destra Corporation Limited

ANNUAL REPORT 2008

08

destra Corporation Limited and its controlled entities

destra Corporation Limited is a company incorporated in Australia ABN 51 006 070 480

Registered Office
destra Corporation Limited
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www.destra.com

Company Secretaries
David Horton
Mark Spencer

Auditor
PKF Chartered Accountants
Level 14, 140 William Street Melbourne Vic 3000

Independent Accountants
WHK Horwath Chartered Accountants
Level 32, Nauru House 80 Collins Street Melbourne Vic 3000

Solicitors
Lander & Rogers Lawyers
600 Bourke Street Melbourne Vic 3000

Bankers
St George Bank Limited
Level 8, 530 Collins Street Melbourne Vic 3000

Share Registrar
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street Adelaide SA 5000

Content

Your directors present their report on the consolidated entity consisting of destra Corporation Limited ("destra" or "the Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2008.

Directors

The names of the directors in office during the financial year and up to the date of this report are:

Warwick Syphers (director since 7 May 2007)
David Gordon (appointed 22 April 2008)
Peter Evans (appointed 22 April 2008)
Ian Audsley (appointed 30 June 2008)
Carl Olsen (resigned 22 April 2008)
Domenic Carosa (resigned 22 April 2008)
Neville Christie (resigned 22 April 2008)
Paul Choiselat (resigned 17 April 2008)
Joshua (Jim) Landau (resigned 22 April 2008)

Company Secretaries

David Horton (appointed 1 September 2008)
Mark Spencer (appointed 1 September 2008)
Richard Wingrove (resigned 5 September 2008)

Principal activities

The principal activities of the consolidated entity during the year comprised:

- Physical and online sale of music and video content (now discontinued); and
- Advertising sales

Other than the reclassification of the Entertainment division as a discontinued operation and the impact of acquisitions, there have been no significant changes in the nature of these activities during the year.

Results of operations	2008 $'000	2007 $'000
Net profit/(loss) of the consolidated entity after income tax	(79,359)	15,720
Less: Net profit attributable to minority interests	96	42
Net profit/(loss) attributable to members of destra Corporation Limited	**(79,455)**	**15,678**
Earnings per Share (continuing and discontinued operations):		
Basic earnings per share (cents per share)	(23.29) cents	8.75 cents
Diluted earnings per share (cents per share)	(23.29) cents	8.57 cents
Earnings per Share (continuing operations):		
Basic earnings per share (cents per share)	(6.04) cents	(0.89) cents
Diluted earnings per share (cents per share)	(6.04) cents	(0.89) cents

Review of operations

The 2008 financial year has been a period of significant change for the Company highlighted by significant events including acquisitions of new businesses, a capital raising, significant changes to the composition of the board and a refocus on core media business activities.

In the first half of the year, the Group focused on completing a number of acquisitions including the publicly listed entity Magna Pacific (Holdings) Limited, electronic music street press publication, 3D World and the design and fashion publication, Oyster Magazine.

In April 2008 the Group successfully raised $15 million through a rights issue underwritten by Prime Media Group Limited (ASX:PRT). Following the rights issue, PRT’s shareholding in destra increased from 20% to approximately 44% and the continued support provided by PRT has provided much needed stability for the Company.

In April 2008 the composition of the board changed with the resignation of all directors except Mr Warwick Syphers (Non-Executive Director) and the appointment of two new directors, Mr David Gordon (Executive Chairman) and Mr Peter Evans (Non-Executive Director). In June 2008, Mr Ian Audsley was also appointed to the board in the role of Non-Executive Director.

The resigning directors included Mr Domenic Carosa as Director and CEO, Mr Carl Olsen as Non-Executive Chairman and Mr Neville Christie, Mr Jim Landau and Mr Paul Choiselat as Non-Executive Directors.

In April 2008, the board announced that it had appointed Lexicon Partners to conduct a comprehensive review of the Company’s strategy and business activities. The requirement for a strategic review was prompted by board concerns regarding the number and pace of acquistions, the extent of operational and strategic integration of acquired businesses and the financial position of the Company.

The Group has now commenced the process of building a re-structured destra focused on its core businesses of Brand Funded Content and Media Sales. This focus has led the board to commence the process of selling the destra Music companies and destra Vision companies. The accounting standards require assets classified as ‘held for sale’ to be written down to an amount which reflects a likely sale price and this classification has resulted in very significant impairments in the 30 June 2008 financial statements. Other impairments include write-downs of content rights (such as minimum guarantee commitments to licensors) in the Music and Vision businesses and the write-down of the costs of internally developed technology that had been capitalised.

The share price for destra has fallen sharply in the past six months as a result of an overall deterioration in global share markets and from a decline in shareholder confidence about destra’s future performance following the market update provided to ASX on 16 June 2008 announcing a reduction in the full year estimate for EBITDA to between $2.5 million and $3.5 million before impairment charges.

