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Hostech Limited
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31 August 2009

ASX Announcement

Annual Results

Hostech Limited (the Company) today announced its full year result for the 2009 financial year reporting a net loss of $7,949,328. This result was impacted by a $6,315,241 write-down of goodwill across the Group. The operational financial loss (net loss less goodwill write-downs) for the Group was $1,634,087 compared to $5,188,210 for the previous corresponding period, representing an improvement of $3,544,123.

Since acquiring its three operating subsidiaries, Sholl Communications, OneNetwork and A K Communications in the 2008 financial year, the Company has undertaken a significant reform program and restructured the businesses to improve efficiency, reduce costs and increase sales revenue. Despite difficult economic conditions the Group was able to increase its revenue from the previous corresponding period by 16.18% from $4,569,096 to $5,308,498 while reducing its costs by 33.26% from $6,003,267 to $4,006,823. With greater focus on sales, more streamlined operations and a reduced cost base the performance of the Group will to continue to improve as the Company works towards profitability.

The decision by the new Board to write down goodwill was not taken lightly; it followed a significant review of the Company's strategy, its operations and business plans going forward. The review showed that Hostech carried a significant proportion of its asset base as intangible goodwill in amounts which, in comparison to other companies in our sector, was too high. We continue to recognize the future growth of our OneNetwork and Sholl brands, but we have tempered this with a more conservative balance sheet view and more realistic valuations in line with "post GFC" considerations.

The key focus of the Board over the next 12 months is to deliver profitability and add scale through acquisition and organic growth. Progress on the first acquisition that is anticipated to deliver against these goals is progressing in line with expectations.

Please see Appendix 4E attached.

Justyn Stedwell
Company Secretary
On behalf of the Board of Directors
Hostech Limited

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Appendix 4E

Preliminary Final Report

1. Company details

Name of entity

Hostech Limited

ABN or equivalent company reference	Financial year ended ('current period')	Period ended ('previous period'):
98 009 805 298	30 June 2009	30 June 2008

2. Results for announcement to the market

					$A'
2.1	Revenues from operations	Up	16.18%	to	5,308,495
2.2	(Loss) from operations after tax attributable to members	Down	18.32%	to	(7,949,328)
2.3	Net (loss) for the period attributable to members	Down	18.32%	to	(7,949,328)

2.4 **Dividends**	Amount per security	Franked amount per security
Final dividend proposed	NIL	NIL
Interim dividend	NIL	NIL

2.5 Net tangible assets per security	
As at 30 June 2009	0.002 cents
As at 30 June 2008	0.001 cents

3. This report is based on +accounts to which one of the following applies.
(Tick one)

☑ The +accounts have been audited.

☐ The +accounts have been subject to review.

☐ The +accounts are in the process of being reviewed.

☐ The +accounts are in the process of being audited.

☐ The +accounts have *not* yet been audited or reviewed.

+ See chapter 19 for defined terms

4 Brief Explanation of Results:

See covering announcement.

Sign here: Date: 31 August 2008

(Company Secretary)

