from this reserve.

b. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

c. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
a. **Operating Lease Commitments**				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable				
— Not later than 1 year	841,463	202,141	107,770	133,213
— Later than 1 year but not later than 5 years	228,907	70,789	57,225	11,377
	1,070,370	272,930	164,995	144,590

Leases range from terms of 1 to 3 years. Rent and outgoings are paid on a monthly basis with periodic pricing reviews.

	Economic Entity		Parent Entity	
b. Finance Lease Commitments				
Payable				
— Not later than 1 year	53,069	-	-	-
— Later than 1 year but not later than 5 years	86,924	-	-	-
	139,993	-	-	-
Less future finance charges	(15,909)			
	124,084			

Leases relate to motor vehicles and have terms of 3 years with commitments paid monthly based on fixed interest rates.

Primary Reporting – Business Segments

	On-line Business		Distribution and Software Publishing		Other		Eliminations		Total	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
REVENUE										
External sales	25,880,167	17,587,709	11,684,386	-	-	-	-	-	37,564,553	17,749,986
Other segments	-	-	-	-	263,828	175,154	-	-	263,828	175,154
Total revenue	25,880,167	17,587,709	12,356,655	-	263,828	175,154	-	-	37,828,381	17,925,140
RESULTS										
Segment results	1,515,527	(461,128)	1,985,296	-	(1,494,261)	(52,325)	287,924	(561,251)	2,294,486	(739,790)
Income tax									436,040	-
Net profit after tax									2,730,526	(739,790)
ASSETS										
Segment assets	8,434,449	4,999,718	9,386,815	-	10,874,825	162	(9,483,772)	(2,802,062)	19,212,317	3,407,199
Unallocated assets	-	-	-	-	-	-	162	6,708,726	162	6,708,726
Total assets	8,434,449	4,999,718	9,386,815	-	10,874,825	162	(9,483,610)	3,906,664	19,212,479	10,115,925
LIABILITIES										
Segment liabilities	6,600,013	2,922,493	7,853,765	-	3,035,117	-	(10,127,792)	(3,158,322)	7,361,103	2,270,335
Unallocated liabilities	-	-	-	-		-	-	1,001,851	-	1,001,851
Total liabilities	3,051,310	2,922,493	7,853,765	-	3,035,117	-	(10,127,792)	(2,156,471)	7,361,103	3,272,186
OTHER										
Amortisation	447,991	324,753	-	-	-	15,637	-	-	447,991	359,223
Depreciation	76,540	29,030	89,101	-	-	-	-	-	165,641	55,220
Impairment loss on intangibles	-	218,249	-	-	-	-	-	-	-	218,249
Fair value loss	-	194,725	-	-	-	-	-	-	-	194,725

Secondary Reporting – Geographic Segments

Geographic Location:	Segment Revenue from External Customers		Carrying Amount of Segment Assets	
	2008	2007	2008	2007
	$	$	$	$
Australia	30,303,781	11,412,466	18,687,199	9,458,331
Fiji	4,109,269	3,779,905	433,753	477,638
Papua New Guinea	384,846	333,875	91,527	179,956
Samoa	980,540	941,165	-	-
New Zealand	522,144	-	-	-
Other Countries	1,527,801	1,457,729	-	-
	37,828,381	17,925,140	19,212,479	10,115,925

Accounting policies

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions for service warranties. Segment assets and liabilities do not include income taxes.

Intersegment transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

Business and Geographical Segments

Business Segments

The economic entity has the following three major business segments:

- Online shopping mall, including online retailing, IT Services and Online Database
- Online Lottery
- Distribution and Software publishing

Geographical Segments

The economic entity's business segments are located predominantly in Australia. The economic entity also has online lottery operations in various Pacific countries. Online lottery purchases are made by overseas residents but these are predominantly processed through the Australian banking system.