Notwithstanding these difficulties, operating management achieved a number of sucesses. The Brand New Media business, Planet X launched a series of Summer Fun extreme sport festivals up and down the Eastern Seaboard of Australia, the Jack of All Trades team broadcast its second full season in Australia and its first season in New Zealand, Oyster Magazine secured a commercial partnership with MySpace to provide programming for the MySpace Fashion Channel and the Media Sales team secured the advertising representation contract for Last FM – a leading US music social media site.

Significant changes in the state of affairs

The following significant changes in the state of affairs of the consolidated entity occurred during the year:

Share Issues

1. The raising of $3,120,000 before costs through the issue of 12,000,000 fully paid ordinary shares in destra Corporation Limited on 14 August 2007 at an issue price of $0.26 per share. These shares were issued to assist in funding the acquisition of Magna Pacific (Holdings) Limited.

2. The raising of $15,049,757 before costs under a 5:11 non-renounceable rights issue on 24 April 2008 through the allotment of 150,497,569 fully paid ordinary shares in destra Corporation Limited at an issue price of $0.10 per share. These shares were issued to retire debt and provide working capital.

Acquisitions and Disposals

1. The acquisition of independent film and DVD distribution group Magna Pacific (Holdings) Limited through the on-market purchase of 19.99% of issued shares and acquisition of the remaining 80.01% of shares under a Scheme of Arrangement. Total consideration and other acquisition costs comprised $32,564,035 cash, 90,654,345 ordinary shares in destra at an issue price of $0.315 per share and options over 1,000,000 destra shares valued at $98,100.

2. The acquisition of electronic music street press publication 3D World and design and fashion publication Oyster Magazine for an initial consideration of $1,750,000 cash, 1,756,141 ordinary shares in destra at an issue price of $0.29 per share and options over 1,000,000 destra shares valued at $96,850. Under the acquisition agreement, additional consideration is payable on 30 September 2008 and 30 September 2009 depending on the financial performance of the acquired businesses.

3. The acquisition of 10.03% of the issued capital of ASX listed Beyond International Limited (Beyond) on 20 November 2007, for cash consideration totalling $7,955,327 including $7,407,499 funded under an Australian Master Securities Lending Agreement with Opes Prime Stockbroking Limited. On 27 March 2008, Opes Prime was placed into administration. As a result of this and subsequent events, destra lost its right to shares in Beyond and was relieved of its obligation to repay the loan (including any accrued interest and other charges) to Opes Prime, resulting in a loss of $925,200. In addition, interest and other charges relating to the Opes Prime facility amounted to $592,817. At the date of this report Opes Prime are indebted to destra in the amount of $1,138,416, being the amount by which the value of Beyond shares exceeded destra's loan from Opes Prime. This amount has not been recognised as an asset in the financial statements as recoverability of this amount is highly uncertain.

Refer to note 11 of the financial report for further details regarding business acquisitions.

Other

1. In April 2008, the Company received resignations from the Chief Executive Officer and all directors except Mr Warwick Syphers and appointed Mr David Gordon as Executive Chairman and Mr Peter Evans as Non-Executive Director. On 30 June 2008, Mr Ian Audsley was appointed as Non-Executive Director. Further details in relation to the appointment and resignations of directors is shown below at the section headed 'Information on Directors'.

2. On 22 April 2008 the new board announced a comprehensive review of the Company's strategy and business activities, led by Lexicon Partners and involving management in all areas of the business. As a result of the review the board has determined to exit the businesses within destra's Entertainment division and focus the Company on the Media division.

3. On 2 June 2008, destra completed agreements for the sale and lease-back of its office and distribution facility in Eagle Farm. The net proceeds of $18,604,836 were used to repay debt and provide additional working capital.

Significant events after the balance sheet date

On 22 August 2008 St. George Bank Limited (St. George) waived destra's obligation to satisfy financial covenants set out in the facility agreement that applied at the balance sheet date and issued a facility offer which contained revised terms in respect of financial covenants and future facility reductions. Under the revised funding facilities, financial covenants have been re-set to be aligned with the Company's revised outlook for the 2009 financial year and the facility reduction of $3.5 million scheduled under the prior facility agreement for 31 August 2008 has been deferred to 31 January 2009. The St. George facility agreement includes review events relating to the Group's financial performance and the successful execution of asset sales. The revised facility offer was accepted by the Company on 22 August 2008.

Apart from the above, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

Likely future developments and expected results

In the opinion of the directors, disclosure of information regarding likely developments in the operations of destra in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, beyond information contained elsewhere in this report, no further information has been disclosed.

Environmental Regulation

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

Dividends

The directors do not recommend the payment of a dividend. Since the end of the previous financial year no dividends have been paid or declared.

Options

During the year, 3,751,669 (2007: 2,052,595) fully paid ordinary shares in destra Corporation Limited have been issued by virtue of the exercise of options raising $463,500 in funds (2007: $229,825).

At the date of this report, there are 25,920,000 unissued ordinary shares in destra Corporation Limited in respect of which there are options outstanding (2007: 34,755,003 options).

