QED Occtech Limited

ABN 98 057 335 672

(renamed Transaction Solutions International Limited)

2010

ANNUAL REPORT

CORPORATE DIRECTORY

Directors

Paul Boyatzis - Chairman

Gary Foster

Yew Seng Kwa

Simon Cato

Secretary

Philip MacLeod

Registered and Principal Office

6 Ord Street

West Perth WA 6005

Australia

International: (61 8) 9321 5108

Facsimile: (61 8) 9321 8448

Share Register

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

Perth WA 6000

Australia

Telephone: 1300 557 010

Telephone: (61 8) 9323 2000

Facsimile: (61 8) 9323 2033

Solicitors

Hardy Bowen, Lawyers

Auditor

Deloitte Touche Tomatsu

Bankers

Australia and New Zealand Banking Group Limited

Stock Exchange Listing

QED Occtech Limited shares are listed on the Australian Stock Exchange (Symbol: QED).

Home Exchange: Perth Office

Australian Stock Exchange

2 The Esplanade

Perth WA 6000

Australia

QED Occtech Limited

LETTER FROM THE BOARD OF DIRECTORS TO SHAREHOLDERS

Dear Shareholder

During the last financial year QED Occtech Limited ("QED") achieved a significant milestone by completing the acquisition of Transaction Solutions International plc ("TSI"). Prior to the transaction, QED's prinicipal investment was an equity position of 17.60% of TSI, which has now increased to 100%.

The acquisition, which comprised the issue of 1,206,185,807 QED ordinary shares and 162,800,000 QED converting notes was settled on 26 August 2010 and will enable QED to focus on and further develop a business model which is already experiencing strong levels of transaction and revenue growth. The consideration value of the acquisition was based on QED's existing equity holding in TSI, which ensured a like for like value was attributed to both QED and TSI shareholders.

With QED now in control of TSI, the Company has the opportunity to take advantage of, what the Directors of QED consider, to be an exciting, well established recurring revenue business model that has a firm foothold in one of the world's largest growth economies.

Established in 2006, TSI's business is based on the provision and management of financial hardware and systems in India. TSI receives revenue from large banks and utility companies for each transaction based on a recurring revenue model. The company's core business focuses on the supply and service of automated teller machines ("ATMs") to major banking institutions in India TSI already has established a live network of 370 bank branded ATMs in high traffic locations with a further 120 ATMs to be installed in the near future. TSI is the market leader in independent ATM providers in India and significant future growth is expected as banks increase their outsourcing and management of their ATM networks so as to focus on core business such as customer acquisition and development.

India is viewed by the Board as an ideal market for the TSI business model with its population demographic having 70% of the population aged under 30 years and an emerging middle class with a strong demand for ATM banking services. India continues to experience continued high levels of economic growth.

The Board's confidence in the Company and its business model is supported by the investment in the Company by UK and European institutional investors which comprises 35% of QED's total equity. Further confidence in the Company has recently been demonstrated by the raising of share capital of $3,132,000 at an issue price on 4 cents per share in September 2010.

A planned change of name of the Company to Transaction Solutions International Limited is expected to be announced within the next month.

At this time the Directors would like to thank all staff and contractors for their contribution to the continuing development of the Company.

I recommend reading this report to gain further understanding of the Company's strategy and operations, and thank you for your support.

Paul Boyatzis

Chairman

REVIEW OF OPERATIONS

OPERATING RESULTS

The Company's principal activity during the period was its passive holding in TSI along with activities involved in acquiring the balance of TSI equity. QED recorded an operating loss before tax for the year ended 30 June 2010 of $375,040 (2009: $266,271). This loss is attributable to costs associated with business development activities, monitoring of the Company's current assets, primarily Transaction Solutions International plc ("TSI"), progression of a merger transaction with TSI, a share of the loss incurred by it's associate, TSI and other costs associated with the operation of a publicly listed company in Australia.

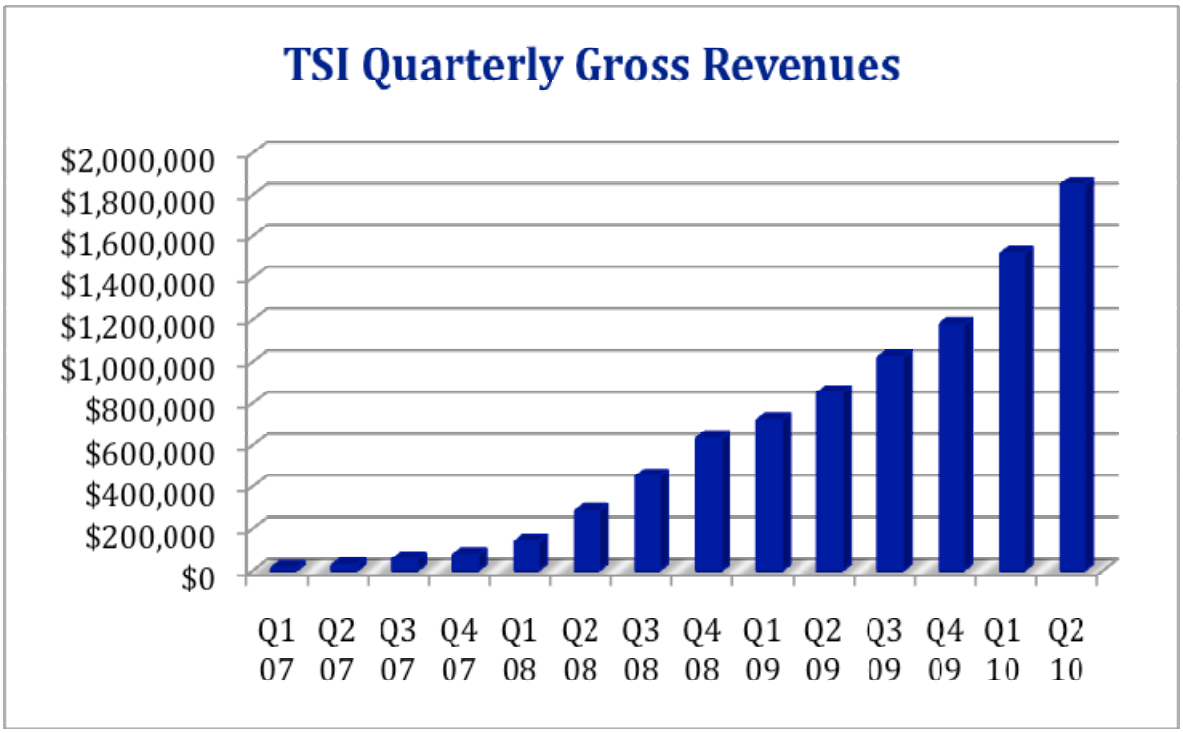
The Company recorded an after tax loss of $986,157 (2009: net loss after tax of $186,390) following the recognition of an income tax expense of $611,117 being the reversal of a deferred tax asset previously offset against a deferred tax liability arising on the revaluation of it's investment in TSI (2009: income tax benefit of $79,881).

At the balance date the directors reviewed the carrying value of the Company's investment in Transaction Solutions International Plc ("TSI"). The directors elected to equity account for the investment as it was considered QED has the capacity to significantly influence the financial or operating policies of TSI. As of 23 February 2010 there are two directors common to the Board of directors of QED and TSI. The combined proportion of shareholding in TSI held by the two directors and QED is 39%. The investment has been equity accounted for effective 23 February 2010. The carrying value as at 30 June 2010 has been reduced to the Company's 17.60% equity share in the net assets of TSI amounting to $2,511,748 (2009: carrying value of $2,900,000). The associated deferred tax liability (net of deferred tax assets) reduced from $46,392 at 30 June 2009 to nil at 30 June 2010.