NOTE 24: CASH FLOW INFORMATION

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit(loss) from ordinary activities after income tax	2,730,526	(739,790)	(125,558)	(52,326)
Non-cash flows in profit from ordinary activities				
Amortisation	447,991	359,223	-	15,637
Depreciation	165,641	55,220	-	-
Impairment provision	-	-	287,924	(561,250)
Manaccom acquisition balances	306,591	-	-	-
(Gain)/Loss on sale of non-current assets	21,779	-	21,779	-
Share option expense	44,432	43,875	44,432	43,875
Capitalised expenses	(1,009,868)	57,605	(87,935)	30,502
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Decrease/(Increase) in trade receivables	(1,842,547)	(585,082)	-	-
Decrease/(Increase) in other receivables	(182,307)	11,417	28,968	8,028
Decrease/(Increase) in intercompany receivables	-	-	(1,097,354)	-
Decrease/(Increase) in inventories	(631,004)	856,637	-	-
Decrease/(Increase) in prepayments	(111,210)	-	(7,819)	-
Increase/(decrease) in trade creditors	2,618,278	(129,465)	89,374	61,797
Increase/(decrease) in other creditors	429,687	(158,045)	(19,501)	-
Increase/(decrease) in other provisions	54,737	454	-	-
Increase/(decrease) in foreign exchange reserve	9,157	(28,493)	-	-
Deferred tax balances	(765,986)	-	(601,276)	-
Increase/(decrease) in provision for income tax	329,927	-	329,927	-
Cash flow from operations	2,615,844	(291,925)	(1,137,039)	(453,737)

b. Acquisition of Entities

During the year 100% of the business of Manaccom Pty Ltd was acquired. Details of this transaction are:

	Economic Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Purchase consideration	3,429,031	-	3,429,031	-
Loan for rights to seek to collect Book Debts	1,670,969	-	1,670,969	-
Total consideration	5,100,000	-	5,100,000	-
Shares issued as consideration	(2,600,000)	-	(2,600,000)	-

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Net cash outflow	2,500,000	-	2,500,000	-
Assets and liabilities held at acquisition date:				
Property, plant and equipment	287,050	-	-	-
Intangible assets	36,426	-	-	-
Inventories	476,764	-	-	-
Trade and other receivables	202,400	-	-	-
Cash and other equivalents	-	-	-	-
Interest bearing loans	(130,067)	-	-	-
Trade and other payables	(2,043,542)	-	-	-
Net identifiable assets	(1,170,969)	-	-	-
Goodwill on consolidation	4,600,000	-	-	-
	3,429,031	-	-	-

c. Facilities with Banks

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Credit Facility	3,500,000	820,000	3,500,000	820,000
Amount Utilised	(1,349,875)	(820,000)	(1,250,000)	(820,000)
	2,150,125	-	2,250,000	-

The major facilities are summarised as follows:

Bank Overdraft - $500,000

The interest rate is variable and subject to adjustment.

Commercial Bill - $2,500,000

(A further $4,000,000 is available for the acquisition of other businesses subject to certain terms and conditions first being met at the time of drawdown).

Multi Option Facility - $500,000

The facilities are provided by ANZ Group Limited subject to general and specific terms and conditions being set and met periodically. Interest rates are both fixed and variable and subject to adjustment.

NOTE 25: OPTIONS

The following share-based payment arrangements existed at 30 June 2008:

- 1,350,000 employee share options with a conversion price of $1.00 and an expiry date on 4 July 2009.
- On 31 March 2008, 1,550,000 employee share options were issued. These options have a conversion price of 50 cents and an expiry date on 31 March 2011.

The company established the Manaccom Corporation Limited Employee Option Plan. Employees are invited to participate in the scheme from time to time. When issued, the shares carry full dividend and voting rights.

The options were subject to the 1:10 consolidation as referred to in Note 20.

All options granted are for ordinary shares in Manaccom Corporation Limited, which confer a right of one ordinary share for every option held.

	Parent Entity			
	2008		2007	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	16,250,000	0.10	5,000,000	0.04
1:10 consolidation 7 December 2007	1,625,000	1.00		
Granted	1,550,000	0.50	16,250,000	0.10
Forfeited	(275,000)	1.00	-	-
Expired	-	-	5,000,000	0.04
Outstanding at year-end	2,900,000	0.73	16,250,000	0.10
Exercisable at year-end	2,900,000	0.73	16,250,000	0.10

No options were exercised during the year ended 2008.

The options outstanding at 30 June 2008 had a weighted average exercise price of 73c and a weighted average remaining contractual life of 2 years and 4 months.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement for 2008 is $44,432 and relates, in full, to equity-settled share-based payment transactions.

