FACILITATE DIGITAL HOLDINGS LIMITED (FAC)

ABN 84 093 823 253

AND CONTROLLED ENTITIES

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2009	2008	Movement	
	$	$	$	%
Revenue related to the continuing operations	6,478,444	3,694,966	2,783,479	75.3
Earnings/(loss) before interest, tax, depreciation, amortisation and option expense from continuing operations	749,152	(1,554,224)	2,303,376	148.2
Net profit/(loss) before tax attributable to members from continuing operations	(678,382)	(2,584,310)	1,905,928	73.7
Net profit/(loss) after tax attributable to members from continuing operations	(2,224,495)	(1,239,572)	(984,923)	(79.5)
Net profit/(loss) for the period attributable to members (including discontinued operations)	(9,163,486)	(124,564)	(9,038,922)	-

Review of Operations

Preliminary Full Year 2009 Results

The loss before tax for the year amounted to $678,382, a 73.7% improvement on a like for like basis versus the year prior. Due to the poor performance of Impact Data, a net deferred tax asset of $1,393,492 was de-recognised, and after providing for tax of $152,621 the continuing operations generated a total loss of $2,224,495. The consolidated loss for the group (including the discontinued operation Impact Data) was $9,163,486 which included an amount of $6,938,991, being the impairment costs associated with the disposal of the Impact Data Group.

Highlights for continuing operations for the year ended 30 June 2009 include:

- 75.3% revenue growth versus the 2008 financial year from $3.69m to $6.48m;
- Expenses, excluding depreciation and amortisation, increased by only 7.1% over the corresponding period;
- EBITDA improved by 148.2% compared with the previous financial year, from ($1.55m) to $0.75m;
- NPBT improved by 73.7% versus the same financial period last year, from ($2.58m) to ($0.68m);
- EBITDA was positive in the second half of the financial year;
- The NPBT for the fourth quarter of the financial year was positive;
- The cash-flow for the fourth quarter of the financial year was positive.

With revenue growth expected to continue, management is committed to further cost management in order to secure a net profit for the 2010 financial year.

International Operations

Much of Facilitate Digital's growth over the last twelve months is attributable to offshore operations, with major client wins in Europe and United States of America.

This was an objective around key supporting elements of the 2009 financial year operating plan, and illustrates Facilitate Digital's unique offering is meeting industry needs across global territories. This offering consists of a purpose designed technology platform to automate complex campaign workflow for media agencies, as well as integrating this workflow into the various critical agency systems such as adserving, finance and creative production. Facilitate Digital's independence (the Company has no interest in the performance of one media vendor over that of another) is viewed as increasingly valuable by agencies and their clients.

The Company's expansion into the United States shows excellent promise. A dedicated technology hub installed in the second quarter has enabled clients to be signed and growing revenues to be established.

In recognition of immediate opportunities in Europe and United States, resources are being realigned accordingly, with the dual effect of reducing cash burn from slower sales cycle markets such as United Kingdom and South East Asia.

EyeWonder Partnership: Investment & US Market Entry

In September 2008, Facilitate Digital announced it had established a partnership with leading United States based technology firm EyeWonder Inc. The partnership includes shared sales initiatives in territories such as United States, Europe and the Asia-Pacific region, and an upfront investment in Facilitate Digital from EyeWonder of AUD $500K at $0.15 per share. These shares rank the same as ordinary shareholders and EyeWonder is not entitled to a share of profits other than the receipt of dividends like any other shareholder. EyeWonder see the arrangement with Facilitate Digital as playing an important role in their global development, in particular the combined footprint of the two companies provides an operational platform through which multi-national agency group contracts can be won and serviced.

In February 2009 EyeWonder invested a further AUD $447K in Facilitate Digital, for which shares were issued at $0.035 per share, a price premium of 133% to the Facilitate Digital Group (FAC) share price of $0.015 at the time of issue.

On 30 May, 2009 the Company received an unsolicited offer from EyeWonder Inc to acquire 51% of the Facilitate shares by way of acquiring shares and for new shares to be issued. This proposal was rejected, refer "ASX: FAC Release June 1st, 2009" for further details.

Subsidiary Impact Data

On 15 June 2009, the Company announced it had reached an agreement to sell the Impact Data Group, effective from 12 June, 2009 to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data).