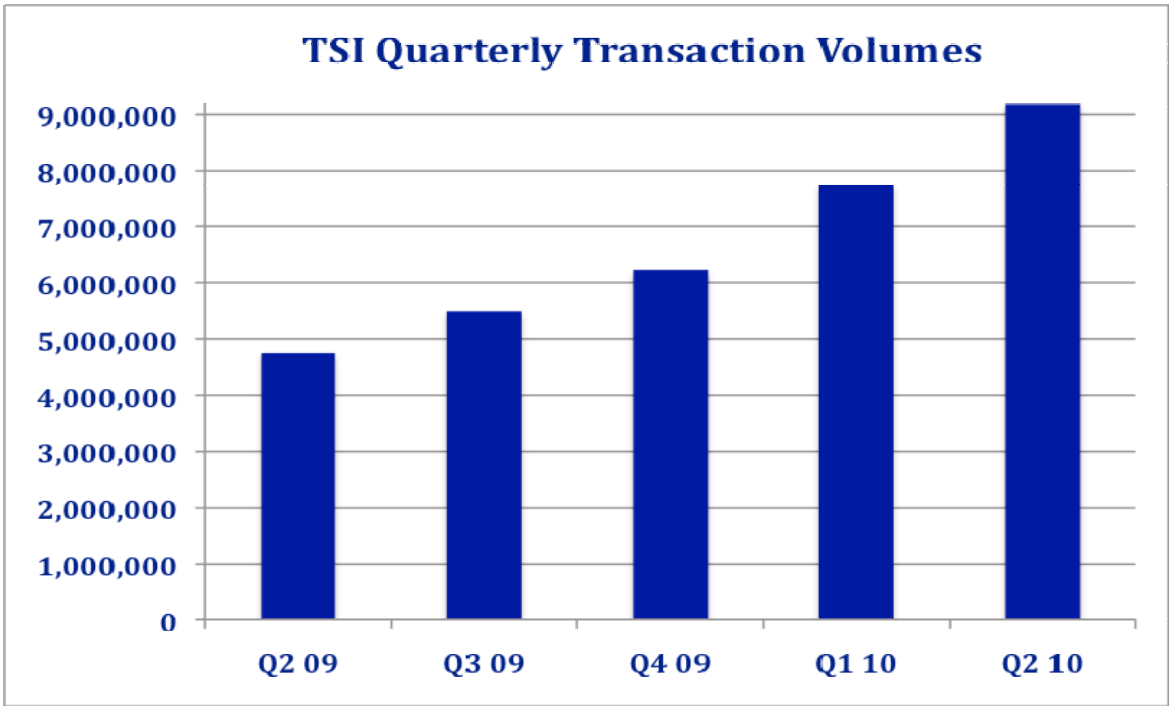
REVIEW OF OPERATIONS

During the 2010 financial year, Transaction Solutions International plc ("TSI"), a company in which QED holds a 17.6% equity interest, continued the successful development of its automated teller machines ("ATMs") and electronic payments business in India.

Revenues and transaction numbers have continued to increase over the last 12 months, as is demonstrated in the following two charts.



REVIEW OF OPERATIONS
(Continued)



During the year TSI successfully completed a placement of £2,000,000 through a converting note, that holds a 3.5% coupon rate (convertible only into ordinary shares) and £750,000 from the issue of 3 million shares to London and European institutional investors. The additional funds raised allowed for the continued expansion of the business whilst the merger transaction between QED and TSI proceeded to completion.

On 2 December 2009, the Company announced a voluntary suspension of its shares so as to complete the acquisition of TSI. The Company was reinstated to official quotation on 15 September 2010 following the successful completion of the transaction.

Waste Water Technology

The Company continued to renew and hold its patents in the Waste Water Treatment Technology. The Company will continue to examine the potential value of these patents.

REVIEW OF OPERATIONS

CORPORATE AND FINANCIAL POSITION

At 30 June 2010, the Company had cash and bank balances of $1,106,718 and net assets of $3,489,062.

During the year, the Company raised $450,000 as a result of the exercise of 30 million options at an exercise price of 1.50 cents per option.

The Company also announced it intended to acquire the remaining share capital in Transaction Solutions International plc ("TSI") that it did not already own. The acquisition was subsequently approved at a meeting of share holders held on 19 August 2010.

BUSINESS STRATEGIES AND PROSPECTS

The Company currently has the following business strategies and prospects over the medium term:

- securing the balance of share capital in TSI which it does not already own (approved by shareholders subsequent to the reporting date)
- continuing to maximise the value of it's investment in TSI

DIRECTORS REPORT

The Directors of QED Occtech Limited present the annual report of the Company for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporation Act 2001, the directors report as follows:

DIRECTORS

The names and details of the Directors of QED during the financial year and until the date of this report are provided below:

Mr Paul Boyatzis (appointed 23 February 2010)
Non-Executive Chairman

Mr Boyatzis has over 25 years experience in the investment and equity markets, particularly with emerging growth companies within the Mining and Industrial sectors.

Mr Boyatzis is a member of the Australian Institute of Company Directors and the Securities and Derivatives Industry Association. He has served as Chairman and Director of a number of public and private companies globally.

Mr Boyatzis is a current member of the Securities and Derivatives Industry Association and a current member of the Certified Practicing Accountants of Australia.

During the three year period to the end of the financial year Mr Boyatzis has held a directorship in Hemisphere Resources Limited (October 2006 – present) and Aruma Resources Limited (January 2010 – present).

Mr Gary Foster (appointed 23 February 2010)
Managing Director

Mr. Gary Foster was instrumental in building one of the largest independent electronic transaction companies in Australia. Mr. Foster oversees all subsidiaries of TSI and its business units. These include companies in the United Kingdom, Australia and India.

Mr Foster has been in executive leadership and management roles for three financial and e-transaction payment companies and is co-founder of TSI.

Mr Foster is a current member of the Australian Institute of Company Directors.

During the three year period to the end of the financial year Mr Foster has not held a directorship in any other public listed companies.

Mr Yew Seng Kwa (appointed 20 August 2010)
Executive Director

Mr Yew Seng Kwa is a Director of Transaction Solutions International plc. He has acted as the senior finance executive for two public listed companies in Australia for over 20 years and recently, for a public company listed on the Hong Kong Stock Exchange. Mr Yew Seng Kwa has extensive experience of all aspects in financial management, strategic planning, project development and transaction based business operations of multi-national companies.

Mr Yew Seng Kwa has a Bachelor of Commerce and a Master of Administration degree. He is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Mr Yew Seng Kwa has not held any other directorships of publicly listed companies in the last three years.

DIRECTORS REPORT
(CONTINUED)

Mr Simon Cato (appointed 23 February 2010)
Non-Executive Director

Mr Cato has had over 25 years of capital markets experience in broking, regulatory roles and as a director of listed companies. He initially was employed by the ASX in Sydney and in Perth. Over the last 19 years he has been an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of IPO listings in the dual role of broker and director.

Mr Cato holds a BA (USYD).

During the three year period to the end of the financial year Mr Cato has held directorships in the following public companies:

Convergent Minerals Limited (since 25 July 2006), Advanced Share Registry Services Limited (since 22 August 2007), Greenland Minerals and Energy Limited (since 21 February 2006), Queste Communications Limited (since 6 February 2008), Bentley Equities Limited (from 5 February 2004 to 29 April 2010), Sofcom Limited (from January 2004 to 19 March 2008), Scarborough Equities Limited (from November 2004 to 13 March 2009) and Bentley International Limited (from February 2004 to 29 April 2010).

Mr Philip MacLeod (appointed 23 February 2010)
Company Secretary

Mr MacLeod has over 20 years commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to a number of public and private companies involved in the resource, technology, property and healthcare industries.

Mr MacLeod is a current member of the Chartered Secretaries Institute and a current member of the Certified Practicing Accountants of Australia.

Mr Douglas H Miller (resigned 25 February 2010)
Chairman

Mr Douglas Miller was the founding director of QED and developed QED's original waste water treatment business following its acquisition of a licence for the Tangential Flow Technology in 1992. He is a graduate in statistics from Liverpool University, United Kingdom and has an extensive background in the oil and gas and environmental industries.

Mr Miller has not held any other directorships of publicly listed companies in the last three years.