NOTE 26: RELATED PARTY TRANSACTIONS

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
In addition to transaction value disbursements, balance of shares/ loans at year end is:				
a. Subsidiaries				
Shares				
- Shares in Benon Technologies Pty Ltd for which a 100% provision has been made for non-recovery.	-	-	12,170,000	12,170,000
- Shares in Building Site Services (Aust) Pty Ltd for which a 100% provision has been made for non-recovery.	-	-	160,150	160,150
- Shares in Dealer Dan Pty Ltd for which a 100% provision has been made for non-recovery.	-	-	8	8
- Shares in Online Computing (Aust) Pty Ltd for which a 100% provision has been made for non-recovery.	-	-	16,000	16,000
- Shares in Manaccom Pty Ltd	-	-	1	-
- Shares in Jumbo Distribution Pty Ltd	-	-	1	-
Totals				
Opening balance	-	-	-	12,575,058
Acquisitions	-	-	2	-
Disposals	-	-	-	-
Accumulated impairments	-	-	(12,575,058)	(12,575,058)
Closing balances	-	-	2	-
Loans				
- Loan to Manaccom Pty Ltd	-	-	4,099,017	-
- Loan to Jumbo Interactive Pty Ltd	-	-	8,165	-
- Loan to TMS Global Services Pty Ltd relating to income tax	-	-	284,184	-
- Loan to Benon Technologies Pty Ltd relating to income tax	-	-	111,985	-
- Loan to Jumbo Interactive Pty Ltd relating to income tax	-	-	27,561	-
- Loan to Manaccom Pty Ltd relating to income tax	-	-	673,624	-

NOTE 26: RELATED PARTY TRANSACTIONS (cont'd)

Loan from Benon Technologies Pty Ltd to TMS Global Services Pty Ltd and its wholly owned subsidiaries.	902,700	981,947	-	-
- Loan from Benon Technologies Pty Ltd to Dealer Dan Pty Ltd.	4,667	4,667	-	-
- Loan from Benon Technologies Pty Ltd to Jumbo Interactive Pty Ltd.	95,808	-	-	-
- Loan from Benon Technologies Pty Ltd to Manaccom Pty Ltd.	21,933	-	-	-
Totals				
Opening balance bought forward	-	-	2,210,158	3,023,199
Accumulated impairments brought forward	-	-	(2,178,768)	(2,740,018)
Net opening balance brought forward	-	-	31,390	283,181
Advances	-	-	6,742,460	-
Repayments	-	-	-	(813,041)
Closing balance carried forward	-	-	8,952,618	2,210,158
Accumulated impairments carried forward	-	-	(2,466,692)	(2,178,768)
Net closing balance carried forward	-	-	6,485,926	31,390
Transactions				
- Management fees invoiced to TMS Global Services Pty Ltd.	-	-	-	228,900
- Benon Technologies Pty Ltd management services and affiliate costs invoiced to TMS Global Services Pty Ltd and its wholly owned subsidiaries.	1,893,508	2,489,315	-	-
- Jumbo Interactive Pty Ltd affiliate costs invoiced to TMS Global Services Pty Ltd and its wholly owned subsidiaries.	599,615	-	-	-
b. Key Management Personnel				
- Sub-lease of premises by Manaccom Corporation Limited (previously Jumbo Corporation Limited) to Alan Phillips (previous Chairman).	48,844	72,000	-	-
c. Other Related Parties				
- Entities of which Mike Veverka is a director and shareholder were paid licensing fees.	-	172,852	-	-
- Underwriting fee paid to Manaccom Corporation Limited (previously Jumbo Corporation Limited) by Global Approach Limited (now Teys Limited) for underwriting Share Purchase Plan.	-	-	-	21,000
- Various services provided to Global Approach Limited (now Teys Limited) by Benon Technologies Pty Ltd.	-	46,886	-	-
	3,567,075	3,767,667	6,485,928	281,290

NOTE 27: FINANCIAL INSTRUMENTS

a. **Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

There are no derivative instruments recognised or unrecognised.

i. Treasury Risk Management

An audit committee consisting of a majority of non-executive directors meet on a regular basis to consider currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The audit committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments, credit risk policies, and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk .

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments.

The economic entity is exposed to market risks from interest rates and foreign currency.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalent borrowings.

The object of market risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2008 100% of group debt is fixed. There is no policy of the group to keep a specific percentage of debt on fixed interest rates.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. Senior management monitor the group's exposure regularly and utilise the spot market to buy and sell specified amounts of foreign currency to manage this risk.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash balances and unutilised borrowing facilities are maintained.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the entity.

