



TSV HOLDINGS LIMITED

A.B.N. 67 108 208 760

**APPENDIX 4E
PRELIMINARY FINAL REPORT**

**FOR THE YEAR ENDED
30 JUNE 2010**

(Previous corresponding period: year ended 30 June 2009)

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Appendix 4E – Full year report

Results for Announcement to the Market

| | % Change Up/(down) | 30 June 2010 \$'000 | 30 June 2009 \$'000 |
|---|--------------------------|------------------------|------------------------|
| Revenue from ordinary activities | (8.2) | 43,066 | 46,888 |
| Interest income | (43.8) | (45) | (80) |
| Revenue from ordinary activities excluding interest income | (8.1) | 43,021 | 46,808 |
| Operating expenses | (6.3) | (41,704) | (44,530) |
| Non operating expenses impairment of research & development | | - | (3,921) |
| Non operating expenses impairment of goodwill | (38.0) | (9,591) | (6,950) |
| Earnings before Interest, tax, depreciation and amortisation (EBITDA) | 3.7 | (8,274) | (8,593) |
| Depreciation and amortisation expenses | (17.5) | (902) | (1,093) |
| Earnings before interest and tax (EBIT) | 5.3 | (9,176) | (9,686) |
| Net Interest income / (expense) | (32.4) | (165) | (244) |
| (Loss)/Profit before income tax expense | 5.9 | (9,341) | (9,930) |
| Income tax expense | - | (340) | 1,066 |
| Net (loss)/profit after income tax expense | (9.2) | (9,681) | (8,864) |
| Net profit attributable to outside equity interest | - | - | (81) |
| Net (loss)/profit after income tax expense attributable to TSV Holdings Ltd shareholders | (8.2) | (9,681) | (8,945) |
| Net tangible assets per security | (8.9) | 10.34 cents | 11.35 cents |
| Basic earnings per share | (8.1) | (10.37) cents | (9.59) cents |
| Diluted earnings per share | (8.1) | (10.37) cents | (9.59) cents |

Dear Shareholders,

The Directors release the preliminary financial results for the year ending 30 June 2010.

The company continues to experience difficult trading conditions as an ongoing legacy of the GFC. This has resulted in reduced demand for some of our products, increased provisions for bad debts and high volatility in exchange rates for purchases for our exports. This has been further compounded by the inadequate management processes within the company. Actions are underway to improve the core management, sales and development process's within the company.

Revenue from continuing operations declined by 8.2% to \$43.066 million, reflecting the decline in demand due to the global financial crisis and reduced industrial activity in our markets.

Net loss after tax declined by 9.2% to \$9,681, equating to a basic earnings per share loss of 10.37 cents per share. This loss includes a non cash non operating expense relating to the impairment of goodwill of \$9.591 million. Excluding non-operating impairment charges our operating loss for the year was \$0.09 million.

Earnings before interest, tax, depreciation and amortisation, (EBITDA) excluding the non-operating impairment charge was \$1.317 million, while underlying earnings before interest and tax (EBIT) was \$0.415 million.

TSV Group

| | 30 June 2010 | 30 June 2009 |
|---------|--------------|--------------|
| Revenue | \$43.066m | \$46.888m |
| EBITDA | (\$8.274m) | (\$8.593m) |
| NPAT | (\$9.681m) | (\$8.945m) |

Our consolidated statement of financial position has bank debt of \$3.273 million with cash at bank of \$3.180 million. Cash holdings in our five international locations has been reduced during the year to reduce local debt and improve the efficiency of treasury functions. Bank debt reduced to \$3.1 million from \$3.7 million whilst net cash from operating activities was positive \$1.34 million for the year.

Our current liabilities have increased by 25% to \$10.865 million.
Total net assets (total assets less total liabilities) are \$16.68 million or 17.9 cents per share.

Our focus for the year ahead is to improve our management and operational effectiveness in order to leverage our intellectual property, national and international operations for sales growth.

Operations Overview

TSV Holdings serves the communications and health care industry markets both within Australia and internationally. In the last year 71% of our direct sales were Australian based and 29% was internationally sourced predominantly from New Zealand, Asia, UK, and North America.