Print name: Justyn Stedwell

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INCOME STATEMENT
For the year ended 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$	$	$	$
Continuing operations					
Sale of goods		3,552,581	3,335,128	-	-
Rendering of services		1,708,211	1,079,566	-	-
Finance revenue		22,928	86,304	19,978	85,172
Other income	6	24,775	68,098	19,275	1,792
Revenue		5,308,495	4,569,096	39,253	86,964
Cost of sales	7(a)	(3,217,028)	(2,514,362)	-	-
Gross Profit		2,091,467	2,054,734	39,253	86,964
Administrative Expenses	7(b)	(151,055)	(4,087,528)	(6,262)	(4,507)
Goodwill Impairment	7(c)	(6,315,241)	(1,023,380)	-	-
Employee expenses	7(d)	(2,418,863)	(2,868,818)	(674,576)	(1,068,314)
Consulting fees	7(e)	(158,738)	(853,127)	(107,508)	(835,490)
Legal and other professional fees	7(f)	(194,142)	(388,820)	(185,561)	(398,017)
Occupancy expenses	7(g)	(291,114)	(259,023)	(247,519)	(40,038)
Provision for diminution of investment		-	-	(6,315,241)	(6,576,061)
Finance costs	7(h)	(36,285)	(235,587)	(23,149)	(223,600)
Other expenses	7(i)	(907,681)	(1,397,892)	(113,801)	(1,058,860)
Loss from continuing operations before income tax		**(8,381,652)**	**(9,059,441)**	**(7,634,364)**	**(10,117,923)**
Income tax credit	8(a)	354,287	497,643	324,977	-
Loss from continuing operations after income tax		**(8,027,365)**	**(8,561,798)**	**(7,309,387)**	**(10,117,923)**
Discontinued operations					
Profit / (loss) from discontinued operations after income tax	28	78,037	(1,170,354)	78,037	-
Net loss attributable to members of Hostech Limited		**(7,949,328)**	**(9,732,152)**	**(7,231,350)**	**(10,117,923)**
Loss per share (cents) from continuing operations:					
Basic loss per share	**9(b)**	(3.24)	(5.02)		
Diluted loss per share	**9(b)**	(3.24)	(5.02)		
Loss per share (cents per share):					
Basic loss per share	**9(b)**	(3.24)	(5.71)		
Diluted loss per share	**9(b)**	(3.24)	(5.71)		

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BALANCE SHEET
As at 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	10	1,900,368	1,039,876	1,746,810	828,962
Trade and other receivables	11	582,916	742,282	7,500	1,971
Inventories		-	38,133	-	-
Loans to controlled entities	11	-	-	1,078,017	531,304
		2,483,284	1,820,291	2,832,327	1,362,237
Assets of disposal group classified as held for sale	28	-	232,996	-	-
Total current assets		2,483,284	2,053,287	2,832,327	1,362,237
Non-current Assets					
Investments in subsidiaries	12	-	-	4,289,814	10,605,055
Property, plant and equipment	13	235,813	377,208	58,308	64,569
Intangible assets and goodwill	14	4,815,601	11,130,842	-	-
Total non-current assets		5,051,414	11,508,050	4,348,122	10,669,624
TOTAL ASSETS		7,534,698	13,561,337	7,180,449	12,031,861
LIABILITIES					
Current Liabilities					
Trade and other payables	15	989,028	1,368,212	371,542	421,485
Convertible notes	19	104,985	340,365	104,985	340,365
Interest bearing loans and borrowings	18	41,410	61,596	-	-
Provisions	16	131,029	166,436	46,158	21,603
		1,266,452	1,936,609	522,685	783,453
Liabilities directly associated with the assets classified as held for sale	28	-	11,032	-	-
Total Current Liabilities		1,266,452	1,947,641	522,685	783,453
Non-current Liabilities					
Interest bearing loans and borrowings	18	83,982	111,138	-	-
Provisions	17	8,993	16,926	2,229	490
Total Non-current Liabilities		92,975	128,064	2,229	490
TOTAL LIABILITIES		1,359,427	2,075,705	524,914	783,943
NET ASSETS		**6,175,271**	**11,485,632**	**6,655,535**	**11,247,918**
EQUITY					
Contributed equity	19	31,191,109	28,543,859	67,298,110	64,650,860
Convertible notes	19	5,015	13,298	5,015	13,298
Reserves	21b	-	387,062	-	397,062
Accumulated losses	21a	(25,020,853)	(17,458,587)	(60,647,590)	(53,813,302)
TOTAL EQUITY		**6,175,271**	**11,485,632**	**6,655,535**	**11,247,918**

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STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