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared during the financial year.

Financial Position

The net assets of the Facilitate Group have decreased by $8,598,391 from $12,620,012 at 30 June 2008 to $4,021,621 at 30 June 2009. This decrease has largely resulted from the disposal and impairment of the Impact Data Group.

The Facilitate Group has a strong financial position, with the *current ratio* (current assets to current liabilities) increasing from 0.52 at 30 June 2008 to 1.22 as at 30 June 2009.

The Group has continued to invest extensively in research and development to continually enhance its product suite and maintain leadership as a provider of digital marketing solutions.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

In Summary

Facilitate Digital is well positioned to deliver a profit in 2010 Financial Year and has been dedicated to establishing the building blocks, including:

- Expansion into target markets around the world including the United Kingdom, Europe and Asia;
- Securing world class talent to manage and grow each international operation;
- Engaging with large prospects that deliver requisite scale;
- Executing a global partnership with EyeWonder to broaden the offering and accelerate sales traction;
- Partnering for a US market entry (EyeWonder);
- A predictable and reduced cost base to ensure incremental revenue directly contributes to profitable growth.

In addition with this, prevailing market conditions and industry dynamics favour Facilitate Digital into the future, most notably:

- Digital marketing and advertising spend was growing at 29.2% (2008) annually, with growth expected to slow to 16% annually due to the global financial crisis
- Advertisers will continue to redirect budgets into digital media as it is highly accountable
- Clients want to work with independent providers
- Clients are becoming increasingly dependent on technology to create value within their digital marketing activity
- Facilitate Digital offers a clearly differentiated technology that directly addresses the market's need to secure operational and process efficiencies
- Clients are looking to strike long term partnership focused agreements with technology vendors that allow them to customise and integrate with other systems

Significant Events

The following significant changes in the state of affairs of the Company occurred during the financial half-year:

(a) Capital Raising

On 17 September, 2008, 3,333,333 fully paid ordinary shares, at $0.150 per share, were issued to EyeWonder. The proceeds from the placement were utilised for working capital purposes.

On 6 February, 2009 a further 12,924,283 fully paid ordinary shares, at $0.0346 per share were issued to EyeWonder; the proceeds from the placement were used for working capital purposes.

(b) Acquisition

On 30 September 2008, the Company reached an agreement to acquire remaining 50% of Facilitate Digital Europe Marketing Technology Limited, as at 31 August, 2008. The Company issued $75,334 worth of fully paid ordinary shares, at a price of 20 cents per share to fund the acquisition.

(c) Disposal

On 15 June 2009, the Company announced it had reached an agreement, effective 12 June 2009, to sell the Impact Data Group to IMDA Holdings Pty Ltd (an entity controlled by the original vendors of Impact Data). The key terms of the settlement include:

- An upfront cash payment to the Company of $385,000, including recovery of loan;
- A further deferred cash payment of $650,000, payable within the next 5 years (the deferred payment has been discounted at 12% and an amount of $357,793 is included in "Other non-current assets" in the Balance Sheet);
- The Company is released from previous obligations to make any further payments to the vendors of Impact Data (including an interim payment of $4m), overall the Company de-recognised $13.3m in liabilities to the original vendors;
- The cancellation of 6,506,005 ordinary shares in Company, comprising all of the shares held by the vendors of Impact Data. The cancellation of these shares was approved at an extraordinary general meeting of shareholders, held on 14 August 2009;
- The agreement represented the full and final settlement of all disputes between Company and the vendors of Impact Data;

Based on a share price of 6.5 cents, the total value of the transaction to the Company is $1.46 m with a net present value of $1.16m.

After Balance Date Events

- Cancellation of shares

  The 6,506,005 ordinary shares, held by the vendors of Impact Data were cancelled on 28 August 2009.

- New regional contract

  On 17 August 2009, the Company announced, through the ASX it had secured a contract encompassing the Asia-Pacific region with GroupM, the world's largest media agency group. Refer "ASX: FAC Release August 17th, 2009" for further details.