Share options on issue at year end or exercised during the year

(a) Details of unissued ordinary shares in destra Corporation Limited under option at the date of this report are:

Issuing Entity	Type	Number of shares under Options	Exercise Price	Expiry Date
destra Corporation Limited	Directors Options	9,500,000	$0.388	30/06/12
destra Corporation Limited	Executive Incentive Plan Options	1,000,000	$0.300	20/12/08
destra Corporation Limited	Executive Incentive Plan Options	1,000,000	$0.300	20/12/09
destra Corporation Limited	Executive Incentive Plan Options	4,500,000	$0.330	30/06/12
destra Corporation Limited	Executive Incentive Plan Options	600,000	$0.388	30/06/12
destra Corporation Limited	Executive Incentive Plan Options	1,000,000	$0.330	30/06/12
destra Corporation Limited	Executive Incentive Plan Options	300,000	$0.350	31/08/12
destra Corporation Limited	Other Options	1,500,000	$0.280	02/08/08
destra Corporation Limited	Other Options	550,000	$0.483	13/10/08
destra Corporation Limited	Other Options	500,000	$0.350	02/01/09
destra Corporation Limited	Other Options	2,000,000	$0.260	04/05/09
destra Corporation Limited	Other Options	250,000	$0.450	05/06/09
destra Corporation Limited	Other Options	220,000	$0.450	05/06/09
destra Corporation Limited	Other Options	1,000,000	$0.315	13/08/09
destra Corporation Limited	Other Options	1,000,000	$0.420	14/10/09
destra Corporation Limited	Other Options	1,000,000	$0.350	30/06/10
		25,920,000		

Each share option converts into one ordinary share of destra Corporation Limited on exercise.
The options carry neither rights to dividends nor voting rights.

(b) Details of shares or interests issued during the financial year as a result of exercise of an option:

Since 1 July 2007:

- 1,085,000 executive incentive options have been exercised (1,000,000 at $0.08 and 85,000 at $0.10);
- 2,166,669 director options have been exercised at $0.15; and
- 500,000 other options have been exercised at $0.10.

Directors' Shareholdings

The following table sets out each director's relevant interest in shares and options over shares of the Company or a related body corporate as at the date of this report.

	Fully paid ordinary shares	Share options
Current Directors		
Warwick Syphers	-	500,000
David Gordon	10,600,000	-
Peter Evans	-	-
Ian Audsley	-	-
Former Directors		
Carl Olsen*	4,976,704	2,000,000
Domenic Carosa*	1,825,424	2,500,000
Neville Christie*	1,977,440	1,500,000
Paul Choiselat*	12,086,604	1,500,000
Jim Landau*	250,000	1,500,000

* Former directors' shareholdings as per Final Director's Interest Notices lodged with the ASX in April 2008.

Information on Directors and Company Secretaries

Details of the qualifications, experience and special responsibilities of the directors and company secretaries in office at the date of this report are outlined below.

Directors and company secretaries	Qualifications, experience and special responsibilities	Relevant interest in shares and options in the Company
Mr David Gordon (Appointed on 22 April 2008)	**Executive Chairman** - Mr Gordon was formerly a partner of law firm Freehills and is now the principal of Lexicon Partners Pty Ltd, a boutique advisory and investment business. Mr Gordon has extensive media experience having acted as an advisor to several of Australia's leading media companies. Mr Gordon holds a Bachelor of Commerce with Bachelor of Laws (BCom (LLB)) and is a member of the Law Society of New South Wales.	10,600,000 shares
Mr Warwick Syphers (Current)	**Non-Executive Director** - Mr Syphers has over 26 years experience in the television industry having joined STW 9 in Perth in 1982. Mr Syphers has held senior management positions with Prime Media Limited since joining the company in 1987 and was appointed as Chief Executive Officer of Prime Media Limited in 2005 after having held the positions of Chief Financial Officer from 2003 and Group General Manager from 2004. Mr Syphers' academic qualifications include a Bachelor of Laws (LLB) and Masters of Business Administration, and he has been a Certified Practising Accountant (CPA) for over 20 years.	500,000 options
Mr Peter Evans (Appointed on 22 April 2008)	**Non-Executive Director** - Mr Evans is a Chartered Accountant and was in public practice for almost 20 years as a partner in an international accounting firm before becoming a sole practitioner.	NIL
Mr Ian Audsley (Appointed on 30 June 2008)	**Non-Executive Director** - Mr Audsley has 16 years executive experience in mainstream media, principally in television broadcasting. Most recently he was Chief Operating Officer and Director of Australia's Nine Network, a role with day to day responsibility for the network's operations across Australia. He also has had considerable success in planning, executing and managing major profit growth and business restructuring initiatives including integration of acquisitions.	NIL