Credit risk arises principally from trade cash and cash equivalents and trade and other receivables.

The objective of the entity is to minimize risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is managed on a group basis and reviewed regularly by the audit committee. It arises from exposures to customers as well as deposits with financial institutions.

The audit committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with no less than an 'A' rating are utilised;

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

- customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

The maximum exposure to credit risk for trade receivables at balance date by geographic region:

Australia	$2,471,968 (91.2%)
New Zealand	$120,537 (4.4%)
Samoa	$33,856 (1.2%)
Fiji	$30,974 (1.1%)
PNG	$29,762 (1.1%)
USA	$22,000 (0.8%)

The economic entity's most significant customer, located in Australia, accounts for 25% of trade receivables as at 30 June 2008.

Credit risk is measured using debtor aging. Refer Note 10 (b) for aging analysis.

b. **Financial Instruments**

i. **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Avg. Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing: Within Year		Fixed Interest Rate Maturing: 1 to 5 years		Fixed Interest Rate Maturing: Over 5 years		Non Interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Economic Entity	%	%	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets:														
Cash and cash equivalents	4.70	4.20	5,570,842	3,795,285	-	-	-	-	-	-	-	-	5,570,842	3,795,285
Receivables			-	-	-	-	-	-	-	-	3,055,200	961,339	3,055,200	961,339
Term deposits	7.47	6.18	-	-	79,520	-	-	974,215	-	-			79,520	974,215
Listed Shares			-	-	-	-	-	-	-	-	-	1,110,720	-	1,110,720
Total Financial Assets			5,570,842	3,795,285	79,520	-	-	974,215	-	-	3,055,200	2,072,059	8,705,562	6,841,559
Financial Liabilities:														
Bank loans and overdrafts	8.03	7.67	-	820,000	1,250,000	-	-	-	-	-	-	-	1,250,000	820,000
Lease liabilities	8.81	-	-	-	44,038	-	80,046	-	-	-	-	-	124,084	-
Trade and sundry payables			-	-	-	-	-	-	-	-	5,528,266	2,430,443	5,486,064	2,430,443
Total Financial Liabilities			-	820,0000	1,294,038	-	80,046	-	-	-	5,528,266	2,430,443	6,860,148	3,250,443

	Weighted Avg. Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing: Within Year		Fixed Interest Rate Maturing: 1 to 5 years		Fixed Interest Rate Maturing: Over 5 years		Non Interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Parent Entity	%	%	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets:														
Cash and cash equivalents	3.54	4.20	712,455	341,112	-	-	-	-	-	-	-	-	712,455	341,112
Receivables			-	-	-	-	-	-	-	-	66,684	87,834	66,684	87,834
Term deposits	7.47	6.18	-	-	79,520	-	-	974,215	-	-	-	-	79,520	974,215
Listed Shares			-	-	-	-		-	-	-		1,110,720	-	1,110,720
Total Financial Assets			712,455	341,112	79,520	-	-	974,215	-	-	66,684	1,198,554	858,659	2,513,881
Financial Liabilities:														
Bank loans and overdrafts	8.03	7.67	-	820,000	1,250,000	-	-	-	-	-	-	-	1,250,000	820,000
Trade and sundry payables			-	-	-	-	-	-	-	-	1,445,619	117,580	1,445,619	117,580
Total Financial Liabilities			-	820,000	1,250,000	-	-	-	-	-	1,445,619	117,580	2,695,619	937,580

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term and in the case of borrowings, different repayment amounts and frequency. The table shows the period in which the principal and interest (if applicable) of recognised and unrecognised financial liability balance will be paid based on the remaining period to repayment date assuming contractual repayments are maintained.

Trade and sundry payables are expected to be paid as follows:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Less than 6 months	5,486,064	2,437,291	156,064	86,190
6 months to 1 year	-	-	-	-
1 to 5 years	-	-	1,289,555	31,390
Over 5 years	-	-	-	-
	5,486,064	2,437,291	1,445,619	117,580

Borrowings and finance leases are expected to be paid as follows:

Less than 1 year	44,038	820,000	-	820,000
1 to 5 years	1,330,046	-	1,250,000	-
Over 5 years	-	-	-	-
	1,374,084	820,000	1,250,000	820,000

ii. **Net Fair Values**

The net fair values of:

— Cash, cash equivalents, receivables and term deposits are valued at their carrying value because of their short term to maturity.

— Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

— Bank loans, overdrafts, trade and sundry payables are valued at their carrying value because of their short term to maturity.

— Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Average net fair values and carrying amounts of financial assets and liabilities at balance sheet date.

	2008		2007	
	Carrying Amount	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
	$	$	$	$
Financial Assets				
Available-for-sale financial assets	-	-	1,110,720	1,110,720
Held-to-maturity financial assets	79,520	79,520	974,215	974,215
Trade and other receivables	3,055,200	3,055,200	961,339	961,339
	3,134,720	3,134,200	3,046,274	3,046,274

	2008		2007	
	Carrying Amount	**Net Fair Value**	**Carrying Amount**	**Net Fair Value**
Financial liabilities	$	$	$	$
Borrowings and finance leases	1,374,084	1,374,084	820,000	820,000
Trade and other payables	5,486,064	5,486,064	2,437,,291	2,437,291
	6,860,148	6,860,148	3,257,291	3,257,291

Fair values are materially in line with carrying values.

iii. **Sensitivity Analysis**

Interest Rate Risk and Foreign Currency Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance sheet date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Change in profit				
- increase in interest rate by 2%	(27,482)	(16,400)	(25,000)	(16,400)
- decrease in interest rate by 2%	27,482	16,400	25,000	16,400
Change in equity				
- increase in interest rate by 2%	(27,482)	(16,400)	(25,000)	(16,400)
- decrease in interest rate by 2%	27,482	16,400	25,000	16,400

Foreign Currency Risk Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the Fijian Dollar, with all other variables remaining constant is as follows:

	Economic entity		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Change in profit				
- Improvement in AUD to FJD by 5%	(195,679)	(179,995)	-	-
- Decline in AUD to FJD by 5%	216,277	198,942	-	-
Change in equity				
- Improvement in AUD to FJD by 5%	(195,679)	(179,995)	-	-
- Decline in AUD to FJD by 5%	216,277	198,942	-	-

The above interest rate and foreign exchange rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 28: EVENTS AFTER THE BALANCE SHEET DATE

There are no material events after the balance sheet date.

NOTE 29: CONTINGENT LIABILITY

Bank guarantees totalling $153,128 have been issued by the group's banks in respect of rent relating to premises leased by group companies.

In addition, TMS Global Services Pty Ltd has provided guarantees in respect of rent obligations ($37,246) relating to premises leased by its wholly owned subsidiaries.

NOTE 30: CHANGE IN ACCOUNTING POLICY

a. The economic entity has not changed its accounting policy for the financial year ending 30 June 2008.

b. The following Australian Accounting Standards have been issued or amended and are applicable to the parent and economic entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendendment	Standards Affected		Outline of Amendment	Application date of Amendment	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB5	Non-current assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria included in the financial report.	1.1.2009	1.7.2009
	AASB 102	Inventories			
	AASB 107	Cash flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB107	Cash Flow Statements			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible			

		Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above.	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity		
AASB 101	AASB 101	Presentation of Financial Statements	As above.	1.1.2009	1.7.2009

NOTE 31: COMPANY DETAILS

The registered office of the company is:

Manaccom Corporation Limited
8-10 Camford Street, Milton, Brisbane. QLD 4064

The principal places of business are:

— 8-10 Camford Street, Milton, Brisbane. QLD 4064
— Suite 604, 370 St Kilda Road, Melbourne, VIC 3001

DIRECTORS’ DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and the consolidated entity.

2. In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mike Veverka

Director

8 September 2008

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

INDEPENDENT AUDITOR'S REPORT

To the members of Manaccom Corporation Limited

We have audited the accompanying financial report of Manaccom Corporation 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 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 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

BDO Kendalls

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Manaccom Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 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*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration Report

We have audited the remuneration Report included in pages 11 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 for 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 Manaccom Corporation Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls
Tim Kendall

BDO Kendalls (QLD)

T.J.Kendall
Partner

Dated at Brisbane this 8th day of September 2008

BDO Kendalls is a national association of separate partnerships and entities.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. **Shareholding**

The Company has 43,031,525 ordinary shares on issue, each fully paid. There are 1,573 holders of the ordinary shares. Shares are quoted on the Australian Securities Exchange (Home branch: Brisbane) under the code MNL and on the German Stock Exchange.