- Appointment of directors

  On 10 July 2009, the Company announced the appointment of two additional directors. Stuart Simson was appointed the non-executive Chairman and Geoff Dixon as a non-executive director. Refer "ASX: FAC Release July 10th, 2009" for further details.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
For period 1 July 2008 to 31 August 2008	Current Period	Previous Period	Current Period	Previous Period
Facilitate Digital Europe Marketing Technology Limited	50%	50%	(51,339)	(79,349)

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN LOST DURING THE PERIOD

Name of Entity	Date of loss of control	Percentage Lost
Impact Data Pty Ltd	12 June 2009	100%
Look Outside The Square Pty Ltd	12 June 2009	100%
Impact Data UK Limited	12 June 2009	100%

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED DURING THE PERIOD

Name of Entity	Date of gain of control	Percentage gained
Facilitate Digital Europe Marketing Technology Limited	1 September 2008	100%
Facilitate Digital LLC (US)	Incorporated 16 October 2008	100%

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated 2009 $	2008 $
Assets			
Current Assets			
Cash and cash equivalents		**1,425,950**	1,628,011
Trade and other receivables	8	**1,423,678**	1,995,848
Other current assets	9	**23,288**	39,705
Total Current Assets		**2,872,916**	3,663,564
Non Current Assets			
Property, plant and equipment	10	**205,297**	331,899
Net deferred tax assets		**-**	1,306,411
Goodwill and intangible assets	11	**3,011,863**	23,558,332
Other non-current assets	9	**451,844**	133,265
Total Non Current Assets		**3,669,004**	25,329,907
Total Assets		**6,541,920**	28,993,471
Current Liabilities			
Trade and other payables	12	**1,698,575**	6,632,603
Finance lease liabilities		**34,576**	-
Current tax liabilities	6	**254,073**	16,390
Provisions	13	**370,375**	335,963
Total Current Liabilities		**2,357,599**	6,984,956
Non Current Liabilities			
Trade and other payables	12	**-**	9,325,428
Finance lease liabilities		**69,153**	-
Provisions	13	**93,547**	63,075
Total Non Current Liabilities		**162,700**	9,388,503
Total Liabilities		**2,520,299**	16,373,459
Net Assets		**4,021,621**	12,620,012
EQUITY			
Issued capital		**13,298,055**	12,698,833
Other Reserves		**(117,137)**	-
Employee Share Option Plan Reserve		**264,247**	181,237
Accumulated losses	16	**(9,423,544)**	(260,058)
Total Equity		**4,021,621**	12,620,012

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	2008 $
Continuing Operations			
Revenue	2	**6,478,444**	3,694,966
Cost of Sales		**(1,163,993)**	(692,756)
Administrative expenses		**(170,370)**	(124,154)
Marketing expenses		**(70,989)**	(262,187)
Occupancy expenses		**(523,190)**	(381,126)
Employee expense		**(2,966,968)**	(3,065,519)
Depreciation and amortisation expense	4	**(1,339,866)**	(848,808)
Other expenses		**(802,434)**	(698,009)
Finance costs		**(12,635)**	(7,018)
Employee Share Option Plan		**(106,381)**	(199,699)
Loss before income tax		**(678,382)**	(2,584,310)
Income tax (expense) / benefit	6	**(1,546,113)**	1,344,738
Loss from continuing operations		**(2,224,495)**	(1,239,572)
Discontinued Operations			
Profit/(loss) from discontinued operations	7	**(6,938,991)**	1,115,008
Loss for the year		**(9,163,486)**	(124,564)

EARNINGS/(LOSS) PER SHARE

	Consolidated 2009 Cents	2008 Cents
Loss per share attributable to members of Facilitate Digital		
Basic loss per share from continuing operations	**(1.87)**	(1.16)
Basic loss per share including discontinued operations	**(7.71)**	(0.12)
Diluted loss per share from continuing operations	**(1.87)**	(1.16)
Diluted loss per share including discontinued operations	**(7.71)**	(0.12)

NET TANGIBLE ASSETS PER SHARE

	Consolidated 2009 Cents	2008 Cents
Net tangible assets per share attributable to members of Facilitate Digital		
Net tangible assets per share from continuing operations	**0.85**	(10.21)