Mr Ian P Middlemas (resigned 25 February 2010)
Director

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources and energy sectors.

During the three year period to the end of the financial year, Mr Middlemas has held directorships in Salinas Energy Limited (November 1995 - present), OmegaCorp Ltd (October 2000 – August 2007), Global Petroleum Limited (April 2007 – present), Syngas Limited (May 2007 – February 2008), Indo Mines Limited (December 2006 – present), Mantra Resources Limited (September 2005 – present), Mavuzi Resources Limited (January 2007 – March 2008), Odyssey Energy Limited (September 2005 – present), Pacific Energy Limited (June 2006 – present), Fusion Resources Limited (May 2002 – March 2009), Newport Mining Limited (September 2008 – present), Sierra Mining Limited (January 2006 – present), Sovereign Metals Limited (July 2006 – present), Xenolith Resources Limited (March 2007 - present), and Berkeley Resources Ltd (July 2003 – November 2006).

DIRECTORS REPORT
(CONTINUED)

Mr Mark L Pearce (resigned 25 February 2010)
Director and Company Secretary

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed small cap resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Institute of Chartered Secretaries and a Fellow of the Financial Services Institute of Australasia. Mr Pearce was appointed a Director and Company Secretary of the Company on 8 November 2004.

During the three year period to the end of the financial year, Mr Pearce has held directorships in OmegaCorp Limited (October 2000 – August 2007), Xenolith Resources Limited (March 2007 - present), Syngas Limited (May 2007 – January 2008), Mantra Resources Limited (September 2005 – present), Mavuzi Resources Limited (January 2007 – June 2008), Odyssey Energy Limited (September 2005 – present), Newport Mining Limited (September 2008 – present), Fusion Resources Limited (May 2002 – February 2009), Sovereign Metals Limited (July 2006 – present), Sierra Mining Limited (January 2006 – August 2006 and Salinas Energy Limited (February 2002 - July 2006).

PRINCIPAL ACTIVITIES

The principal activities of QED during the financial year were to maximise the value of its investment in Transaction Solutions International plc and to develop and invest in technologies and patents for commercialisation.

REVIEW OF OPERATIONS

A review of operations of the Company during the financial year ended 30 June 2010 is referred to in the Review of Operations (Pages 2 to 4) and forms part of this report.

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review other than those disclosed in the review of operations on pages 2 to 4.

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

DIRECTORS REPORT
(CONTINUED)

EVENTS SUBSEQUENT TO BALANCE DATE

Other than as discussed below, as at the date of this Financial Report there are no matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

the operations, in financial years subsequent to 30 June 2010, of the Company;

the results of those operations, in financial years subsequent to 30 June 2010, of the Company; or

the state of affairs, in financial years subsequent to 30 June 2010, of the Company.

(a) Merger with Transaction Solutions International plc ('TSI")

Subsequent to the balance date, at a meeting of shareholders held on 19 August 2010 the acquisition of share capital in TSI was approved increasing the Company's equity interest to 100%. The acquisition was settled through the issue of 1,026,185,797 ordinary shares and 162,800,000 Converting Notes.

(b) Issue of Options

At the same meeting shareholders also approved the issue of 10,175,000 options over unissued shares to Mr Yew Seng Kwa. The shares have an exercise price of 4.50 cents per option and an expiry date of 30 November 2011 (5,087,500 options) and 30 November 2012 (5,087,500 options).

(c) Capital Raising

Subsequent to the balance date the Company completed the raising of $3,132,000 through the issue of 78,300,000 shares at an issue price of 4 cents per share. The shares were issued on 10 September 2010. The funds raised will provide additional working capital following the acquisition of TSI.

(d) Appointment of director

Mr Yew Seng Kwa was appointed as an Executive director of the Company on 20 August 2010.

LIKELY DEVELOPMENTS

The Company will focus on the business strategies and prospects outlined in the Review of Operations section of this report. All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. If any or all of these activities are successfully completed, the Company's financial prospects may materially change. Therefore the Board is unable to provide any further comment on likely developments or expected results.

OPTIONS OVER UNISSUED CAPITAL

Details regarding options over unissued shares for the period 1 July 2009 to the date of this report are contained in Note 14 of the attached Financial Statements. There were 30,000,000 options exercised during the period 1 July 2009 to the date of this report.

Subsequent to year end the Company issued 10,175,000 options over unissued shares to Mr Yew Seng Kwa, a director of the Company. The options are exercisable at 4.50 cents per option with an expiry date of 30 November 2011 for 5,087,500 options and 30 November 2012 for 5,087,500 options

DIRECTORS REPORT
(CONTINUED)

DIRECTORS' INTERESTS

As at the date of this report, the Directors interests in the securities of the Company are as follows:

Director	Director's Interest	
	Shares	Options
Paul Boyatzis	122,482,581	-
Gary Foster	175,390,145	-
Yew Seng Kwa	3,500,000	10,175,000
Simon Cato	950,000	-

No other securities of the Company were held by Directors during or since the end of the financial year.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director were:

	Number of meetings	
Director	Held	Attended
Paul Boyatzis	1	1
Gary Foster	1	1
Yew Seng Kwa	-	-
Simon Cato	1	1
Douglas Miller	4	4
Ian Middlemass	4	3
Mark Pearce	4	4

DIRECTORS REPORT
(CONTINUED)

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Company.

Details of Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

Executive Directors

Mr Gary P Foster	Managing Director (appointed 23 February 2010)
Mr Yew Seng Kwa	Executive Director (appointed 20 August 2010)

Non-Executive Directors

Mr Paul M Boyatzis	Non-Executive Chairman (appointed 23 February 2010)
Mr Simon K Cato	Non-Executive Director (appointed 23 February 2010)
Mr Douglas H Miller	Non-Executive Chairman (resigned 25 February 2010)
Mr Ian P Middlemas	Non-Executive Director (resigned 25 February 2010)
Mr Mark L Pearce	Non-Executive Director and Company Secretary (resigned 25 February 2010)

Other than Directors, there were no other KMP of the Company during the year.

Remuneration Policy

The Company's remuneration policy for its KMP has been developed by the Board taking into account the size of the Company, the size of the management team for the Company, the nature and stage of development of the Company's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

the Company is currently focused on business development and contract implementation activities;

risks associated with companies at this stage of development; and

the Company has only recently achieved cashflow positive levels of sales from business operations

Executive Remuneration

The Company's remuneration policy for executives is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

DIRECTORS REPORT
(CONTINUED)

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits.

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

Performance Based Remuneration – Short Term Incentive

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("**KPI's**"), as set by the Board. The Board has now focused the Company's efforts on developing and growing the Transaction Solutions International plc ("TSI") business. The Board considers that the prospects of the Company and resulting impact on shareholder wealth are primarily linked to the performance of this business.

Accordingly, the Board may pay a bonus to executive KMP's based on the performance of the TSI business. No bonus was paid during the current financial year.

Performance Based Remuneration – Long Term Incentive

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related.

Non-Executive Director Remuneration

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.

Following approval by share holders at a meeting held on 19 August 2010 the maximum aggregate amount of fees that can be paid to Non-Executive Directors has been increased from $150,000 to $500,000. Director's fees paid to Non Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive incentive options in order to secure their services.

Following approval by share holders for the merger between Transaction Solutions International plc ("TSI") and the Company at a meeting on 19 August 2010 fees for the Non-Executive Directors participating in the acquisition have been increased to $60,000 per annum (2009: $15,000). Non-Executive Directors fees of $51,468 have been accrued as payable for the period 23 February to 30 June 2010. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees serviced.

DIRECTORS REPORT
(CONTINUED)

Non-Executive Director Remuneration (continued)

When required by legislation, KMP receive superannuation contributions, which are currently 9%, and do not receive any other retirement benefit. From time to time some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to KMP is valued at cost to the Company and expensed. No options or other securities were issued to KMP as part of their remuneration during the current or prior year.