Consolidated	Issued Capital $	Convertible Notes $	Other Reserves $	Accumulated Losses $	Total Equity $
As at 1 July 2007	**12,116,473**	**25,312**	**183,928**	**(7,726,435)**	**4,599,278**
Loss for the year	-	-	-	(9,732,152)	(9,732,152)
Issue of share capital – Sholl acquisition	3,750,000	-	-	-	3,750,000
Issue of share capital – OneNetwork acquisition	4,165,000	-	-	-	4,165,000
Issue of share capital – AK Communications acquisition	1,370,000	-	-	-	1,370,000
Issue of share capital	7,427,031	-	-	-	7,427,031
Share issue costs	(284,645)	-	-	-	(284,645)
Cost of options issued on acquisition of Sholl and OneNetwork	-	-	120,940	-	120,940
Share based payments	-	-	82,194	-	82,194
Issue of convertible notes	-	38,406	-	-	38,406
Convertible note issue costs	-	(1,024)	-	-	(1,024)
Convertible notes redeemed or converted	-	(49,396)	-	-	(49,396)
As at 30 June 2008	**28,543,859**	**13,298**	**387,062**	**(17,458,587)**	**11,485,632**
As at 1 July 2008	**28,543,859**	**13,298**	**387,062**	**(17,458,587)**	**11,485,632**
Loss for the year				(7,949,328)	**(7,949,328)**
Issue of share capital	2,737,500	-	-	-	**2,737,500**
Share issue costs	(90,250)	-	-	-	**(90,250)**
Expired Share Options	-	-	(387,062)	387,062	**-**
Convertible notes redeemed or converted	-	(8,283)	-	-	**(8,283)**
As at 30 June 2009	**31,191,109**	**5,015**	**-**	**(25,020,853)**	**6,175,271**

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STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

Parent	Issued Capital $	Convertible Notes $	Other Reserves $	Accumulated Losses $	Total Equity $
As at 1 July 2007	**48,223,474**	**25,312**	**193,928**	**(43,695,379)**	**4,747,335**
Loss for the year	-	-	-	(10,117,923)	(10,117,923)
Issue of share capital – Sholl acquisition	3,750,000	-	-	-	3,750,000
Issue of share capital – OneNetwork acquisition	4,165,000	-	-	-	4,165,000
Issue of share capital – AK Communications acquisition	1,370,000	-	-	-	1,370,000
Issue of share capital	7,427,031	-	-	-	7,427,031
Share issue costs	(284,645)	-	-	-	(284,645)
Share based payments	-	-	82,194	-	82,194
Value of options issued on acquisition	-	-	120,940	-	120,940
Issue of convertible notes	-	38,406	-	-	38,406
Convertible note issue costs	-	(1,024)	-	-	(1,024)
Convertible notes redeemed or converted	-	(49,396)	-	-	(49,396)
As at 30 June 2008	**64,650,860**	**13,298**	**397,062**	**(53,813,302)**	**11,247,918**
As at 1 July 2008	**64,650,860**	**13,298**	**397,062**	**(53,813,302)**	**11,247,918**
Loss for the year				(7,231,350)	**(7,231,350)**
Issue of share capital	2,737,500	-	-	-	**2,737,500**
Share issue costs	(90,250)	-	-	-	**(90,250)**
Expired Share Options	-	-	(397,062)	397,062	**-**
Convertible notes redeemed or converted	-	(8,283)	-	-	**(8,283)**
As at 30 June 2009	**67,298,110**	**5,015**	**-**	**60,647,590**	**6,655,535**

CASHFLOW STATEMENT
For the year ended 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		6,171,793	4,544,378	1,971	-
Interest received		20,750	86,304	19,978	85,172
Income tax credits		354,287	497,643	324,977	-
Payments to suppliers and employees		(7,893,640)	(8,633,642)	(1,303,039)	(4,078,112)
Net cash flows from/(used in) operating Activities		(1,346,810)	(3,505,317)	(956,113)	(3,992,940)
Cash flows from investing activities					
Proceeds from other current assets		100,000	-	100,000	-
Loans to controlled entities		(18,500)		(531,841)	
Purchase of other current assets			-	-	-
Payments for property, plant & equipment			(225,700)	-	(72,120)
Payments for intellectual property			(160,000)	-	-
Payment for subsidiary, net of cash acquired			(1,206,363)	-	(1,206,363)
Transfer to / refund of term deposit		(180,000)	70,566	-	-
Net cash flows from/(used in) investing Activities		(98,500)	(1,521,497)	(431,841)	(1,278,483)
Cash flows from financing activities					
Proceeds from issue of convertible notes		-	522,000	-	522,000
Proceeds from issue of shares		2,537,500	6,092,450	2,537,500	6,092,450
Payments on redemption of convertible notes		(200,000)	(375,000)	(200,000)	(375,000)
Payment of convertible note issue expense		-	(20,301)	-	(20,301)
Payment of share issue expenses		(11,000)	(284,645)	(11,000)	(284,645)
Repayment of borrowings		-	(84,804)	-	-
Interest paid on convertible notes		(20,698)	(70,755)	(20,698)	(70,755)
Net cash flows from/(used in) financing Activities		2,305,802	5,778,945	2,305,802	5,863,749
Net increase/(decrease) in cash and cash Equivalents		860,492	752,131	917,848	592,326
Cash and cash equivalents at beginning of the year		1,039,876	287,745	828,962	236,636
Cash and cash equivalents at end of the year		1,900,368	1,039,876	1,746,810	828,962