Overall trading conditions continue to be depressed with many larger clients delaying, cost cutting or canceling projects. This has increased competition and margin pressures in order to win contracts particularly within our Tecsound and Calltec division.

Lack of uniqueness or exclusivity in our range of Tecsound products and services has manifested itself in declining results. Activities are underway to expand our market offerings with exclusive products for the Australian market to further differentiate Tecsound from its competitors.

Within Tecsound, our QSR (Quick Service Restaurant) markets have faced severe competition and some key staff attrition to competitors. Our competitiveness against other players in the market is hampered by or labour rates when compared to non-unionized competitors as well as aggressive and exclusionary business practices.

Over recent years our wage costs in all areas and all levels of our organization have increased at a rate significantly above inflation or the recognized CPI figures. These increases have not been linked to increases in business performance which has resulted in a declining state of competitiveness and margin erosion.

During 2010 management have executed a restructuring programme with an 8% reduction in staff headcount. Furthermore, action has been taken with regard to underperforming staff and for the year ahead strong emphasis has been placed, linking remuneration with business outcomes and positive financial results.

Potential risks to our business include pressure on healthcare expenditure, debtors risk and foreign exchange volatility and our own ability to further fund the improvements needed in business processes and infrastructure. Further work is needed in terms of sales and management training and supporting IT infrastructure. The development and expansion of our product portfolio beyond nurse call is also required to fulfill our strategic direction of becoming a bed centric healthcare communications systems provider.

The business activities of the company are in two main segments:

Healthcare

The healthcare division focuses on providing electronic communications in healthcare and development of nurse call and care management systems for hospitals, aged care and detention care market. The healthcare division is further segmented into four geographic regions consisting of North America, Europe, Asia and Australia/New Zealand.

Export growth together with domestic sales was below our expectations. Inadequate attention to marketing and business development coupled with low organizational competencies have resulted in a decline in our Austco business.

Management has executed structural changes within Austco as well as refreshing key positions within the organization with new personnel.

We plan to position TSV as a provider of healthcare communications systems which goes beyond simple nurse call systems. Our IP based Tacera infrastructure allows for expansion into IPTV, patient records management, medical enterprise reporting and home telecare developments. With a clear strategic direction we now expect the business to return to positive growth in all territories.

Communications

This division provides contract services and electronic communication solutions for healthcare, life and safety products and emergency warning and intercommunication systems. The communications division operates solely within Australia.

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Whilst our Tecsound and Calltec divisions operate as one entity, trading under separate names, our operations in each individual state have operated with a high degree of independence from each other. In order to achieve efficiencies and exploit our national footprint, management decided to restructure the individual state branch operations into one entity. This centralization project was initiated the first quarter of 2010 and operational from July 1st 2010.

Future benefits from this centralization are expected to be realized in simplified finance and administration process's as well as reductions in our annual purchasing spend.

Non-Operating Impairment Loss

As part of the 30 June 2010 reporting process, the company reviewed the carrying value of goodwill and other intangible assets associated with each cash generating unit within our group. Prior to the impairment charges on 30 June 2010, the company had intangibles of \$16.7 million based on previously acquired business entities. As a consequence of this review, the company has determined that as a one off, non-operating, non-cash writedown it should impair \$9.6 million of goodwill intangibles reducing the total intangible assets to \$7.1 million. The effect of this one-off non operating impairment expense of \$9.591 million coupled with our operating loss before impairment expense of \$0.09 million has realized a total loss for the year of \$9.681 million.

The reasons for the lower valuation and reduction to carrying values of goodwill are:

- Reduction in revenues and operating profit in particular in the Tecsound and Calltec divisions largely due to increased competition, higher wage costs and lower margins in a continually depressed market.
- A sustained increase in the Australian dollar which has put pricing pressure on the Austco division's exported products.