Impact of Shareholder Wealth on Key Management Personnel Remuneration

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. As a result of the Company's development activities, the Board anticipates that it will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Company does not currently have a policy with respect to the payment of dividends, and as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (e.g. return of capital).

Impact of Earnings on Key Management Personnel Remuneration

The Board has focused the Company's efforts on finding and completing new business opportunities. The Board considers that the prospects of the Company and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings. Accordingly, the Board may pay a bonus to directors or executives based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition. No bonus was paid during the current or prior financial year.

Emoluments of Directors and Executives

Details of the nature and amount of each element of the emoluments of each Director of the Company are as follows:

2010 Directors	Short-term Benefits $	Post-employment Benefits $	Equity Compensation Benefits $	Total $
Paul M Boyatzis (Chairman)*	20,000	-	-	20,000
Gary P Foster*	20,000	-	-	20,000
Yew Seng Kwa	-	-	-	-
Simon K Cato*	10,520	947	-	11,467
Douglas H Miller (Chairman)	9,375	-	-	9,375
Ian P Middlemas	21,000	-	-	21,000
Mark L Pearce (also Company Secretary)	9,680	-	-	9,680
Total	**90,575**	**947**	**-**	**91,522**

* Fees accrued but not paid at reporting date

DIRECTORS REPORT
(CONTINUED)

2009 Directors	Short-term Benefits $	Post-employment Benefits $	Equity Compensation Benefits $	Total $
Douglas H Miller (Chairman)	15,000	-	-	15,000
Ian P Middlemas	36,000	-	-	36,000
Mark L Pearce (also Company Secretary)	15,000	-	-	15,000
Total	**66,000**	**-**	**-**	**66,000**

No securities were granted to Directors during the 2010 or 2009 reporting periods as compensation.

OFFICERS' INDEMNITIES AND INSURANCE

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

During the year, no insurance premiums were paid by the Company to insure Directors and officers of the Company.

NON-AUDIT SERVICES

The previous auditor, PKF provided accounting services at a cost of $2,824 during the financial year. The current auditor, Deloitte, did not provide any non-audit services to the Company during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte, to provide the Directors of QED Occtech Limited with an Independence Declaration in relation to the audit of the attached Financial Statements. The Lead Auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2010.

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

On behalf of the Directors

PAUL M BOYATZIS
Director

Perth, Western Australia
30 September 2010

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
QED Occtech Limited
6 Ord Street
WEST PERTH WA 6009

30 September 2010

Dear Board Members

QED Occtech Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of QED Occtech Limited.

As lead audit partner for the audit of the financial statements of QED Occtech Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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Conley Manifis
Partner
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Finance Revenue	2	29,186	49,228
Total Revenue		**29,186**	**49,228**
Employee expenses		(91,522)	(66,000)
Depreciation and amortisation expenses	3(b)	-	(4,167)
Corporate administrative services		(120,360)	(160,000)
Share of loss of associate	8	(56,850)	-
Other expenses		(135,494)	(85,332)
Loss before tax		**(375,040)**	**(266,271)**
Tax benefit/(expense)	4	(611,117)	79,881
Loss for the year		**(986,157)**	**(186,390)**
Other comprehensive income/(expense)			
Adjustment to deferred tax liability on investment taken to reserve		657,509	-
Adjustment to fair value to date of reclassification of investment in associate		(331,402)	(4,270,000)
Total comprehensive loss for the year		**(660,050)**	**(4,456,390)**
Loss per share attributable to the ordinary equity holders of the Company		**Cents**	**Cents**
Basic loss per share	16	(0.40)	(0.08)
Diluted loss per share	16	(0.40)	(0.08)

The statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

QED Occtech Limited

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash assets	5	1,106,718	903,737
Receivables	6	3,026	-
Other assets	7	11,043	13,092
TOTAL CURRENT ASSETS		**1,120,787**	**916,829**
NON-CURRENT ASSETS			
Investment in associate	8	2,511,748	-
Available-for-sale asset	9	-	2,900,000
TOTAL NON-CURRENT ASSETS		**2,511,748**	**2,900,000**
TOTAL ASSETS		**3,632,535**	**3,816,829**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	134,473	62,325
TOTAL CURRENT LIABILITIES		**134,473**	**62,325**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4(e)	-	46,392
TOTAL NON-CURRENT LIABILITIES		**-**	**46,392**
TOTAL LIABILITIES		**134,473**	**108,717**
NET ASSETS		**3,498,062**	**3,708,112**
EQUITY			
Issued capital	13	19,695,081	18,075,081
Reserves	14	1,860,293	2,704,186
Accumulated losses		(18,057,312)	(17,071,155)
TOTAL EQUITY		**3,498,062**	**3,708,112**

The statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

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STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2010

	Notes	2010 $	2009 $
Cash flows from operating activities			
Receipts from customers and others		-	51,150
Interest received		26,161	49,228
Refunds of GST received		5,300	24,706
Payments to suppliers and employees		(278,480)	(339,942)
Net cash used in operating activities	17(a)	**(247,019)**	**(214,858)**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	-
Net cash from investing activities		**-**	**-**
Cash flows from financing activities			
Proceeds from the issue of shares		450,000	-
Net cash used in financing activities		**450,000**	**-**
Net decrease in cash held		**202,981**	**(214,858)**
Cash at the beginning of the financial year		**903,737**	**1,118,595**
Cash at the end of the financial year	5	**1,106,718**	**903,737**

The statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2010

	Notes	Issued Capital $	Option Premium Reserve $	Investment Revaluation Reserve $	Accumu-lated Losses $	Total Equity $
Balance at 1 July 2008		**18,075,081**	**1,170,000**	**5,804,186**	**(16,884,765)**	**8,164,502**
Available for sale financial assets	9(a)	-	-	(4,270,000)	-	(4,270,000)
Total expenses recognised directly in equity		-	-	(4,270,000)	-	(4,270,000)
Net loss for the year		-	-	-	(186,390)	(186,390)
Total comprehensive loss		-	-	(4,270,000)	(186,390)	(4,456,390)
Balance at 30 June 2009		**18,075,081**	**1,170,000**	**1,534,186**	**(17,071,155)**	**3,708,112**
Adjustment to deferred tax liability on investment taken to reserve		-	-	657,509	-	657,509
Adjustment to fair value to date of reclassification of investment in associate	8(a)	-	-	(331,402)	-	(331,402)
Total expenses recognised directly in equity		-	-	326,107	-	326,107
Net loss for the year		-	-	-	(986,157)	(986,157)
Total comprehensive loss		-	-	326,107	(986,157)	(660,050)
Transfer from option premium reserve on exercise of options		1,170,000	(1,170,000)	-	-	-
Issue of ordinary shares for cash		450,000	-	-	-	450,000
Balance at 30 June 2010		**19,695,081**	**-**	**1,860,293**	(18,057,312)	**3,498,062**

The statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

QED Occtech Limited ("Company") is a limited company domiciled in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

This annual financial report was authorised for issue by the Directors on 30 September 2010.

The principal accounting policies adopted in preparing the financial report of the Company for the year ended 30 June 2010 are stated to assist in a general understanding of the financial report.

(a) Basis of Preparation

The financial report has been prepared on the basis of historical cost.

The financial report is presented in Australian dollars, which is the Company's functional currency.

Use of estimates

The preparation of a financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Investment in TSI

The Company currently holds a 17.60% (2009: 18.5%) investment in Transaction Solutions International plc ("TSI"). The investment in TSI is unlisted and classified as an associate and is carried at the equity share interest of the net assets. The equity share interest in the net assets of TSI is $2,511,748 (2009: $2,900,000) (see Notes 8 and 9 for further details regarding the carrying value of the investment in TSI).

Deferred tax liability

A deferred tax liability of $657,509 (see Note 4 for further details) has been derecognised in the financial statements (2009: $118,392). This deferred tax liability relates to the unrealised gain on the investment in TSI (see above and also Notes 8 and 9 for further details regarding the carrying value of the investment in TSI).