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NOTES TO THE PRELIMINARY FINAL REPORT

1. BASIS OF PREPARATION OF FINANCIAL REPORT

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and applicable Australian Accounting Standards. The financial report has also been prepared on a historical cost basis and is presented in Australian dollars.

2. EXPENSES

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
(a) Cost of goods				
Carriage services	1,061,392	599,233	-	-
Purchases - components	2,135,063	1,901,479	-	-
Freight & delivery charges	20,573	13,650	-	-
	3,217,028	2,514,362	-	-
(b) Administrative expenses				
Depreciation	151,055	180,815	6,262	4,507
Amortisation	-	386,151	-	-
Impairment of intangible assets (IP) Fabfone	-	3,520,562	-	-
	151,055	4,087,528	6,262	4,507
(c) Goodwill Impairment				
Impairment of goodwill – Fabfone	-	1,023,380	-	-
Impairment of goodwill – Sholl Communications	3,593,250	-	-	-
Impairment of goodwill – A K Communications	1,202,461	-	-	-
Impairment of goodwill – OneNetwork	1,519,530	-	-	-
	6,315,241	1,023,380	-	-
(d) Employee benefits expense				
Wages and salaries	2,190,129	2,443,428	597,813	864,545
Defined contribution superannuation expense	152,017	198,938	32,643	38,403
Share-based payments expense	-	51,437	-	51,437
Other employee benefits expense	76,717	175,015	44,120	113,929
	2,418,863	2,868,818	674,576	1,068,314
(e) Consulting fees				
Shares issued as consideration for services rendered	-	698,636	-	698,636
Other consulting fees	158,738	154,491	107,508	136,854
	158,738	853,127	107,508	835,490
(f) Legal and other professional fees				
Audit fees	142,161	130,227	142,161	130,227
Accounting & tax fees	43,462	109,862	43,400	118,052
Legal fees	8,519	148,731	-	149,738
	194,142	388,820	185,561	398,017
(g) Occupancy expenses				
Operating lease	205,833	118,704	205,833	30,790
Other occupancy expenses	85,281	140,319	41,686	9,248
	291,114	259,023	247,519	40,038

NOTES TO THE FINANCIAL STATEMENTS (cont)

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(h) Finance costs				
Convertible notes finance costs	20,698	223,239	20,698	223,239
Bank fees & charges	15,587	12,348	2,451	361
	36,285	235,587	23,149	223,600
(i) Other expenses				
Advertising/marketing	(3,697)	87,851	(15,000)	69,169
Bad debts	5,141	90,771	-	-
Directors fees	73,049	207,538	73,049	207,538
Insurance	42,065	53,738	36,123	26,636
Postage & couriers	7,568	18,741	-	3,810
Telephones	99,431	99,934	1,741	7,114
Travel expenses	18,448	134,533	6,970	119,343
Motor vehicle expenses	70,042	94,392	-	5,409
Regulatory and listing costs	50,271	94,785	49,211	93,927
Share-based payments expense	-	30,757	-	30,757
Equipment lease	20,015	10,683	-	-
Stock adjustments	48,035	15,541	-	-
Photocopier expenses	18,552	7,014	18,552	7,014
Penalty Tax	75,312	-	75,312	-
(Profit) / Loss on disposal of asset	17,099	6,003	-	3,043
Subscriptions	22,289	17,627	1,383	6,058
Computer expenses	50,975	4,690	534	197
Recruitment costs	12,940	-	-	-
Staff amenities	4,130	10,132	77	2,925
Repairs & maintenance	10,226	10,103	9,549	9,725
Other expenses	265,790	403,060	(143,700)	466,195
	907,681	1,397,892	113,801	1,058,860