Investment in Research and Development

We have invested \$0.99 million in research and development to improve our competitive advantages primarily in the development of the third generation health care communications systems which were launched in 2010 to a positive market response under the Tacera product name. The Tacera products which are wholly IP based (Internet Protocol), offer a high degree of integration with information technology systems within health care providers, opening up opportunities for greater levels of functionality, reporting and potential recurring software and other revenue streams for Austco. The delayed launch of these Tacera systems is a result of an inadequate Product Creation Process (PCP). Consequently, steps have been taken to implement a market driven PCP on all future developments which will result in a reduction in time to market for new products. Further future development and integration with other systems is planned as is expansion of our development capabilities to expand and enhance our healthcare portfolio beyond nurse call systems.

R&D and amortisation expenditure
(Summary of Movements)

| | 2010 (\$'000) | 2009 (\$'000) |
|---|------------------|------------------|
| Depreciation and amortisation – plant & equipment | 735 | 720 |
| Amortisation (development and software) | 167 | 373 |
| R&D Capitalised | 663 | 480 |
| R&D Expensed | 325 | 602 |

Dividend

The directors have determined that a final dividend will not be paid this year, due to the performance of the group. While this is disappointing the interim we believe that this approach will deliver a better outcome for shareholders in the medium term as we begin to return the business to profitable growth.

Outlook

While many of the markets in which TSV operates remain depressed we have continued to invest in our people, our processes and our technologies. We have made many structural and personnel changes in the latter half of the financial year, the effects of which are not reflected in our financial results. These changes will impact our business in the year ahead and we believe will have a positive impact on our growth and profitability. These improvements ultimately will translate to increasing shareholder value.

The markets in which TSV operates continue to be competitive and our responsibility is to position ourselves such that we can deliver improvements even under adverse market conditions.

On behalf of the Directors I wish to thank the management team and all employees for their hard work and commitment during this difficult year. Their dedication and ongoing support is an essential element in returning TSV Holdings to profitable growth. I also thank our customers, suppliers and shareholders for their continuing support.

For and on behalf of the Directors



Geoffrey Wanless
CEO & Director

Appendix 4E
Preliminary Final Report

TSV Holdings Limited
(ABN 67 108 208 760)
Year Ended 30 June 2010

Results for Announcement to the Market

Current Reporting Period: Year Ended 30 June 2010
Previous Reporting Period: Year Ended 30 June 2009

| | | | | \$'000 |
|--|------|------|----|-----------|
| Revenues from Ordinary Activities | down | 8.2% | to | \$43,066 |
| (Loss) from Ordinary Activities After Tax Attributable to Members | down | 9.2% | to | (\$9,681) |
| Net (loss) for the period attributable to members | down | 9.2% | to | (\$9,681) |

| Dividends (distributions) | Amount per Security | Franked Amount per Security |
|--|------------------------|--------------------------------|
| Final dividend | Nil | N/A |
| Previous corresponding period | Nil | N/A |
| Record date for determining entitlements to the dividends | N/A | |
| Payment date of declared dividend | N/A | |

Commentary:

Net loss after income tax for the year ended 30 June 2010 was \$9.68 million compared to the previous period loss of \$8.95 million.

Basic earnings per share was (10.37) cents per share (2009: (9.59)) and on a diluted basis was (10.37) cents per share (2009: (9.59)).

Net tangible assets for the period ended 30 June 2010 was 10.34 cents per share compared to 11.35 cents per share for the previous year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2010**