STATEMENT OF CHANGES TO EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Consolidated	Note	Ordinary	Retained Losses	ESOP Reserve	Foreign Currency Reserve	Total
		$	$	$		$
Balance at 30 June 2007		4,787,209	(135,494)	-	-	4,651,715
Shares issued during the year		8,174,966	-	-	-	8,174,966
Transaction costs		(263,342)	-	-	-	(263,342)
Net loss for the year		-	(124,564)	-	-	(124,564)
Share based payments		-	-	181,237	-	181,237
Sub-total		7,911,624	(124,564)	181,237	-	7,968,297
Balance at 30 June 2008		**12,698,833**	**(260,058)**	**181,237**	**-**	**12,620,012**
Shares issued during the year		**1,022,112**	**-**	**-**	**-**	**1,022,112**
Net loss for the year		**-**	**(9,163,486)**	**-**	**-**	**(9,163,486)**
Share cancellation (note 7)		**(422,890)**	**-**	**-**	**-**	**(422,890)**
Share based payments		**-**	**-**	**83,010**	**-**	**83,010**
Foreign currency translation		**-**	**-**	**-**	**(117,137)**	**(117,137)**
Sub-total		**599,222**	**(9,163,486)**	**83,010**	**(117,137)**	**(8,598,392)**
Balance at 30 June 2009		**13,298,055**	**(9,423,544)**	**264,247**	**(117,137)**	**4,021,621**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		**10,667,880**	8,924,540
Payments to suppliers and employees		**(10,068,883)**	(9,267,543)
Capitalised development costs		**(1,856,345)**	(1,928,296)
Interest received		**34,042**	134,517
R&D Tax Concession		**-**	109,345
Finance costs		**(71,130)**	(12,847)
Income tax paid		**(11,920)**	(143,525)
Net cash flows used in operating activities		**(1,306,356)**	(2,183,809)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(66,573)**	(354,100)
Part acquisition of subsidiary, Impact Data Pty Ltd		**-**	(3,187,089)
Net proceeds on disposal of subsidiary, Impact Data Pty Ltd	7	**(6,290)**	-
Net cash acquired with subsidiary, Impact Data Pty Ltd		**-**	158,228
Net cash acquired with investment, Facilitate Digital Europe Ltd	15	**9,727**	-
Net cash flows used in investing activities		**(63,136)**	(3,382,961)
Cash flows from financing activities			
Proceeds from issue of shares		**946,777**	5,000,000
Repayment of borrowings		**220,654**	(93,219)
Dividend paid		**-**	(65,000)
Cost of equity raising		**-**	(235,522)
Net cash flows from financing activities		**1,167,431**	4,606,259
Net decrease in cash and cash equivalents		**(202,061)**	(960,511)
Cash and cash equivalents at beginning of period		**1,628,011**	2,588,522
Cash and cash equivalents at end of period		**1,425,950**	1,628,011

NOTES TO THE PRELIMINARY FINAL REPORT

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and is based on the Financial Report which is in the process of being audited The Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

The results of the Impact Data Group appear under the heading of "discontinued operations" in the income statement.

Continuation as a going concern

The Group has recorded an operating loss of $9,163,486 for the year of which $6,938,991 relates to the operating loss of its subsidiary Impact Data and the impairment of the Group's investment in Impact Data.

Notwithstanding the significant loss for the period, the directors are satisfied that the group can continue as a going concern for the following reasons;

- The Group has disposed of Impact Data, which will remove the operating cash outflows and operating losses related to Impact Data from the Group,
- The Group has forecast positive operating profit from operations for the year ending 30 June 2010, and
- The directors are satisfied they could raise additional equity in the unlikely event that the cash from operations was insufficient to cover short term cash outlays as was evidenced by the additional equity injected by EyeWonder during the financial year.

Based on the above factors, the Directors are confident that the company can meet its debts as and when they become due and payable and the accounts have been prepared on a going concern basis.

Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

a) Basis of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of Facilitate Digital Holdings Limited and its subsidiaries as at 30 June each year.

Subsidiaries are all those entities over which the Facilitate Digital Holdings Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

b) Business Combination

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

c) Foreign Currency Translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars ($). The overseas subsidiaries' functional currency is the local currency or currencies utilised in that location, which is translated to presentation currency (see below).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency

The results of the overseas subsidiaries are translated into Australian Dollars utilising the average exchange rate for the year. Assets and liabilities are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognised in the foreign currency reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in overseas subsidiaries are taken to the foreign currency reserve. If an overseas subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the income statement.

d) Income Tax

Taxation has been calculated based upon a grouping of companies for tax purposes, where available.

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 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.