Directors and company secretaries	Qualifications, experience and special responsibilities	Relevant interest in shares and options in the Company
Mr David Horton (Appointed on 1 September 2008)	**Company Secretary and Chief Financial Officer** - Mr Horton brings 15 years experience in media, principally in film distribution, television production and broadcasting. He has been Chief Financial Officer of Becker Group Limited for the past 8 years. Mr Horton holds a Bachelor of Business and is a member of the Institute of Chartered Accountants in Australia.	NIL
Mr Mark Spencer (Appointed on 1 September 2008)	**Company Secretary and Group Financial Controller** - Mr Spencer brings 7 years experience in professional practice and 4 years in financial management roles within destra. Mr Spencer holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants in Australia.	425,000 options
Mr Richard Wingrove (Resigned 5 September 2008)	**Company Secretary and Chief Financial Officer (resigned)** – Prior to joining destra, Mr Wingrove had a range of senior finance positions in emerging and large enterprises including Johnson & Johnson and Coopers & Lybrand. Mr Wingrove holds a Bachelor of Arts, a Bachelor of Business and is a member of the Institute of Chartered Accountants in Australia.	99,700 shares 1,475,000 options

Directorships of other listed companies over prior three years:

Director	Company	Period of directorship
Mr David Gordon	RCG Corporation Limited	Since 19 October 2006
Mr Warwick Syphers	Prime Media Group Limited Becker Group Limited	Since 5 December 2006 Since 5 July 2007
Mr Peter Evans	Ramsay Health Care Limited Prime Media Group Limited Becker Group Limited	Since 25 June 1990 Since 27 March 1991 Since 5 July 2007

Meetings of Directors

The number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2008, and the number of meetings attended by each director was:

	Directors Meetings		Meetings of Committees					
			Audit Committee		M&A Committee		IT Committee	
No. of meetings held	18		5		5		2	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr. Carl Olsen	14	13	-	-	-	-	-	-
Mr. Domenic Carosa	14	14	3	3	5	5	2	2
Mr. Neville Christie	14	14	1	1	5	5	-	-
Mr. Paul Choiselat	13	12	3	3	5	4	-	-
Mr. Jim Landau	14	14	2	2	5	5	2	2
Mr. Warwick Syphers	18	14	-	-	-	-	-	-
Mr. David Gordon	5	5	-	-	-	-	-	-
Mr. Peter Evans	5	5	2	2	-	-	-	-
Mr. Ian Audsley	-	-	-	-	-	-	-	-

Mr Paul Choiselat attended all five audit committee meetings for the year. Mr Choiselat remained a member of the audit committee subsequent to his resignation as a director on 17 April 2008 and attended two audit committee meetings not shown in the above table. Mr Choiselat resigned from the audit committee on 15 September 2008.

The M&A Committee and IT Committee ceased as of 22 April 2008.

Insurance and Indemnification of Directors and Officers and Auditors

destra Corporation Limited has in place a professional indemnity policy to insure the directors and officers of the Company and its controlled entities against liabilities as a result of work performance in their capacity as directors of the Company. Details and the nature of liabilities covered, or the amount of the premium paid in respect of the insurance contract are not detailed here, as such disclosure is prohibited under the terms of the contract. The Company has not entered into any agreements to indemnify directors or officers or the auditors of the Company.

Remuneration Report (Audited)

(i) Remuneration policy

The Board of Directors of destra Corporation Ltd is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team.

The board assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue costs to the Company.

Variable remuneration for directors and key executives consists of the issue of share options at various strike prices according to the terms and conditions of the plans approved by shareholders previously. The objective of the variable component of the remuneration is to link the achievement of the Company's objectives with the remuneration received by the executives charged with meeting those targets.

The total potential variable component available is set at a level so as to provide sufficient incentive to the executive to achieve targets and such that the cost to the Company is reasonable. The variable component is based on a range of targets and performance measures including sales growth, profit and operating cash flow.

(ii) Details of key management personnel

The key management personnel of destra Corporation Limited and the consolidated entity during the year were:

Directors

Carl Olsen
(Chairman – Non-Executive Director)
resigned 22 April 2008

Domenic Carosa
(Chief Executive Officer and Executive Director)
resigned 22 April 2008

Neville Christie
(Non-Executive Director)
resigned 22 April 2008

Paul Choiselat
(Non-Executive Director)
resigned 17 April 2008

Jim Landau
(Non-Executive Director)
resigned 22 April 2008

Warwick Syphers
(Non-Executive Director)
appointed 7 May 2007

David Gordon
(Executive Chairman)
appointed 22 April 2008

Peter Evans
(Non-Executive Director)
appointed 22 April 2008

Ian Audsley
(Non-Executive Director)
appointed 30 June 2008

Key Management Personnel

Richard Wingrove
(Chief Financial Officer and Company Secretary)
resigned 5 September 2008

Perry Smith
(Chief Executive Officer, destra Media)
appointed 1 August 2006

Ken Outch
(Chief Executive Officer, destra Music)
appointed 1 December 2005

Anne Willey
(General Manager, Visual Entertainment Group)
appointed 1 May 2006

Phil Maddison
(Chief Executive Officer, destra Vision)
appointed 13 August 2007

Allan Radley
(Executive, destra Vision)
appointed 13 August 2007

Shaun Mitchell
(Chief Information Officer)
resigned 27 June 2008

Director's Report (cont.)
Remuneration Report (cont.)

(iii) The following table discloses the compensation of the directors and key management personnel of the Company and the consolidated entity in 2008 and 2007.