| | Notes | Economic Entity | |
|--|-------|-----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 |
| Revenues from continuing activities | 2 | 43,066 | 46,888 |
| Revenues from non operating activities | 2 | - | 329 |
| Cost of sales (excluding direct labour) | 3 | (17,235) | (20,923) |
| Employee benefits expense | 3 | (18,439) | (18,576) |
| Motor vehicle expenses | | (375) | (280) |
| Occupancy expenses | | (1,026) | (946) |
| Advertising expenses | | (72) | (32) |
| Accounting audit and legal expenses | | (273) | (318) |
| Telephone expenses | | (372) | (364) |
| Other expenses | | (3,912) | (3,420) |
| Depreciation expenses | 3 | (735) | (720) |
| Amortisation expense | 3 | (167) | (373) |
| Borrowing costs expense | 3 | (210) | (324) |
| Impairment write downs | | (9,591) | (10,871) |
| Loss before income tax expense | | (9,341) | (9,930) |
| Income tax expense | | (340) | 1,066 |
| Net Loss after income tax expense | | (9,681) | (8,864) |
| Other comprehensive income | | | |
| Exchange difference arising on translation of foreign operations (movement in equity reserves) | | (252) | (10) |
| Total comprehensive income for the period | | (9,933) | (8,874) |
| Net (Loss) is attributable to: | | | |
| Members of TSV Holdings Limited | | (9,681) | (8,945) |
| Non-controlling interests | | - | 81 |
| | | (9,681) | (8,864) |
| Total comprehensive income attributable to: | | | |
| Members of TSV Holdings Limited | | (9,933) | (8,955) |
| Non-controlling interests | | - | 81 |
| | | (9,933) | (8,874) |
| | | Cents | Cents |
| Basic (loss) per share | 8 | (10.37) | (9.59) |
| Dilute (loss) per share | 8 | (10.37) | (9.59) |

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2010**

| | Notes | Economic Entity | |
|--------------------------------------|-------|-----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 |
| <u>Current Assets</u> | | | |
| Cash and Cash Equivalents | 4 | 3,180 | 4,499 |
| Trade and Other Receivables | | 9,489 | 10,650 |
| Inventories | | 5,257 | 4,580 |
| Other Assets | | 471 | 411 |
| Total Current Assets | | 18,397 | 20,140 |
| <u>Non-Current Assets</u> | | | |
| Property, Plant and Equipment | | 2,125 | 2,423 |
| Deferred Tax Assets | | 942 | 547 |
| Intangible Assets | | 7,027 | 15,952 |
| Total Non-Current Assets | | 10,094 | 18,922 |
| Total Assets | | 28,491 | 39,062 |
| <u>Current Liabilities</u> | | | |
| Trade and Other Payables | | 6,511 | 6,350 |
| Short Term Borrowings | | 2,913 | 864 |
| Current Tax Liabilities | | 204 | 202 |
| Provisions | | 1,237 | 1,185 |
| Other Financial Liabilities | | - | 116 |
| Total Current Liabilities | | 10,865 | 8,717 |
| <u>Non-Current Liabilities</u> | | | |
| Long Term Borrowings | | 359 | 3,305 |
| Deferred Tax Liabilities | | 433 | 283 |
| Provisions | | 155 | 210 |
| Total Non-Current Liabilities | | 947 | 3,798 |
| Total Liabilities | | 11,812 | 12,515 |
| NET ASSETS | | 16,679 | 26,547 |
| <u>Equity</u> | | | |
| Contributed Equity | 5 | 31,898 | 31,833 |
| Reserves | | (514) | (262) |
| Accumulated losses | | (14,705) | (5,024) |
| Total Equity | | 16,679 | 26,547 |

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
 ENDED 30 JUNE 2010**

| | Contributed Equity | Retained Earnings | Foreign Currency Reserves | Minority Interest | Total Equity |
|--|-----------------------|----------------------|---------------------------------|----------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2008 | 31,798 | 3,921 | (252) | 257 | 35,724 |
| Loss attributable to TSV Holdings Ltd shareholders | - | (8,945) | - | - | (8,945) |
| Profit attributable to minority shareholder | - | - | - | 81 | 81 |
| Other comprehensive income | - | - | (10) | - | (10) |
| Share based payments | 35 | - | - | - | 35 |
| Minority interests acquired during the period | - | - | - | (338) | (338) |
| Balance at 30 June 2009 | 31,833 | (5,024) | (262) | - | 26,547 |
| Balance at 1 July 2009 | 31,833 | (5,024) | (262) | - | 26,547 |
| Loss attributable to TSV Holdings Ltd shareholders | - | (9,681) | - | - | (9,681) |
| Other comprehensive income | - | - | (252) | - | (252) |
| Share based payments | 65 | - | - | - | 65 |
| Balance at 30 June 2010 | 31,898 | (14,705) | (514) | - | 16,679 |

The accompanying notes form part of these financial statements.