Should the investment in TSI be sold, the actual amount of tax payable may differ, as the estimated deferred tax liability has been based on the application of the current taxation laws and interpretations which may differ at the date of sale of the investment in TSI. The exact timing and nature of future transactions may also differ to what has been assumed, which may also result in the actual amount of tax payable on the sale of the investment in TSI being materially higher or lower than what is currently estimated.

(b) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS').

(c) Adoption of New and Revised Accounting Standards

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section (ii).

(i) Standards affecting presentation and disclosure

- AASB 101 *Presentation of financial statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards* arising from AASB 101 and AASB 101 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101: AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

- AASB 8 *Operating Segments*: AASB 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 20).

- AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*: The Amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Company loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Company's 30 June 2010 financial statements, are not expected to have a significant impact on the financial statements.

- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of "non-vesting" conditions, and clarify the accounting treatment of cancellations.

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

(c) Adoption of New and Revised Accounting Standards (continued)

(ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- AASB 2008-7 *Amendments to Australian Accounting Standards-Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate*

  The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting A-IFRS for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.

- AASB 2008-*1 Amendments to Australian Accounting Standard - Share-based payments: Vesting Conditions and Cancellations*

  The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

- AASB 123 *Borrowing Costs (as revised in 2007) and* AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*

  The principal change to AASB 123 was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

- AASB 2008-2 *Amendments to Australian Accounting Standards –Puttable Financial Instruments and Obligations Arising on Liquidation*

  The revisions to *AASB 132 Financial Instruments: Presentation* amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

- AASB 2008-8 *Amendments to Australian Accounting Standards-Eligible hedged Items*

  The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

- Interpretation 15 *Agreements for the Construction of Real Estate*

  The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of AASB 111 *Construction Contracts* or *AASB 118 Revenue* and when revenue from the construction of real estate should be recognised. The requirements have not had any affect on accounting for the Company's activities.

- Interpretation 16 *Hedges in a Net Investment of a Foreign Operation*

  The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

- Interpretation 17 *Distributions of Non-cash assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-cash assets to Owners*

  The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

- Interpretation 18 *Transfers of Assets from Customers*

  The Interpretation addresses the accounting by recipients for transfers of plant, property and equipment from "customers" and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with AASB 118 *Revenue.*

(c) Adoption of New and Revised Accounting Standards (continued)

(ii) Standards and Interpretations adopted with no effect on financial statements (continued)

AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

In addition to the changes affecting amounts reported in the financial statements described at c (ii) above, the amendments have led to a number of changes to the detail in the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material affect on amounts reported.

In addition to the amendments to AASB 5 and AASB 107 described earlier in this section, and the amendments to AASB 117, the amendments have led to a number of changes to the detail in the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.

(d) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Foreign Currency Translation

(i) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on certain non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on other non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(e) Foreign Currency Translation (continued)

(iii) Group companies

The results and financial position of all the Group entities, if any, (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders equity. Where a foreign operation is sold or borrowings are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of Goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity and;

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Revenue Recognition

(ii) Interest

Interest revenue is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

(h) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax balance for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(i) Financial Assets

AFS Financial Assets

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note k. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at FVTPL ("fair value through profit or loss"), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(j) Cash and Cash Balances

"Cash and cash balances" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

(k) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal values less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(l) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation and impairment losses (see Accounting Policy (i)). Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Company 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.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

	Life
Plant and equipment	2 - 15 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement, on a net basis.

(m) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The amounts are unsecured and are usually paid within 30 days.

(n) Employee Benefits

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

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

Contributions to the defined contribution fund are recognised as an expense as they become payable.

(o) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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

(p) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(q) Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other assets in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as an operating cash flow.

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

(s) Share-Based Payments

Share-based payments may be provided to directors, employees, consultants, other advisors or as consideration for the acquisition of assets.

For share-based payments to directors and employees, the fair value of options granted (determined using the Black-Scholes option pricing model) is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

For share-based payments to other parties, the fair value of options granted (determined using the Black-Scholes option pricing model) is recognised as an expense with a corresponding increase in equity. The fair value is measured at the date of the service and recognised in the financial year the service was provided.

(t) Intangibles

Patents and trademarks, preliminary expenditure and intellectual property

Patents, licences, preliminary expenditure and intellectual property are carried at cost and amortised on a straight-line basis over their useful lives, being not more than 10 years.

(u) Adoption of AASB-8 Operating Segments

The Company has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

(v) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When the Company transacts with an associate, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

When equity accounting is applied to investments previously accounted for as available for sale, the fair value of the original investment at the date of re-categorisation is the deemed cost of the investment in the associate. Previous revaluation gains or losses recognised in other comprehensive income are not reclassified to profit or loss.

	Notes	2010 $	2009 $
2. REVENUE			
Revenue			
Finance revenue			
Interest – bank deposits		29,186	49,228
		29,186	**49,228**
3. OTHER INCOME AND EXPENSES			
(a) Auditors remuneration			
Audit and half year review of the Company's Financial Statements:			
KPMG Australia		(1,769)	29,000
PKF		7,378	-
Deloitte Touche Tohmatsu		13,000	-
Total remuneration paid/payable to Auditor		**18,609**	**29,000**
(b) The loss before tax expense has been determined after charging the following items:			
Depreciation:			
Plant and equipment	10	-	4,167
Total depreciation		**-**	**4,167**
Loss on disposal of plant and equipment		-	1,388

	2010 $	2009 $
4. INCOME TAX		
No income tax is payable by the Company as it has incurred losses for income tax purposes for the year		
(a) Recognised in the income statement		
Current Tax Benefit		
Current Year	-	(196,923)
	-	(196,923)
Deferred Tax Expense/(Benefit)		
Origination and reversal of temporary differences	(46,392)	116,817
Adjustment to deferred tax liability on investment taken to reserve	657,509	225
Total income tax expense/(benefit) in the income statement	**611,117**	**(79,881)**
(b) Reconciliation between loss before tax and tax expense		
Loss before tax expense/(benefit)	(375,040)	(266,271)
Prima facie tax benefit at 30% (2009: 30%)	(112,512)	(79,881)
Non-deductible expenses	31,951	
Derecognition of deferred tax assets not brought to account	80,561	
Derecognition of deferred tax assets previously brought to account	611,117	-
Tax expense/(benefit)	**611,117**	**(79,881)**
(c) Income tax recognised directly in equity		
Movement in deferred tax liability		
Relating to change in fair value of available for sale financial assets	**(657,509)**	**(1,830,000)**
(d) Deferred tax assets		
The deferred tax assets not brought to account at 30% (2009: 30%) relating to income tax losses and temporary differences, the benefits of which will only be realised if the conditions for deductibility are satisfied, are as follows:		
Plant and equipment	18,111	22,638
Accruals	26,765	9,900
Tax losses	647,334	571,679
Other items	376	6,900
Deferred tax assets offset against deferred tax liabilities	-	(611,117)
Deferred tax liability offset against deferred tax asset	(908)	-
Deferred tax assets not recognised	(691,678)	-
	-	**-**

	2010 $	2009 $
(e) Deferred tax liabilities		
Available-for-sale financial assets	-	657,509
Accruals	908	-
Deferred tax asset offset against deferred tax liability	-	(611,117)
Deferred tax liabilities offset against deferred tax assets	(908)	-
	-	**46,392**

During the year, a previously recognised deferred tax liability was de-recognised as it will no longer give rise to a taxable temporary difference. Deferred tax assets are only recognisable to the extent they offset against deferred tax liabilities. As it is not currently foreseeable that there will be future taxable amounts against which the deferred tax assets can be utilised, the remaining deferred tax assets are not recognised.