		Short-term employee benefits			Post-employment benefits	Share-based payment	Total
		Salary & fees	Bonus	Termination payment	Superannuation	Options & rights	
		$	$	$	$	$	$
Directors							
Carl Olsen	2008	81,845	-	51,000	7,366	-	140,211
	2007	98,350	-	-	8,852	424,993	532,195
Domenic Carosa	2008	221,627	-	352,000	19,946	-	593,573
	2007	220,000	150,000	-	33,300	569,031	972,331
Neville Christie	2008	44,565	-	55,900	4,011	-	104,476
	2007	50,000	-	-	4,500	341,418	395,918
Paul Choiselat	2008	43,847	-	-	3,946	-	47,793
	2007	50,000	-	-	4,500	311,187	365,687
Jim Landau	2008	45,833	-	38,375	4,125	-	88,333
	2007	59,174	-	-	5,326	311,187	375,687
Warwick Syphers	2008	55,000	-	-	4,950	-	59,950
	2007	8,333	-	-	750	83,575	92,658
David Gordon	2008	10,523	-	-	947	-	11,470
	2007	-	-	-	-	-	-
Peter Evans	2008	10,523	-	-	947	-	11,470
	2007	-	-	-	-	-	-
Ian Audsley	2008	-	-	-	-	-	-
	2007	-	-	-	-	-	-
Key Management Personnel							
Phil Maddison	2008	265,750	-	-	21,894	47,595	335,239
CEO, destra Vision	2007	-	-	-	-	-	-
Perry Smith	2008	270,000	-	-	24,300	-	294,300
CEO, destra Media	2007	240,000	-	-	21,375	5,153	266,528
Richard Wingrove	2008	210,827	10,000	-	19,874	-	240,701
Former CFO, destra Corporation Ltd	2007	187,692	58,000		22,112	133,424	401,228
Anne Willey	2008	220,000	-	-	19,800	-	239,800
GM, Visual Entertainment Group Pty Ltd	2007	201,153	-	-	23,873	-	225,026
Allan Radley	2008	194,987	-	-	96,935	15,865	307,787
Executive, destra Vision	2007	-	-	-	-	-	-
Ken Outch	2008	217,502	-	-	19,575	-	237,077
CEO, destra Music	2007	200,513	-	-	18,046	-	218,559
Shaun Mitchell	2008	151,839	15,000	27,523	15,434	-	209,796
Former CIO, destra Corporation Ltd	2007	31,122	-	-	2,801	-	33,923
Adam Keher	2008	-	-	-	-	-	-
Former CIO, destra Corporation Ltd	2007	82,242	72,000	-	13,881	91,988	260,111
Other Executives *							
Michael Brand	2008	163,654	-	-	14,729	31,730	210,113
CFO, destra Vision	2007	-	-	-	-	-	-
Michael Golden	2008	-	-	-	-	-	-
CFO, destra Music	2007	177,178	-	-	15,946	-	193,124
Simon Crean	2008	-	-	-	-	-	-
GM destra Media	2007	112,773	-	-	10,149	-	122,922
George Nikolaidis	2008	-	-	-	-	-	-
GM, Communications	2007	134,423	72,500	-	18,623	-	225,546
Total Remuneration	2008	2,208,322	25,000	524,798	278,779	2,271,956	3,132,088
	2007	1,852,953	352,500	-	204,034		4,681,443

* Other Executives listed above are not included in the Key Management Personnel category.

Director's Report (cont.)

Remuneration Report (cont.)

Termination payment

Termination payments to former directors and CIO of the Company arose from the early termination of their employment contracts. The directors were paid the remaining balance of their respective contracts.

(iv) Cash Bonuses

Cash bonuses provided during the year ended 30 June 2008 were performance related and paid to the former Chief Financial Officer as incentive for executing the sale of destra's Communications division. The full amount of the bonus payments provided vest in the year provided.

Cash bonuses provided during the year ended 30 June 2007 were performance related and paid to the former Chief Executive Officer and other executives as incentive for executing the sale of destra's Hosting and Communications divisions. The full amount of the bonus payments provided vest in the year provided.

(v) Value of Options

The fair value at grant date is independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Options are granted for no consideration, have varying expiry dates and 100% of each tranche vests and is either exercisable after six months from the date of grant or on achievement of certain performance hurdles both market and non-market based.

The model inputs for options granted during the year ended 30 June 2008 included:

Issue No.	Exercise Price	Grant Date	Expiry Date	Share Price at Grant Date	Expected Volatility	Expected Dividend Yield	Risk Free Interest Rate
2008							
1	$0.315	13-Aug-07	13-Aug-09	$0.315	64.78%	0%	6.40%
2	$0.330	14-Aug-07	30-Jun-09	$0.325	61.66%	0%	6.23%
3	$0.350	31-Aug-07	31-Aug-12	$0.285	61.66%	0%	6.05%
4	$0.350	6-Dec-07	30-Jun-10	$0.300	61.66%	0%	6.00%
2007							
1	$0.483	30-Apr-06 *	13-Oct-08	$0.300	71.36%	0%	5.65%
2	$0.280	03-Jul-06	30-Jun-08	$0.220	71.36%	0%	5.75%
3	$0.420	01-Aug-06	14-Oct-09	$0.200	71.36%	0%	5.78%
4	$0.280	03-Sep-06	02-Aug-08	$0.220	71.36%	0%	5.78%
5	$0.253	29-Sep-06	30-Jun-11	$0.230	71.36%	0%	5.66%
6	$0.300	20-Dec-06	20-Dec-09	$0.280	71.36%	0%	6.04%
7	$0.300	20-Dec-06	20-Dec-08	$0.280	71.36%	0%	6.04%
8	$0.350	02-Jan-07	02-Jan-09	$0.265	71.36%	0%	6.21%
9	$0.260	04-May-07	04-May-09	$0.310	68.24%	0%	6.11%
10	$0.330	29-Jun-07	30-Jun-12	$0.330	64.78%	0%	6.40%
11	$0.388	29-Jun-07	30-Jun-12	$0.330	64.78%	0%	6.40%
12	$0.330	29-Jun-07	30-Jun-12	$0.330	64.78%	0%	6.40%

* Options were issued on 13 October 2006.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The expected life has been adjusted for the effects of early exercise, based on prior years' experience.

Share options granted to directors and executives

On 14 August 2007, 600,000 options in respect of ordinary shares were granted to executives of the Company in accordance with the Executive Incentive Option Plan subject to achieving operating perfomance hurdles.

Each share option converts into one ordinary share of destra Corporation Limited on exercise. The options carry neither rights to dividends nor voting rights.

Executives	Grant date and vesting date	Expiry date	No. granted & vested	Fair value per option	Fair value of options granted	% of grant vested	% of grant forfeited	% of remuneration for the year
Phil Maddison	14-Aug-07	30-Jun-2012	300,000	$0.15865	$47,595	100%	0%	14.2%
Michael Brand	14-Aug-07	30-Jun-2012	200,000	$0.15865	$31,730	100%	0%	15.1%
Allan Radley	14-Aug-07	30-Jun-2012	100,000	$0.15865	$15,865	100%	0%	5.2%

No options were granted to directors during the year.

Team Member Incentive Plan

A plan under which shares may be issued by the Company to employees for cash consideration equal to 50% of the market value of the shares was approved by shareholders at the extraordinary general meeting on 27 June 2007. All Australian resident and permanent employees who have been continuously employed by the Group for a period of at least six months are eligible to participate in the plan. Employees may elect not to participate in the plan. Offers under the plan are at the discretion of the Company.

Under the plan, eligible employees may be granted up to $2,000 worth of fully paid ordinary shares in destra at a 50% discount to market price. Employees may elect to borrow the remaining funds for the purchase of the shares from destra via an interest free, limited-recourse ten year loan facility. The loan is secured over the shares and destra can sell the employee's shares to cover repayment of the loan if need be. If the shares are sold for less than the loan balance, destra will bear the cost of the outstanding balance. Any dividends or other distributions from destra will be put toward repaying the loan until such time as the loan is repaid.

Shares issued under the plan may not be sold until the earlier of three years after issue or cessation of employment. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

The number of shares issued to participants in the plan is the offer amount divided by the volume weighted average market price of a fully paid ordinary share of the Company sold on the Australian Stock Exchange during the five business days immediately preceding:

(a) the week in which the invitations are issued to the Eligible Employee; or
(b) the week in which the invitations are announced to the Eligible Employee;

as the Directors in their discretion determine.

Where shares are issued to employees of subsidiaries within the Group, the subsidiaries compensate destra for the fair value of these shares.

No shares have yet been issued under this plan.

Value of options issued to directors and key management personnel

The following table discloses the value of options granted, exercised or lapsed during the year:

		Options Granted	Options Lapsed or Forfeited	Options Exercised	Total value of options granted, exercised, forfeited and lapsed	Percentage of total remuneration for the year that consists of options	Proportion of option remuneration	
		Value at grant date	Value at time of lapse or forfeited	Value at time of exercise			Performance related	Non-performance related
		$	$	$	$	%	%	%
Directors								
Carl Olsen	2008	-	-	100,000	100,000	-	-	-
	2007	424,993	-	-	424,993	79.9	100.0 (1)	-
Domenic Carosa	2008	-	-	125,000	125,000	-	-	-
	2007	569,031	-	-	569,031	58.5	100.0 (1)	-
Neville Christie	2008	-	-	50,000	50,000	-	-	-
	2007	341,418	-	-	341,418	86.2	100.0 (1)	-
Paul Choiselat	2008	-	-	-	-	-	-	-
	2007	311,187	-	-	311,187	85.1	100.0 (1)	-
Jim Landau	2008	-	-	-	-	-	-	-
	2007	311,187	-	-	311,187	82.8	100.0 (1)	-
Warwick Syphers	2008	-	-	-	-	-	-	-
	2007	83,575	-	-	83,575	90.2	100.0 (1)	-
David Gordon	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-
Peter Evans	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-
Ian Audsley	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-