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

| | Notes | Economic Entity | |
|--|----------|-----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 |
| Cash Flows From Operating Activities | | | |
| Receipts from customers | | 46,636 | 52,857 |
| Payments to suppliers and employees | | (44,576) | (49,865) |
| Interest received | | 45 | 80 |
| Borrowing costs | | (210) | (324) |
| Income tax paid | | 36 | (241) |
| Net cash provided by operating activities | | 1,335 | 2,507 |
| Cash Flows From Investing Activities | | | |
| Proceeds from sale financial asset | | - | 421 |
| Payments for acquisition of plant and equipment | | (276) | (355) |
| Payments for acquisition intangible assets | | - | (102) |
| Payments for intellectual property (capitalized R&D) | | (663) | (479) |
| Payments for foreign exchange contract | | - | (100) |
| Payments for acquisition of businesses net of cash | | (521) | - |
| Net cash (used in) investing activities | | (1,460) | (615) |
| Cash Flows From Financing Activities | | | |
| Repayment of borrowings | | (350) | (405) |
| Payment of lease liabilities | | (606) | (358) |
| Net cash (used in) financing activities | | (956) | (763) |
| Net (Decrease) Increase in cash held | | (1,081) | 1,129 |
| Cash at beginning of the period | | 4,112 | 183 |
| Renegotiation of fully drawn advance to long term commercial bill facility | | - | 2,800 |
| Effects of exchange rate changes in cash | | - | - |
| Cash and Cash Equivalents at 30 June | 4 | 3,031 | 4,112 |

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 1. Summary of Significant Accounting Policies

This preliminary final report for the year ended 30 June 2010 has been prepared in accordance with Australian equivalents to International Reporting Standards (AIFRSs), the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

This financial report does not include notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 30 June 2009 and any other public announcements made by TSV Holdings Limited (the Company) during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and half year. Comparatives for the year ended 30 June 2009 have been reclassified where necessary for consistency with current year disclosures.

Note 2. Revenue

| | Notes | Economic Entity | |
|---|-------|-----------------|----------------|
| | | 2010 \$'000 | 2009 \$'000 |
| Operating Activities | | | |
| - Installation Income | | 21,655 | 23,739 |
| - Service Income | | 5,612 | 5,715 |
| - Sales Income | | 15,754 | 17,354 |
| - Interest Received | | 45 | 80 |
| Total Revenue | | <u>43,066</u> | <u>46,888</u> |
| Non-Operating Activities | | | |
| - Profit on disposal of financial asset | | - | 329 |
| | | <u>43,066</u> | <u>47,217</u> |

Note 3. Expenses from Ordinary Activities

| | | | |
|---------------------------------------|--|--------------|---------------|
| Cost of Sales | | 17,235 | 20,923 |
| Finance Costs: | | | |
| - other persons | | 210 | 324 |
| Depreciation and amortization expense | | 902 | 1,093 |
| Bad and doubtful debts: | | | |
| - trade receivables | | 404 | 312 |
| Share based payments | | 65 | 35 |
| Total employee benefits expense | | 18,439 | 18,576 |
| Impairment write downs: | | | |
| - Goodwill | | 9,591 | 6,950 |
| - Research and Development | | - | 3,921 |
| | | <u>9,591</u> | <u>10,871</u> |
| Net Loss on Disposal of fixed assets | | 64 | 120 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 4. Cash and Cash Equivalents

| | Economic Entity | |
|---|-----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | |
| Cash | 3,180 | 4,499 |
| Bank overdraft | (149) | (387) |
| | 3,031 | 4,112 |

Note 5. Contributed Equity

| | As at 30 June 2010 | |
|--|-----------------------|--------|
| | No. | \$'000 |
| Ordinary fully paid shares | | |
| At the beginning of the reporting period | 93,350,955 | 31,833 |
| Share based payments | - | 65 |
| Balance at the end of the reporting period | 93,350,955 | 31,898 |

Note 6. Dividends

The Directors have not declared or paid a dividend in respect of the current financial year (2009: Nil)