Net deferred tax assets are reviewed on a half-yearly basis and as a result, $1,393,492 of net deferred tax assets was derecognised at December 31, 2008.

e) Property, Plant and Equipment

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

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

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

f) Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	25%
Office/Computer Equipment	33%
Furniture	100%
Software	40%
Leased Assets	25%

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 re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g) Interests in Joint Ventures

Interests in joint venture entities are brought to account using the proportional method of accounting in the consolidated financial statements.

h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over

the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

i) 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 intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents, trademarks, customer databases and licences

Patents, trademarks, customer databases and licences are recognised at cost of acquisition, and are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over 4 years from the date of purchase.

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.

Capitalised development costs are amortised over a 4 year period once the products or services to which the costs relate have been commercialised or are being sold to customers.

j) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within *1* 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 *1* year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Equity-settled compensation

The cost to the company of the employee share option plan is expensed in the income statement using the Black-Scholes method.

l) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits require to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain the reimbursement will be received and the amount of the receivable can be measured reliably.

m) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short term cash commitments (rather than for investment or other purposes) and include: cash and liquid assets, bank accounts and overdrafts.

n) Revenue

Revenue from services and the sale of goods is recognised upon the delivery of those services or goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

o) 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 balance sheet are shown inclusive of GST.

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

NOTE 2: REVENUE

	2009	2008
	$	$
Revenue		
— Revenue from Operations	**6,397,560**	3,514,408
— Interest received	**24,210**	125,010
— Grants received	**56,674**	55,548
Total Revenue	**6,478,444**	3,694,966

NOTE 3: SEGMENT INFORMATION

Operational revenue by business segment	**2009 $**	2008 $
Technology	**5,763,639**	3,465,470
Services	**633,921**	48,938
Total	**6,397,560**	3,514,408

Operational revenue by geographical location		
Australia	**3,609,240**	3,035,921
New Zealand	**387,684**	274,495
Asia	**111,183**	20,132
Europe	**1,142,189**	172,260
United Kingdom	**808,586**	11,600
United States	**338,679**	-
Total	**6,397,560**	3,514,408

Percentage of operational revenue by location	**2009 %**	2008 %
Australia	**56.4**	86.4
Overseas	**43.6**	13.6

Note 4: PROFIT FROM CONTINUING ACTIVITIES

	2009 $	2008 $
Profit before income tax has been determined after:		
Expenses:		
Finance costs	**12,635**	7,018
Foreign currency (gain)/loss	**(14,507)**	1,390
Doubtful and bad debts	**36,445**	48,045
Depreciation of plant and equipment	**105,321**	88,538
Amortisation of non-current assets	**1,234,545**	760,270
Total depreciation and amortisation expense	**1,339,866**	848,808

NOTE 5: PRIOR YEAR ADJUSTMENT

The Balance Sheet at 30 June 2008 and Income Statement for the financial year ending 30 June 2008, have been restated as a customer database licence included in Impact Data's Balance Sheet under intangible assets for $1,411,952 should have been amortised over 4 years from the date of purchase being 1 July 2007. The effect of this change is as follows:

Balance Sheet – 30 June 2008

Intangible assets were reduced by an amount of $352,988 and retained earnings of $92,930, shown in the 2008 annual report was reduced to a retained loss of $260,058. This restatement is reflected in the opening balance of retained earnings in the June 2008 Balance Sheet.

Income statement for the year ended 30 June 2008

Amortisation expense in relation to intangible assets was increased by an amount of $352,988 and the profit for the year of $228,424 was reduced to a loss of $124,564. This change has been reflected in loss attributable to discontinued operations in the 30 June 2008 Income Statement.

NOTE 6: INCOME TAX

	2009	2008
	$	$
(a). Income Tax Expense		
The components of tax expense comprise:		
Current tax	**155,519**	(782,786)
Deferred tax	**-**	140,927
Tax benefit prior year losses	**-**	(1,040,965)
Deferred net assets de-recognised	**1,393,492**	-
Over/(under) provision in respect of prior years	**(2,898)**	428,845
Discontinued operations	**-**	(90,759)
	1,546,113	(1,344,738)

(b). Income Tax Liability		
Current tax liability:	**$**	$
Balance at beginning of the year	**16,390**	-
Income tax	**254,073**	16,390
Tax payments	**(3,329)**	-
(Over)/under provision in respect of prior years	**(13,061)**	-
Balance at the end of the year	**254,073**	16,390