continued next page

		Options Granted	Options Lapsed or Forfeited	Options Exercised	Total value of options granted, exercised, forfeited and lapsed	Percentage of total remuneration for the year that consists of options	Proportion of option remuneration	
		Value at grant date	Value at time of lapse or forfeited	Value at time of exercise			Performance related	Non-performance related
		$	$	$	$	%	%	%
Key Management Personnel								
Phil Maddison	2008	47,595	-	-	47,595	14.2	100.0 (3)	-
CEO, destra Vision	2007	-	-	-	-	-	-	-
Perry Smith	2008	-	-	-	-	-	-	-
CEO, destra Media	2007	5,153	-	-	5,153	2.0	83.4 (2)	16.6
Richard Wingrove Former CFO,	2008	-	45,000	-	45,000	-	-	-
destra Corporation Ltd	2007	133,424	-	-	133,424	33.3	100.0 (1)	-
Anne Willey GM, Visual Entertainment	2008	-	-	-	-	-	-	-
Group Pty Ltd	2007	-	-	-	-	-	-	-
Allan Radley	2008	15,865	-	-	15,865	5.2	100.0 (3)	-
Executive, destra Vision	2007	-	-	-	-	-	-	-
Ken Outch	2008	-	-	-	-	-	-	-
CEO, destra Music	2007	-	-	-	-	-	-	-
Shaun Mitchell Former CIO,	2008	-	-	-	-	-	-	-
destra Corporation Ltd	2007	-	-	-	-	-	-	-
Adam Keher Former CIO, destra	2008	-	-	-	-	-	-	-
Corporation Ltd	2007	-	-	-	-	-	-	-
Other Executives*								
Michael Brand	2008	31,730	-	-	31,730	15.1	100.0 (3)	-
CFO, destra Vision	2007	-	-	-	-	-	-	-
Michael Golden	2008	-	-	-	-	-	-	-
CFO, destra Music	2007	-	-	-	-	-	-	-
Simon Crean	2008	-	-	-	-	-	-	-
GM destra Media	2007	-	-	-	-	-	-	-
George Nikolaidis	2008	-	-	-	-	-	-	-
GM, Communication	2007	-	-	-	-	-	-	-
Total Value of Options	2008	95,190	45,000	275,000	415,190			
	2007	2,179,968	-	-	2,179,968			

* Other Executives listed above are not included in the Key Management Personnel category.

(1) Options issued during the 30 June 2007 financial year vested on issue. Performance hurdles related to the successful sale of discontinued operations (refer note 6). Internal performance hurdles that had been established were met upon achievement of the sale.

(2) Options issued to Perry Smith during the 30 June 2007 financial year include 100,000 options issued in respect of destra's acquisition of Brand New Media Pty Ltd that vested on the date of the second tranche payment.

(3) Options issued to Magna Pacific executives during the 30 June 2008 financial year in respect of destra's acquisition of Magna Pacific (Holdings) Limited vest upon the satisfaction of operating performance hurdles, including EBITDA and operating cash flow targets set by the board of directors.

(vi) Contract of employment

During the year ended 30 June 2008 the Company had contracts of employment with the CEO, Domenic Carosa (resigned 22 April 2008), CFO, Richard Wingrove (resigned 5 September 2008) and CIO, Shaun Mitchell (resigned 27 June 2008) that:

- Outlined the components of remuneration payable; and
- Outlined the term of employment and termination conditions.

The termination benefits for these key management personnel are fully provided for in the 2008 financial statements.

All other members of key management personnel are employed on general employment agreements. The general terms of the employment agreements are as follows

Each executive may not, during the term of the employment agreement, perform work for any other person, corporation or business without the prior written consent of the Company.

Termination

Despite anything to the contrary in the agreement, the Company or the executive may terminate the employment at any time by giving the other party 3 months' notice in writing. If either the Company or the executive gives notice of termination, the Company may, at its discretion, choose to terminate the executive's employment immediately or at any time during the notice period and pay the executive an amount equal to the salary due to him for the residual period of notice at the time of termination. The employment of each executive may be terminated immediately without notice or payment in lieu in the event of any serious or persistent breach of the agreement, any serious misconduct or wilful neglect of duties or a consistent failure to carry out duties in a manner satisfactory to the Company.

The employment agreements do not contain specified incentive entitlements including options.

(vii) Historical Financial Performance

Indicators of the Company's performance on the Australian Stock Exchange are summarised in the following table (2005 -2008 based on AIFRS, 2004 based on AGAAP):

	Financial Year ended 30 June				
	2008	2007	2006	2005	2004
Net Profit after Income Tax ($'000)	(79,455)	15,678	1,623	259	(1,072)
Basic Earnings per share (cents)	(23.3)	8.8	1.2	0.3	(1.8)
Diluted Earnings per share (cents)	(23.3)	8.6	1.1	0.3	(1.8)
Dividend per share (cents)	-	-	-	-	-

Non-audit services

The following amounts were paid to or are payable for non-audit services provided by the auditors:

PKF Chartered Accountants	
Advice on due diligence in relation to acquisitions	$21,599

The directors are satisfied that the provision of non-audit services by PKF Chartered Accountants did not compromise the auditor independence requirements of the Corporations Act 2001, because the services were assurance-based services and the decision as to whether or not to accept the services of PKF was made by management of the Company. The audit committee has considered the services and is satisfied that the auditors have maintained independence.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under Section 307C in relation to the audit for the financial year ended 30 June 2008 is attached.