	2010 $	2009 $
5. CASH ASSETS		
Cash at bank and on hand	**1,106,718**	**903,737**
6. RECEIVABLES		
Current		
Trade and other receivables	3,026	-
Less provision for impairment	-	-
	3,026	**-**
7. OTHER ASSETS		
Current		
Refund of GST due	**11,043**	**13,092**
8. INVESTMENT IN ASSOCIATE		
Non-Current		
Investment in associate[(a)]	**2,511,748**	**-**

	2010 $	2009 $
8. INVESTMENT IN ASSOCIATE (CONTINUED)		
Summarised financial information in respect of the Group's associate is set out below:		
Total assets	15,639,304	-
Total liabilities	1,368,011	-
Net assets	14,271,293	-
Group's share of net assets of associate	2,511,748	-
	23 Feb' to 30 June 2010	
Total revenue	2,029,511	-
Total profit/(loss) for the period	(323,010)	-
Group's share of profit/(loss) of associate	**(56,850)**	**-**

(a) Refers to an investment in Transaction Solutions International plc ("TSI"). QED currently holds a 17.6% (2009: 18.5%) interest in TSI. The investment is equity accounted, as QED has the capacity to significantly influence the financial or operating policies of TSI. As of 23 February 2010 there are two directors common to the Board of directors of the respective entities. The combined proportion of shareholding in TSI held by the common directors and QED is 39%. The investment has been equity accounted for effective 23 February 2010.

The reporting date of TSI is 31 March. For the purpose of applying the equity method of accounting the financial statements of TSI for the year ended 31 March 2010 have been used together with management financial accounts for the period 1 April to 30 June. The investment in TSI is classified as an investment in an associate and is carried initially at fair value, with subsequent adjustments for share of associates profit or loss. On obtaining significant influence, the investment had a fair value of $2,568,598. QED's share of loss for the period 23 February to 30 June 2010 amounts to $56,850 (2009: Available-for-sale financial asset at fair value – refer Note 9).

During the year a previously recognised deferred tax liability of $657,509 arising from the investment has been de-recognised (refer Note 4(e)).

	2010 $	2009 $
9. AVAILABLE-FOR-SALE ASSET		
Non-Current		
Investments in other entities	**-**	**2,900,000**

Refers to an investment in Transaction Solutions International plc ("TSI"). During the prior year the investment in TSI was classified as available-for-sale and carried at fair value. In the current year. The investment has been reclassified as an associate for 2010 (refer Note 8).

	2010 $	2009 $
10. PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	150,923	150,923
Accumulated depreciation and impairment	(150,923)	(150,923)
	-	-
Reconciliation		
Reconciliation of the carrying amounts for each class of plant and equipment are set out below:		
Plant and equipment		
Carrying amount at beginning of year	-	5,555
Disposals	-	(1,388)
Depreciation	-	(4,167)
Carrying amount at end of year	-	-
11. INTANGIBLE ASSETS		
Patents		
At Cost	1,036,000	1,036,000
Accumulated amortisation and impairment	(1,036,000)	(1,036,000)
	-	-
12. TRADE AND OTHER PAYABLES		
Current (Unsecured)		
Other creditors and accruals	**134,473**	**62,325**

	2010 $	2009 $
13. ISSUED CAPITAL		
(a) Issued and paid up capital		
268,047,537 (2009: 238,047,537) ordinary shares	**19,695,081**	**18,075,081**

(b) Movements in issued and paid up capital during the past two years were as follows:

Date	Details	Number of Shares	$
01/07/09	Opening balance	238,047,537	18,075,081
18/12/09	Transfer from option premium reserve	-	1,170,000
18/12/09	Issue of shares on exercise of options at 1.50 cents	30,000,000	450,000
30/06/10	**Closing balance**	**268,047,537**	**19,695,081**

(c) Terms and Conditions of Ordinary Shares

(i) General

The ordinary shares ("Shares") are ordinary shares and rank equally in all respects with all ordinary shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

(ii) Reports and Notices

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the Chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(iv) Variation of Shares and Rights Attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

13. ISSUED CAPITAL (CONTINUED)

(c) Terms and Conditions of Ordinary Shares (continued)

(v) Unmarketable Parcels

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than $500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(vi) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(vii) Listing Rules

Provided the Company remains admitted to the Official List of the Australian Stock Exchange Ltd, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

	2010 $	2009 $
14. RESERVES		
(a) Reserves		
Option Premium Reserve		
Opening Balance	1,170,000	1,170,000
Transfer to issued capital	(1,170,000)	-
Closing Balance	**-**	**1,170,000**
Investment Revaluation Reserve		
Opening Balance	1,534,186	5,804,186
Adjustment to deferred tax liability on investment taken to reserve	(331,402)	(6,100,000)
Adjustment to fair value to date of investment in associate	657,509	1,830,000
Closing Balance	**1,860,293**	**1,534,186**
Total Reserves	**1,860,293**	**2,704,186**

(i) Option Premium Reserve

The option premium reserve is used to record the fair value of share based payments made by the Company and balances are transferred to retained earnings when the options are exercised or lapsed.

14. RESERVES (CONTINUED)

(ii) Investment Revaluation Reserve

2009: The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of available for sale investment that has been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

2010: The investment revaluation reserve represents accumulated gains arising on the revaluation of available for sale investments that have been reclassified as investments in associates. QED has adopted the accounting policy to not recognise the accumulated gain in profit or loss on reclassification of the investment.

(b) Movements in options during the past two years were as follows:

Date	Details	Number of $0.015 Options	$
01/07/08	Opening balance	30,000,000	1,170,000
30/06/09	Closing balance	30,000,000	1,170,000
18/12/09	Exercise of options	(30,000,000)	(1,170,000)
30/06/10	**Closing balance**	**-**	**-**

The options on issue at 30 June 2009 were granted pursuant to the acquisition of the original interest of an entity that became Transaction Solutions International plc. None of the options were issue to or are held by Directors or key management personnel.

15. RELATED PARTIES

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors
Mr Paul M Boyatzis (appointed 23 February 2010)
Mt Gary P Foster (appointed 23 February 2010)
Mr Simon K Cato (appointed 23 February 2010)
Mr Ian P Middlemas (resigned 25 February 2010)
Mr Mark L Pearce (resigned 25 February 2010)
Mr Douglas H Miller (resigned 25 February 2010)

(a) Key Management Personnel Compensation

	2010 $	2009 $
Short-term employee benefits	90,575	66,000
Post-employment benefits	947	-
Total compensation	**91,522**	**66,000**

Key management personnel disclosures previously required by AASB 124 Related Party Disclosures paragraphs Aus25.2 to Aus25.6 and Aus25.7.1 and Aus25.7.2 are included the Remuneration Report section of the Directors' Report.

(b) Loans to Key Management Personnel

There were no loans made to any key management personnel during the year ended 30 June 2010 (2009: Nil).

15. RELATED PARTIES (CONTINUED)

(c) Other Transactions with Key Management Personnel of the Company

The following transactions with key management personnel and their related entities occurred during the year on normal commercial terms and conditions:

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid $120,360 (2009: $160,000) for the provision of serviced office facilities, company secretarial services and other administration services for the period 1 July 2009 to 28 February 2010 which has been recognised as an expense. The agreement was terminated effective 28 February 2010.

(d) Shareholdings of Key Management Personnel

The aggregate number of shares of the Company held directly, indirectly or beneficially by key management personnel of the Company or their related entities at balance date is as follows:

2010

Key Management Person	Held at 1 July 2009 (No.)	Purchases (No.)	Received on exercise of options (No.)	Other Changes (No.)	Sales (No.)	Held at 30 June 2010 (No.)
Paul M Boyatzis	-	-	-	17,680,000*		17,680,000
Gary P Foster	-	-	-	9,288,215*		9,288,215
Simon K Cato	-	-	-	950,000*		950,000
Douglas H Miller	16,340,187	-	-	(16,340,187)**	-	-
Ian P Middlemas	7,250,000	-	-	(7,250,000)**	-	-
Mark L Pearce	-	-	-	-	-	-

*On date of appointment

**On date of resignation

No shares were granted to key management personnel during the 2010 reporting period as compensation.

2009

Key Management Person	Held at 1 July 2008 (No.)	Purchases (No.)	Received on exercise of options (No.)	Other Changes (No.)	Sales (No.)	Held at 30 June 2009 (No.)
Douglas H Miller	16,340,187	-	-	-	-	16,340,187
Ian P Middlemas	7,250,000	-	-	-	-	7,250,000
Mark L Pearce	-	-	-	-	-	-

No shares were granted to key management personnel during the 2009 reporting period as compensation.