NOTE 7: DISCONTINUED OPERATIONS

Income Statement

	Impact Data	
	12 June 2009	30 June 2008
Revenue	**3,694,840**	5,335,307
Expenses	**(4,412,525)**	(4,129,540)
Gross profit/(loss)	**(717,685)**	1,205,767
Impairment charges (note 7(a))	**(6,065,493)**	-
Loss on disposal (note 7(b))	**(54,370)**	-
Profit / (Loss) before tax from discontinued operations	**(6,837,548)**	-
Income tax expense	**(101,443)**	(90,759)
Profit / (Loss) from discontinued operations after tax	**(6,938,991)**	1,115,008

Cash Flow Statement

The net cash flows of the discontinued operations of the Impact Data Group which have been incorporated into the cash flow statement are as follows:

	Impact Data	
	12 June 2009	30 June 2008
Net cash inflow/(outflow) from operating activities	**(317,632)**	517,142
Net cash inflow/(outflow) from investing activities	**(18,601)**	(22,742)
Net cash inflow/(outflow) from financing activities	**-**	12,469
Net cash (decrease)/increase in cash generated by the discontinued entities	**(336,233)**	506,869

(a) Impairment Loss

	30 June 2009
	$
Opening balance of goodwill 1 July, 2008	**19,582,804**
Reduction of current liability to original vendors (i)	**(4,000,000)**
Reduction of non-current liability to original vendors (ii)	**(9,320,633)**
	6,262,171
Recoverable amount of goodwill	**(296,678)**
Impairment loss relating to Impact Data and Purus Energy goodwill	**6,065,493**

i. The liability for the $4m interim cash consideration arising from the Deed of Amendment as part of the acquisition has been de-recognised with a corresponding reduction in goodwill.

ii. The liability for the final consideration amounts owing as part of the Impact Data Group acquisition has been de-recognised with a corresponding reduction in goodwill.

NOTE 7: DISCONTINUED OPERATIONS (continued)

(b) Assets and Liabilities – Discontinued Operations

The major classes of assets and liabilities of the Impact Data Group at 12 June 2009 were as follows:	12 June 2009 $
Assets	
Intangibles	1,361,046
Property, plant & equipment	132,073
Trade and other receivables	495,465
Cash and equivalents	170,636
Other Assets	142,130
Goodwill on disposal	196,678
Assets on disposal	2,498,028
Liabilities	
Trade and other payables	1,601,370
Net deferred tax liabilities	88,359
Provisions	82,535
Liabilities on disposal	1,772,264
Net assets attributable to discontinued operations	725,764

Sale Consideration	
Cash	164,346
Cancellation of 6,506,005 shares @ $0.065 per share	422,890
Deferred cash payment of $650,000, due within 5 years, discounted at 12% p.a.	357,793
Total Disposal Consideration	945,029
Less net assets disposed of	(725,764)
Less disposal costs incurred	(273,635)
Loss on disposal before income tax	(54,370)

In addition to the consideration above, the loan provided to Impact Data Pty Ltd of $220,654 was repaid.

Net cash inflow on disposal	12 June 2009
Cash and cash equivalents consideration	164,346
Less cash and cash equivalents balance disposed of	(170,636)
Reflected in the consolidated cash flow statement	(6,290)

Sales Proceeds included in "Other Assets"	
Non-current	357,793
	357,793

NOTE 7: DISCONTINUED OPERATIONS (continued)

Purus Energy Limited

On 12 April 2007, Purus Energy Ltd discontinued its exploration activities, upon its merger with Facilitate Digital Group, the merger resulted in an amount of $77,124 being raised as goodwill within intangibles assets. As this relates to a discontinued operation from a prior year, it is now prudent that this amount be written down to nil value and is reflected in the loss recognised on re-measurement to fair value.