In addition, there are an aggregate total of 2,900,000 options over ordinary shares on issue but not quoted on the Australian Securities Exchange.

On 30 April 2007 the Company announced an on-market buy-back for up to 10% of its ordinary shares. The terms were varied on 23 January 2008. To date the Company has bought back and cancelled a total of 1,975,436 shares at prices ranging from 19.5c to 25c.

a. **Distribution of Shareholders Number at 22 August 2008**

	Number	
Category (size of Holding)	**Holders of Ordinary Shares**	**Ordinary Shares Held**
1 – 1,000	381	254,186
1,001 – 5,000	594	1,617,928
5,001 – 10,000	219	1,771,372
10,001 – 100,000	334	9,501,770
100,001 – and over	45	29,886,269
	1573	43,031,525

b. The number of shareholdings held in less than marketable parcels is: 548 492,061

c. The names of the substantial shareholders listed in the holding company's register as at 22 August 2008 are:

Name	**Ordinary Shares**	**Percentage Held**
IIMAC Pty Ltd and associates	8,960,000	20.82%
Vesteon Pty Ltd and associates	8,231,723	19.13%
ANZ Nominees Limited	2,755,077	6.40%

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

— Optionholders have no voting rights until their options are exercised.

e. 20 Largest Shareholders — Ordinary Shares as at 22 August 2008

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	VESTEON PTY LTD	8,008,390	18.61
2.	IIMAC PTY LTD	8,000,000	18.59
3.	ANZ NOMINEES LIMITED <CASH INCOME A/C>	2,755,077	6.40
4.	WARAWONG PTY LTD <BETHANGA HOLDINGS FAM A/C>	1,390,00	3.23
5.	MR IAN MACKAY & MRS CHERYL MACKAY <MACKAY S/F A/C>	924,667	2.15
6.	MR ANTHONY BROWN & MS MELISSA GOLLAN <JARVIS BROWN S/F A/C>	800,000	1.86
7.	MR PAUL DE MATTEO	676,086	1.57
8.	J P MORGAN NOMINEES AUSTRALIA LIMITED	612,125	1.42
9.	MR XAVIER ROBERT BERGADE	500,000	1.16
10.	MR EDWARD JAMES INNES MACKAY	353,769	0.82
11.	MR CRAIG KUHN	300,000	0.70
12.	MARYFAIR PTY LTD <HONEYWILL FAMILY S/F A/C>	280,000	0.65
13.	MR GARTH WILLIAM PERNASE & MRS SUSAN ANNE BOTICA	250,000	0.58
14.	MR DAVID PLATT & MRS SUE PLATT <SUPERANNUATION FUND A/C>	240,000	0.56
15.	MR BRIAN STEFFENSEN & MRS DIANE STEFFENSEN <STEFFENSEN SUPER FUND A/C>	209,060	0.49
16.	MR MIKE VEVERKA <VEVERKA S/F>	203,000	0.47
17.	MR CLIFFORD RAYMOND ARNOLD	200,000	0.46
18.	MR ANTHONY JAMES BROWN	200,000	0.46
19	MR ALEX DELL'ANNA	194,000	0.45
20.	MR AHMAD KHOSHNEVIS NIA	190,000	0.44
		26,286,174	61.07

2. The name of the Company Secretary is Mr Bill Lyne.

3. The address of the principal registered office in Australia is 8-10 Camford Street, Milton, QLD 4064. Telephone (07) 3331 5950.

4. **Registers of securities are held at the following addresses**

Computershare Investor Services Pty Ltd

Level 19

307 Queen Street

Brisbane QLD 4000

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange.

6. **Unquoted Securities**

Options over Unissued Shares.

A total of 2,900,000 options are on issue to employees under the Manaccom Corporation Limited Employee Option Plan.

Exercise Price	Expiry Date	Number on Issue	Number of Holders
$1.00	4 July 2009	1,350,000	4
$0.50	31 March 2011	1,550,000	4

7. **Other Disclosures**

There are no other disclosures.

Manaccom Corporation Limited
ABN 66 009 189 128
Manaccom House
8-10 Camford Street
MILTON QLD 4064
Australia

Ph: +61 7 3331 5999
Fx: +61 7 3369 7844
Web: www.manaccom.com