(e) Option and Right Holdings of Key Management Personnel

No options over ordinary shares of the Company were held directly, indirectly or beneficially by key management personnel of the Company or their related entities at any time during the financial year ended 30 June 2010.

No options were granted to key management personnel during the current or prior reporting period as compensation.

	2010 $	2009 $
16. LOSS PER SHARE		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Loss attributable to ordinary equity holders of the Company from continuing operations	(986,157)	(186,390)
Loss attributable to ordinary equity holders of the Company from discontinued operations	-	-
Loss attributable to ordinary equity holders of the Company	**(986,157)**	**(186,390)**

(i) Weighted average number of ordinary shares (basic)	2009	2008
	Number of Shares	
Weighted average number of fully paid ordinary shares on issue during the year used in the calculation of basic earnings per share	**268,047,537**	**238,047,537**

(i) Diluted earnings per share

The Company currently has no options on issue which have a dilutive effect on earnings per share for the year ended 30 June 2010.

(ii) Earnings per share for continuing and discontinued operations	2010	2009
	Cents per Share	
Basic loss per share		
From continuing operations	(0.40)	(0.08)
From discontinued operations	-	-
	(0.40)	**(0.08)**
Diluted loss per share		
From continuing operations	(0.40)	(0.08)
From discontinued operations	-	-
	(0.40)	**(0.08)**

	2010 $	2009 $
17. NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of the profit/(loss) after income tax to the net cash flows used in operating activities		
Profit/(loss) for the year after income tax	(986,157)	(186,390)
Non-cash items		
Depreciation and amortisation	-	4,167
Share off loss in associate	56,850	-
Income tax expense/(benefit)	611,117	(79,881)
Loss on disposal of plant and equipment	-	1,388
Change in operating assets and liabilities		
Decrease (Increase) in receivables	(3,026)	51,150
Decrease (Increase) in other assets	2,049	(9,046)
Increase (Decrease) in payables	72,148	3,754
Net cash outflows used in operating activities	**(247,019)**	**(214,858)**

18. FINANCIAL INSTRUMENTS

(a) Overview

The Company has exposure to the following risks from their use of financial instruments:

Credit risk;

Liquidity risk; and

Market risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Given the nature and size of the business, no formal risk management committees have been established, however responsibility for control and risk management is delegated to the appropriate level of management with the chief executive officer and chief financial officer (or their equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of the operations and financial position of the Company. The Board also reviews risks that relate to operations and financial instruments as required, but at least every six months.

Given the uncertainty as to the timing and amount of cash inflows and outflows, the Company has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Company's operations change, the Directors will review this policy periodically going forward.

The Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

18. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, and trade and other receivables. The Company holds its cash balances with an Australian bank with an appropriate credit rating.

The Company has a license agreement with QED Occtech Services Pty Ltd (now assigned to Hatch Associated Pty Ltd) whereby it may receive a royalty for use of its intellectual property. No amount was invoiced for the royalty to 30 June 2010. The Company does not have any other significant customers or other debtors aside from GST refunds due and accordingly does not currently have any significant exposure to bad or doubtful debts.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due. This is monitored by the preparation of monthly cash flow reports, and regular forecasts as required but at least every six months. As at 30 June 2010 there are no borrowings. As the Company assesses new opportunities it will examine the need for additional funding / liquidity.

(d) Market Risk

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

The Company currently does not engage in any hedging or derivative transactions to manage market risk.

(i) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables, investments and payables are non-interest bearing.

(ii) Currency risk

The Company does not currently engage in any hedging or derivative transactions to manage foreign currency risk.

18. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Other market price risk

The Company is exposed to equity price risk arising from its equity investments, in particular the Company's investment in TSI. Equity investments are currently held for strategic rather than trading purposes. TSI is currently unlisted and has undertaken a number of capital raisings by issuing ordinary shares.

However, it should be noted that the carrying value of the investment in TSI has been revalued to $2,511,748 at 30 June 2010. The reduction in carrying value is attributable to the change to equity accounting for the investment recognising the ability of the Company to exert significant influence on TSI through two directors common to the Board of directors of both entities and the combined shareholding of QED and those two common directors amounting to 39% of issued capital of TSI.

Subsequent to the reporting date the Company has received shareholder approval to acquire the remaining share capital to take its ownership to 100%.

The Company does not actively trade these investments and no hedging or derivative transactions have been used to manage equity price risk.

(e) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Company, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Company is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt, where appropriate).

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

(f) Credit Risk

(i) Exposure to credit risk

The carrying amount of the Company's financial assets (other than investments) represents the maximum credit risk exposure, as represented below:

	Notes	Company Carrying Amount	
		2010 $	2009 $
Cash and cash balances	5	1,106,718	903,737
Trade and other receivables	6	3,026	-
Other assets – GST refunds due	7	11,043	13,092

Other assets are comprised of GST refunds recorded when due.

18. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Impairment losses

None of the Company's receivables at 30 June 2010 and 30 June 2009 are past due.

An allowance account in respect of receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. No amount has been written off during the year (2009: $nil).

(g) Liquidity Risk

(i) Exposure to liquidity risk

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	Carrying Amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $
30 June 2010 – Company						
Trade and other payables	134,473	(134,473)	(134,473)	-	-	-
30 June 2009 – Company						
Trade and other payables	62,325	(62,325)	(62,325)	-	-	-

(h) Interest Rate Risk

(i) Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Company Carrying Amount	
	2010 $	2009 $
Interest-bearing financial instruments		
Cash and cash equivalents	574,560	92,285
Short term deposits	532,158	811,452
	1,106,718	**903,737**

The cash balances were at an interest rate of 2.25% (2009: 0.75%); and

The short term deposit was at an interest rate of 4.38% (2009: 3.27%).

(ii) Cash flow sensitivity analysis for variable rate instruments

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

18. FINANCIAL INSTRUMENTS (CONTINUED)

	Profit or Loss	
	10% Increase $	10% Decrease $
30 June 2010		
Cash balances	**2,919**	**(2,919)**
30 June 2009		
Cash balances	**2,723**	**(2,723)**

(i) Other Market Price Risk

(i) Exposure to other market price risk

The Company's investment in Transaction Solutions International plc ("TSI") is classified as an equity accounted investment and is carried initially at fair value with adjustments for the share of TSI's subsequent profit or loss (2009: at fair value). The value of this investment as at 30 June 2010 is $2,511,748 (2009: fair value of $2,900,000). A deferred tax liability has not been recognised in respect of this investment (refer Note 4). The net reduction from 30 June 2010 balance on adoption of equity accounting for this investment recorded in the investment fair value reserve was $331,402 (2009: net gain of $4,270,000). In addition the Company recorded a share of loss of the associate in the amount of $56,850 for the period 23 February to 30 June 2010.

(j) Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities approximates their carrying value.

19. BUSINESS COMBINATIONS

Subsidiaries acquired
Subsequent to the end of the reporting period on 26 August 2010 the Company acquired 82.40% of the share capital of Transaction Solutions International plc ("TSI") to increase its equity interest to 100%. There were no subsidiaries acquired in the prior year. The subsidiary was acquired to increase the Company's exposure to the developing business in the deployment of Automated Teller Machines ("ATMs") to major banks in India.

Consideration
In consideration for the acquisition the Company issued 1,206,185,807 ordinary shares and 162,800,000 converting notes at a value of $30,802,181 to the vendors in exchange for their securities. The shares are subject to voluntary escrow until 23 February 2011. Each converting note will automatically convert into a new fully paid ordinary share at the converting date of 14 August 2011. Each note has a face value of $0.0225 and a coupon rate of 3.5% payable by the issue of ordinary shares on conversion.