Note 7. Net Tangible Assets

| | Economic Entity | |
|-----------------------------|-----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 |
| Net Tangible Assets | 9,652 | 10,595 |
| Shares | 93,350,955 | 93,350,955 |
| Net Tangible Assets (cents) | 10.34 | 11.35 |

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Note 8. Earnings per Share

| | Economic Entity | |
|---|-----------------|------------|
| | 2010 | 2009 |
| Basic loss per share (cents) | (10.37) | (9.59) |
| Diluted loss per share (cents) | (10.37) | (9.59) |
| | \$'000 | \$'000 |
| a) Net (loss)/profit used in the calculation of basic and diluted profit per share | (9,681) | (8,945) |
| | No. | No. |
| b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share | 93,350,955 | 93,350,955 |
| c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share | 93,350,955 | 93,350,955 |

Note 9. Significant Features of Operating Performance

(a) Financial performance

Net loss after income tax for the year ended 30 June 2010 was \$9.68 million. Revenue from sales activities was \$43.07 million.

(b) Financial position

Total assets for the year ended 30 June 2010 were \$28.49 million whilst total liabilities were \$11.81 million. The net assets for the year totaled \$16.68 million.

(c) Cash and cash equivalents

Cash and deposits at call for the Company as at 30 June 2010 were \$3.18 million offsetting a fully drawn advance of \$2.2 million and giving a net cash position of \$0.98 million as at 30 June 2010.

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Note 10. Operating Segments

Products and services within each business segment

Management has determined the operating segments based upon reports reviewed by the board and executive management that are used to make operational and strategic decisions. The group is organised into two major operating divisions; healthcare and communications. These segments are the basis on which the Group reports its segment information.

Healthcare

The healthcare division focuses on providing electronic communications in healthcare and development of nurse call and care management systems for hospitals, aged care and detention care market. The healthcare division is further segmented into four geographic regions consisting of North America, Europe, Asia and Australia/New Zealand.

Communications

This division provides electronic communication solutions for healthcare, life and safety products and emergency warning and intercommunication systems. The communications division operates solely within Australia.

| | Communications | Healthcare | | | | Adjustments | | | Group Total |
|-----------------------|----------------|--------------|--------|--------|---------------|---------------|-----------|--------------------------|-------------|
| | Australia | Australia-NZ | Asia | Europe | North America | Inter company | Corporate | Non-operating Impairment | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| FY 2009 | | | | | | | | | |
| Revenue | 25,386 | 20,437 | 2,925 | 2,871 | 4,360 | (9,091) | - | - | 46,888 |
| Adj EBITDA | 1,004 | 2,947 | 290 | 610 | (345) | 589 | (2,817) | (10,871) | (8,593) |
| FY 2010 | | | | | | | | | |
| Revenue | 24,888 | 17,909 | 3,069 | 2,463 | 4,474 | (9,737) | - | - | 43,066 |
| Adj EBITDA | 109 | 2,225 | 380 | 428 | (248) | 523 | (2,100) | (9,591) | (8,274) |
| Segment Assets | | | | | | | | | |
| 30/06/2009 | 8,274 | 12,896 | 1,037 | 2,173 | 2,425 | (15,645) | 27,902 | - | 39,062 |
| 30/06/2010 | 7,604 | 13,399 | 1,345 | 1,296 | 2,005 | (16,620) | 19,462 | - | 28,491 |

30-Jun 2010
30-Jun 2009
\$'000 **\$'000**

Reconciliation of segment Adj EBITDA to Loss before income tax expense

| | | |
|--------------------------------|---------|---------|
| Segment Adj EBITDA | (8,274) | (8,593) |
| Depreciation | (735) | (720) |
| Amortisation | (167) | (373) |
| Net Interest | (165) | (244) |
| Loss before income tax expense | (9,341) | (9,930) |

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as depreciation, amortisation and net interest.

Results of Segments

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Inter-segment pricing

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

Comparative Information

This is the first reporting period in which AASB 8 Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the new Standard.

Note 11. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Note 12. Audit status

These accounts are currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.

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