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NOTES TO THE PRELIMINARY FINAL REPORT (continued)

3. INTANGIBLE ASSETS AND GOODWILL

	Consolidated			Parent
	Intangible Assets	Goodwill	Total	Total
	$	$	$	$
Year ended 30 June 2009				
At 1 July 2008 net of accumulated amortisation and impairment	-	11,130,842	11,130,842	-
Additions	-	-	-	-
Impairment	-	(6,315,241)	(6,315,241)	-
At 30 June 2009 net of accumulated amortisation and impairment	-	4,815,601	4,815,601	-
At 30 June 2009				
Cost (gross carrying amount)	3,520,562	12,154,222	15,674,784	-
Accumulated amortisation and impairment	(3,520,562)	(7,338,621)	(10,859,183)	-
Net carrying amount	-	4,815,601	4,815,601	-
At 30 June 2008				
At 1 July 2007 net of accumulated amortisation and impairment	3,520,562	1,023,380	4,543,942	-
Acquisition of subsidiary	-	11,130,842	11,130,842	-
Accumulated amortisation and impairment	(3,520,562)	(1,023,380)	(4,543,942)	-
Net carrying amount	-	11,130,842	11,130,842	-
Year ended 30 June 2008				
Cost (gross carrying amount)	3,520,562	12,154,222	15,674,784	-
Accumulated amortisation and impairment	(3,520,562)	(1,023,380)	(4,543,942)	-
Net carrying amount	-	11,130,842	11,130,842	-

*Goodwill is broken down as follows:

Sholl Communication (Aust) Pty Ltd	$1,951,053
OneNetwork Pty Ltd	$2,462,456
AK Communications Pty Ltd	$ 402,092
	$4,815,601

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NOTES TO THE PRELIMINARY FINAL REPORT (continued)

4. CONTRIBUTED EQUITY

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Ordinary shares				
(a) Ordinary shares				
Issued and fully paid	31,191,109	28,543,859	67,298,110	64,560,860
Convertible Notes	5,015	13,298	5,015	13,298
	31,196,124	28,557,157	67,303,125	64,574,158

As at 30 June 2009, convertible notes outstanding totalled $110,000. These notes carry the following terms:

- $100,000 1 year convertible notes at $0.125 per share, 8% interest per annum
- $10,000 2 years convertible notes at $0.125 per share, 10% interest per annum

The carrying amount of the convertible notes approximates their fair value.

The convertible notes are redeemable at call.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Issued ordinary shares during the year

	No. Of Ordinary Shares		$	$
	2009	2008	2009	2008
As at 1 July	220,466,942	1,758,093,330	28,543,859	12,116,473
Movement in ordinary shares on issue				
On 19 September 2007, issue of 750,000,000 fully paid ordinary shares at an issue price of $0.005 per share for the acquisition of Sholl Communications Pty Ltd	-	750,000,000	-	3,750,000
On 19 September 2007, issue of 833,000,000 fully paid ordinary shares at an issue price of $0.005 per share for the acquisition of OneNetwork Pty Ltd	-	833,000,000	-	4,165,000
On 24 September 2007, issue of 40,404,040 fully paid ordinary shares at an issue price of $0.0069 per share	-	40,404,040	-	278,788
Share on issue at 2 October 2007 prior to 1:25 consolidation of capital	-	3,381,497,370	-	-
On 3 October 2007, Mobi consolidated its capital on a 1:25 basis.	-	135,259,990	-	-
On 5 October 2007, issue of 46,377,440 fully paid ordinary shares at an issue price of $0.125 per share	-	46,377,440	-	5,797,180
On 5 October 2007, issue of 4,880,000 fully paid ordinary shares at nil consideration	-	4,880,000	-	-
On 6 December 2007, issue of 2,480,000 fully paid ordinary shares at an issue price of $0.125 per share	-	2,480,000	-	310,000
On 7 December 2007, issue of 520,000 fully paid ordinary shares at an issue price of $0.125 per share	-	520,000	-	65,000
On 7 December 2007, issue of 80,000 fully paid ordinary shares at an issue price of $0.125 per share	-	80,000	-	10,000