19. BUSINESS COMBINATIONS (CONTINUED)

Assets acquired and liabilities assumed at the date of acquisition

	TSI
	$
Current assets	
Cash and cash equivalents	3,337,903
Trade and other receivables	3,324,599
Non-current assets	
Plant and equipment	6,148,131
Current liabilities	
Trade and other payables	(999,355)
Deferred tax liability	(121,225)
	11,690,053

The accounting values for the acquisition of TSI have only been provisionally determined subsequent to the reporting period.

Goodwill arising on acquisition

No goodwill will arise on acquisition as the business combination will be accounted for as a reverse acquisition.

Impact of acquisition on results of the Company

Had this business combination been effected at 1 July 2009, the revenue of the Company from continuing operations would have been $2,161,684, and the loss for the year from continuing operations would have been $629,755. The directors of the Company consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

20. SEGMENT INFORMATION

The Company operates predominantly in one industry, being the investment in Transaction Solutions International plc, a company which operates a business responsible for the installation and maintenance of automated teller machines in one location, namely India.

21. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as discussed below, as at the date of this Financial Report there are no matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

the operations, in financial years subsequent to 30 June 2010, of the Company;

the results of those operations, in financial years subsequent to 30 June 2010, of the Company; or

the state of affairs, in financial years subsequent to 30 June 2010, of the Company.

22. EVENTS SUBSEQUENT TO BALANCE DATE (CONTINUED)

(a) Merger with Transaction Solutions International plc ('TSI")

Subsequent to the balance date, at a meeting of shareholders held on 19 August 2010 the merger transaction with TSI was approved.

(b) Issue of Options

At the same meeting shareholders also approved the issue of 10,175,000 options over unissued shares to Mr Yew Seng Kwa. The shares have an exercise price of 4.50 cents per options and an expiry date of 30 November 2011 (5,087,500 options) and 30 November 2012 (5,087,500 options).

(c) Capital Raising

Subsequent to the balance date the Company completed the raising of $3,132,000 through the issue of 78,300,000 shares at an issue price of 4 cents per share. The shares were issued on 10 September 2010. The funds raised will provide additional working capital following the acquisition of TSI.

(d) Appointment of director

Mr Yew Seng Kwa was appointed as an Executive director of the Company on 20 August 2010.

Directors Declaration

The directors declare that:

1. In the directors opinion:

   (a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

   (b) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the company;

   (c) the attached financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 of the financial statements; and

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to S 295(5) of the Corporations Act 2001.

On behalf of the Directors

PAUL M BOYATZIS
Director

Perth, Western Australia
30 September 2010

Deloitte.

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Independent Auditor's Report to the Members of QED Occtech Limited

We have audited the accompanying financial report of QED Occtech Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company as set out on pages 16 to 47.

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 control 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its 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 14 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of QED Occtech Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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Conley Manifis
Partner
Chartered Accountants
Perth, 30 September 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of QED Occtech Limited is responsible for its corporate governance, that is, the system by which the Company is managed.

1. Board of Directors

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

- Mr. Paul Boyatzis — Non-Executive Chairman
- Mr. Gary Foster — Managing Director
- Mr. Yew Seng Kwa — Executive Director
- Mr. Simon Cato — Non-Executive Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that only Mr. Simon Cato is an independent director.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

The Company's Chairman, Mr Paul Boyatzis, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

2.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

2.4 Interests of Other Stakeholders

The Company's objective is to develop and market its patented technology and other technologies. As the Company derives its business by providing solutions to environmentally harmful practices, the Company aims to ensure the highest standard of environmental care is achieved in all its operations.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. Disclosure of Information

3.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and

b) The information is confidential; or

c) One of the following applies:

   i. It would breach a law or regulation to disclose the information;

   ii. The information concerns an incomplete proposal or negotiation;

   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

   iv. The information is generated for internal management purposes;

   v. The information is a trade secret;

   vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;

   vii. The information is scientific data that release of which may benefit the Company's potential competitors.

The Directors are responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;

- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

4. Risk Management and Internal Control

4.1 Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Company's approach to creating long-term shareholder value.

The Company operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

Given the Company's limited operations, and that its major asset is its recently acquired 100% interest in an unlisted company based in the United Kingdom (Transaction Solutions International plc), the Company has identified a series of business risks. These include:

- fluctuations in exchange rates;
- fluctuations in global stock markets;
- reliance on licenses and patents;
- ability to obtain additional financing; and
- acquisition of new business opportunities.

These risk areas are provided above to assist investors to understand better the nature of the risks faced by our Company and the industry in which we operate. They are not necessarily an exhaustive list.

4.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Company's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

4.3 Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4.4 Role of External Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5. Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial prospects; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group.

The Remuneration Report discloses the process for evaluating the performance of directors.

Following the appointment of a new Board in 2010, the performance evaluations for directors have not yet taken place in accordance with the process disclosed above and in the Remuneration Report. This process will be undertaken prior to the end of the next financial year.

6. Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Company has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2009 financial year, the Group complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.1,2.2,2.3	No independent directors, including Chairman	The Board considers that the Group is not currently of a size nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic. The Company's Chairman, Mr Paul Boyatzis, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However, the Board believes that the Chairman is able to and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.
2.4	A Separate Nomination Committee has not been formed	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Group is not of a size, nor is its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
8.1	A separate Remuneration Committee has not been formed.	The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Group's activities increase in size, scope and/or nature the Group's corporate governance principles will be reviewed by the Board and amended as appropriate.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 12 October 2010.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed are:

		Ordinary shares	
		Number	Percentage
1	Bretnall Custodians Pty Ltd	175,390,064	12.78
2	Anil Puri	134,175,833	9.78
3	Anuj Puri	134,175,812	9.78
4	Westedge Investments Pty Ltd	111,482,500	8.12
5	George (WA) Pty Ltd	81,400,000	5.93
6	HSBC Global Custocy Nominee (UK) Ltd	68,172,500	4.97
7	SAC Global Investments LP	58,608,000	4.27
8	GLG Partners LP	45,787,500	3.34
9	Chase Nominees Limited	40,700,000	2.97
10	Equity Trustees Limited	32,500,000	2.37
11	Andrew Keighery	31,293,151	2.28
12	Advides Global Invest Limited	20,350,000	1.48
13	Gold Sachs Securities (Nominees) Limited	18,315,000	1.33
14	Bludgeon Pty Ltd	17,297,500	1.26
15	Roy Nominees Limited	17,297,500	1.26
16	GLG Partners LP	15,262,500	1.11
17	Pillage Investments Pty Ltd	14,250,000	1.04
18	Vidacos Nominees Ltd	14,245,000	1.04
19	Chesilton Pty Ltd	12,500,000	0.91
20	Credit Suisse Client Nominees (UK) Limited	12,210,000	0.89
		1,055,412,860	**76.91**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

			Ordinary shares	
			Number of Shareholders	Number of Shares
1	-	1,000	23	3,654
1,001	-	5,000	34	100,799
5,001	-	10,000	66	613,872
10,001	-	100,000	367	18,330,503
100,001		and over	371	1,353,484,516
			861	**1,372,533,344**
The number of shareholders holding less than a marketable parcel of shares are:			**141**	**931,893**

3. VOTING RIGHTS

See Note 14(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 12 October 2010, Substantial Shareholder notices have been received from the following:

	Number of Shares
Bretnall Custodians Pty Ltd	175,390,145
Anil Puri	134,175,833
Anuj Puri	134,175,812
Graeme Kirke	125,447,500
Jane Boyatzis	122,482,581

5. UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

Unlisted Options ($0.045 Exercise Price on or before 30 November 2011)	
Gurtnacoola Pty Ltd	5,087,500
TOTAL	**5,087,500**

Unlisted Options ($0.045 Exercise Price on or before 30 November 2012)	
Gurtnacoola Pty Ltd	5,087,500
TOTAL	**5,087,500**

Unlisted Converting Notes ($0.0225 face value, coupon rate of 3.5% converting on or before 14 August 2011)	
Utilico Emerging Markets Limited	162,800,000
TOTAL	**162,800,000**

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of QED Occtech Limited's listed securities.