NOTE 8: TRADE AND OTHER RECEIVABLES

	2009	2008
	$	$
Trade receivables	**1,447,224**	2,022,589
Provision for impairment of trade receivables	**(25,382)**	(98,141)
Other receivables	**1,836**	71,400
Total trade and other receivables	**1,423,678**	1,995,848

NOTE 9: OTHER ASSETS

	2009	2008
	$	$
Current		
Prepayments	**23,288**	39,705
Total current other assets	**23,288**	39,705
Non-current		
Prepayments	**7,333**	16,535
Deferred consideration receivable (note 7)	**357,793**	-
Deposits	**86,718**	116,730
Total non-current other assets	**451,844**	133,265

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2009	2008
	$	$
Plant and equipment		
Cost	**398,807**	484,749
Accumulated depreciation	**(213,055)**	(196,793)
Net carrying value	**185,752**	287,956
Computer equipment		
Cost	**11,861**	30,760
Accumulated depreciation	**(7,500)**	(9,478)
Net carrying value	**4,361**	21,282
Furniture, fixtures and fittings		
Cost	**19,379**	17,068
Accumulated depreciation	**(18,224)**	(16,813)
Net carrying value	**1,155**	255

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

Leasehold improvements

Cost	**33,190**	33,190
Accumulated depreciation	**(19,161)**	(10,785)
Net carrying value	**14,029**	22,405
Total property, plant and equipment	**205,297**	331,899

NOTE 11: INTANGIBLE ASSETS

	2009	2008
Development	**$**	$
Cost	**4,929,934**	3,795,306
Accumulated amortisation and impairment	**(2,078,398)**	(905,542)
Net carrying value	**2,851,536**	2,889,764
Trademarks and licences		
Cost	**136,717**	1,575,469
Accumulated amortisation and impairment	**(136,717)**	(489,705)
Net carrying value	**-**	1,085,764
Goodwill		
Cost	**160,327**	19,582,804
Accumulated amortisation and impairment	**-**	-
Net carrying value	**160,327**	19,582,804
Total intangibles	**3,011,863**	23,558,332

Reconciliation of carrying amounts at the beginning and end of the period	Development **$**	Trademarks and licences **$**	Goodwill **$**	Total **$**
Year ended June 2009				
At 1 July 2008 net of accumulated amortisation and impairment	2,889,764	1,085,764	19,582,804	23,558,332
Additions - internal development	1,856,345	-	-	1,856,345
Acquisition of subsidiary (note 15)	-	-	160,327	160,327
Amortisation	(1,200,960)	(33,585)	-	(1,234,545)
Reduction of liabilities owing to original vendors (note 7)	-	-	(13,320,633)	(13,320,633)
Assets included in discontinued operations (note 7)	(637,420)	(723,626)	(196,678)	(1,557,724)
Amortisation of assets included in discontinued operations	(56,193)	(335,329)	-	(391,522)
Impairment of assets included in discontinued operations (note 7)	-	-	(6,065,493)	(6,065,493)
Currency Translation	-	6,776	-	6,776
At 30 June 2009 net of accumulated amortisation and impairment	2,851,536	-	160,327	3,011,863

NOTE 11: INTANGIBLE ASSETS (continued)

	Development	Trademarks and licences	Goodwill	Total
	$	$	$	$
At 30 June 2009				
Cost (gross carrying amount)	4,929,934	136,717	160,327	5,226,979
Accumulated amortisation and impairment	(2,078,399)	(136,717)	0	(2,215,117)
Net carrying amount	2,851,536	0	160,327	3,011,863

NOTE 12: TRADE AND OTHER PAYABLES

	2009	2008
	$	$
Current		
Trade payables	**342,593**	494,010
Sundry payables and accrued expenses	**1,355,982**	6,138,593
Total current trade and other payables	**1,698,575**	6,632,603
Non-current		
Trade payables	**-**	9,320,633
Sundry payables and accrued expenses	**-**	4,795
Total non-current trade and other payables	**-**	9,325,428

NOTE 13: PROVISIONS

	Unearned income	Employee Benefits	Total
Opening balance at 1 July 2008	-	399,028	399,038
Movement in provisions	91,009	(26,124)	64,885
Balance at 30 June 2009	91,009	372,913	463,923

Analysis of provisions

	2009	2008
	$	$
Current	**370,375**	335,963
Non-current	**93,547**	63,075
Total provisions	**463,923**	399,038

NOTE 14: JOINT VENTURE

Interest in Joint Venture Operations

Facilitate Digital Holdings Limited held a 50% interest in the Facilitate Digital Marketing Technology Europe Ltd joint venture until 31 August, 2008, whereupon Facilitate Digital Holdings Limited acquired the remaining 50% of the equity.