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NOTES TO THE FINANCIAL STATEMENTS (cont)

On 10 January 2008, issue of 10,960,000 fully paid ordinary shares at an issue price of $0.125 per share for the acquisition of AK Communications Pty Ltd	-	10,960,000	-	1,370,000
On 11 January 2008, issue of 1,317,305 fully paid ordinary shares at an issue price of $0.0995 per share	-	1,317,305	-	131,072
On 14 February 2008, issue of 3,300,00 fully paid ordinary shares at an issue price of $0.08 per share	-	3,300,000	-	264,000
On 14 February 2008, issue of 1,562,200 fully paid ordinary shares at an issue price of $0.08 per share	-	1,562,500	-	125,000
On 14 March 2008, issue of 1,100,00 fully paid ordinary shares at an issue price of $0.065 per share	-	1,100,000	-	71,500
On 24 April 2008, issue of 1,696,371 fully paid ordinary shares at an issue price of $0.03 per share	-	1,696,371	-	50,891
On 21 May 2008, issue of 5,166,669 fully paid ordinary shares at an issue price of $0.03 per share	-	5,166,669	-	155,000
On 29 May 2008, issue of 1,500,000 fully paid ordinary shares at an issue price of $0.03 per share	-	1,500,000	-	45,000
On 5 June 2008, issue of 2,066,667 fully paid ordinary shares at an issue price of $0.03 per share	-	2,066,667	-	62,000
On 26 June 2008, issue of 2,200,000 fully paid ordinary shares at an issue price of $0.028 per share	-	2,200,000	-	61,600
On 4 March 2009, issue of 20,000,000 fully paid ordinary shares at an issue price of $0.01 per share	20,000,000	-	200,000	-
On 5 May 2009, issue of 3,750,000 fully paid ordinary shares at an issue price of $0.01 per share	3,750,000	-	37,500	-
On 2 June 2009, issue of 250,000,000 fully paid ordinary shares at an issue price of $0.01 per share	250,000,000	-	2,500,000	-
Transaction costs on share issue		-	(90,250)	(284,645)
Closing balance as at 30 June	494,216,942	220,466,942	31,191,109	28,543,859

During the year transaction costs relating to contributed equity were $90,250 (2008: $284,645)

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NOTES TO THE PRELIMINARY FINAL REPORT (continued)

5. ACCUMULATED LOSSES AND RESERVES

(a) Movements in accumulated losses were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Balance 1 July	(17,458,587)	(7,726,435)	(53,813,302)	(43,695,379)
Net Loss	(7,949,328)	(9,732,152)	(7,231,350)	(10,117,923)
Expired Share Options	387,062	-	397,062	-
Balance 30 June	(25,020,853)	(17,458,587)	60,647,590	(53,813,302)

(b) Other reserves

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Employee benefits equity reserve	-	91,122	-	101,122
Options reserve	-	295,940	-	295,940
	-	387,062	-	397,062

Employee benefits equity reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Options reserve

In the financial year ended 30 June 2009, the Options reserve was transferred to accumulated losses as the Options had expired.

A total of 5 million and 2.5 million options were issued to Directors and Executives respectively, in the financial year ended 30 June 2009. No share based payment was recognised in the accounts.

6. DIVIDENDS

No dividend was paid during the financial year.

7. CONTINGENT LIABILITIES

Hostech Limited's previous external tax agents, M V Anderson & Co., have commenced an action against the Parent in respect of unpaid invoices totalling $63,690. Over the last twelve months, the Parent continuously disputed the amount claiming the invoices were incorrect and had been actively seeking clarification of the invoices in question when the action was received. A liability of $16,918 has been recognised in these financial statements as management believe this to be the correct amount payable by the Parent.

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

8. SIGNIFICANT EVENTS AFTER BALANCE DATE

In July 09, the Parent issued 500,000 convertible notes to Flaxton Hunter Pty Ltd, pursuant to the Subscription Agreement between the two parties, to raise a further $500,000 at $1.00 convertible at $0.02.

In July 09, the Parent entered into a terms sheet for a major acquisition. Initial due diligence has been completed with the Board satisfied that this acquisition will have the ability to deliver both profitability and strong strategic growth to the business.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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