The Facilitate Group's share of assets employed, in the joint venture were:

BALANCE SHEET	**Facilitate**	
	31 Aug 2008	30 June 2008
Assets	**$**	$
Plant and equipment	**9,157**	9,508
Deferred tax assets	**29,404**	28,578
Cash and cash equivalents	**10,925**	12,936
Trade and other receivables	**32,717**	32,582
Intangible assets	**-**	26,799
Total assets	**82,203**	110,404
Liabilities		
Trade and other payables	**151,737**	141,320
Provision for annual leave	**4,644**	6,584
Other creditors	**15,744**	-
Total Liabilities	**172,125**	147,904
Net assets	**(89,922)**	(37,500)
Equity		
Issued Capital	**51,587**	51,587
Currency Reserve	**1,492**	-
Retained Earnings	**(91,662)**	(9,737)
Loss after tax	**(51,339)**	(79,349)
Total equity	**(89,922)**	(37,500)

INCOME STATEMENT	**Facilitate**	
	2009	2008
	$	$
Revenue	**17,315**	171,913
Expenses	**(41,079)**	(275,948)
Amortisation of licence	**(27,575)**	-
(Loss) before income tax	**(51,339)**	(104,035)
Income tax expense	**-**	24,686
Profit/(Loss) for period	**(51,339)**	(79,349)

*For the period 1 July 2008 to 31 August, 2008

NOTE 15: BUSINESS COMBINATION

Facilitate Digital Holdings Limited acquired the remaining 50% of the equity in the Facilitate Digital Marketing Technology Europe Ltd joint venture, effective from 1 September 2008. The total cost of the combination was $75,334. The fair value of the identifiable assets and liabilities of Facilitate Digital Marketing Technology Europe Ltd as at the date of acquisition are:

	Consolidated	
	Recognised on acquisition	**Carrying value**
	$	$
Plant and equipment	**18,314**	18,314
Deferred tax assets	**58,808**	58,808
Cash and cash equivalents	**21,850**	21,850
Trade and other receivables	**65,434**	65,434
	164,406	164,406
Trade and other payables	**303,474**	303,474
Provision for annual leave	**9,288**	9,288
Other creditors	**31,488**	31,488
	344,250	344,250
Fair value of identifiable net assets	**(179,844)**	(179,844)
Fair value of 50% interest acquired	**(89,922)**	
Foreign Currency Adjustment	**4,929**	
Goodwill arising on acquisition	**160,327**	
Cost of combination	**75,334**	
Cost of acquisition		
Issue of shares	**75,334**	
Total cost of acquisition	**75,334**	
The cash outflow on acquisition to date is as follows:		
Cash acquired with the joint venture	**10,925**	
Currency adjustment	**(1,198)**	
Net cash outflow	**9,727**	

From the date of acquisition, Facilitate Digital Marketing Technology Europe Ltd has contributed a profit after provision for tax of $324,217 to the net loss of the Group. If the combination had taken place at the beginning of the financial year, the net loss for continuing operations of the Group would have been $2,275,834 and revenue from the operations would have been $6,495,759.

NOTE 16: ACCUMULATED LOSSES

	2009	2008
	$	$
Accumulated losses at the beginning of the financial year	**(260,058)**	(135,495)
Net profit /(loss) attributable to continuing operations of the Company	**(2,224,495)**	(1,239,571)
Net profit /(loss) attributable to discontinued operations of the Company	**(6,938,991)**	1,115,008
Accumulated losses at the end of the financial year	**(9,423,544)**	(260,058)

NOTE 17: EVENTS AFTER BALANCE DATE

- Cancellation of shares

  The 6,506,005 ordinary shares, held by the vendors of Impact Data were cancelled on 28 August 2009.

- New regional contract

  On 17 August 2009, the Company announced, through the ASX it had secured a contract encompassing the Asia-Pacific region with GroupM, the world's largest media agency group. Refer "ASX: FAC Release August 17th, 2009" for further details.

- Appointment of directors

  On 10 July 2009, the Company announced the appointment of two additional directors. Stuart Simson was appointed the non-executive Chairman and Geoff Dixon as a non-executive director. Refer "ASX: FAC Release July 10th, 2009" for further details.