Rounding

The director's report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

DAVID GORDON
Executive Chairman

WARWICK SYPHERS
Director

25 September 2008
Sydney

PKF

Chartered Accountants
& Business Advisers

25 September 2008

The Directors
destra Corporation Limited
58-76 Stephenson Street
RICHMOND VIC 3121

Dear Directors

Auditor's Independence Declaration

As lead auditor for the audit of destra Corporation Limited for the year ended 30 June 2008, I declare that the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of destra Corporation Limited and the entities it controlled during the year.

Yours faithfully
PKF

D J Garvey
Partner

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Introduction

The board of directors of destra Corporation Limited ("destra" or "the Company") is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of destra on behalf of the shareholders by whom they are elected and to whom they are accountable.

The board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

This corporate governance statement discloses the extent to which destra has followed the recommendations contained within the Australian Stock Exchange (ASX) Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations).

A full statement as to destra's corporate governance practices can be found at http://www.destra.com/Investor-Information/Corporate-Governance.

The board has determined that during the current transition period an interim board and executive management structure should be employed. The interim board comprises four directors (previously five) and the M&A, IT and Remuneration sub committees of the board have been suspended.

Below is a summary of destra's compliance with each of the Recommendations for the financial year ended 30 June 2008 (the "Reporting Period").

Principle 1
Lay solid foundations for management and oversight

The responsibility for the operation and administration of the consolidated entity is delegated by the board to the CEO (or equivalent) and the executive team. The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. In addition to the establishment of specific committees referred to in this statement, these mechanisms include the following:

- Implementation of operating plans and budgets by management and board monitoring of progress against budget;
- Procedures to allow directors to seek independent professional advice at the Company's expense;
- Establishment of a process for review of assets and balance sheet management which is responsible for the review and approval of acquisitions and disposals of businesses and assets, and the approval of contracts and financing arrangements; and
- Establishment of a process regarding marketing and image review which is responsible for managing the Company's public image and communication with shareholders.

The board has determined that during the current transition period an executive management structure should be employed. Since the resignation of the Chief Executive Officer on 22 April 2008, the executive management of the Company has been conducted through the office of the chairman in conjunction with the pre-existing executive leadership team. The office of the chairman comprises the Executive Chairman Mr David Gordon, Non-Executive Director Mr Ian Audsley and other consultants engaged to the Company through Lexicon Partners. During the reporting period, there was no formal performance evaluation for senior executives.

Principle 2
Structure the board to add value

The board is structured to bring to its deliberations a range of commercial, operational, financial, and legal experience relevant to the Company's operations and strategy.

For the period until 22 April 2008, the majority of the board was independent. For the period since that date, the board determined that an interim board structure should be employed. The interim board comprises four directors (previously five) and the M&A, IT and Remuneration sub committees of the board had been suspended. For the period 22 April 2008 to 29 June 2008, the interim board comprised three directors including Mr Warwick Syphers and Mr Peter Evans who are also directors of Prime Media Limited, a substantial shareholder of the Company. As disclosed in note 29 of the financial report executive chairman Mr David Gordon, has a material contractual relationship with the Company. On 30 June 2008, Non-Executive Director Mr Ian Audsley was appointed. Page 9 of the Directors' Report sets out the qualifications and experience of each director in office at the date of this report, and their period of office.

The board considers that due to the size of the Company, a formal review procedure for the board is not appropriate and has instead adopted a periodic self evaluation process to measure its own performance and the performance of the audit committee. As a result of the change to the board during the reporting period, a performance evaluation has not been performed.

Given the size of destra and its board, a nominations committee has not been formed. These functions are carried out by the full board.

The board adopted a formal procedure for directors to take independent professional advice. The directors, the board and the board committee are empowered to seek the external professional advice, as considered necessary, at the Company's expense, subject to prior consultation with the Chair.

Principle 3
Promote ethical and responsible decision making

A code of conduct guiding all employees, executives, directors, consultants and contractors of the Company as to the practices necessary to maintain confidence in the Company's integrity as well as outlining the responsibility and accountability of individuals for reporting and investigating unethical practices has been established and is included in the corporate governance section of the Company's website. The formal policy concerning trading in Company securities by directors, officers and employees is included in the corporate governance section of destra's website.

Principle 4
Safeguard integrity in financial reporting

In accordance with Section 295A of the Corporations Act 2001, the board are provided with written declarations stating that the Company's financial reports present a true and fair view, in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The audit committee comprises the full board of directors (formerly two Non-Executive Directors). The CFO and relevant Audit Partner and staff of the external auditor also attend the meetings by invitation of the committee. An audit committee comprising at least three members which consists of a majority of independent directors is not considered appropriate given the size of destra and its board.

The committee receives regular reports from the external auditors concerning any matters which arise in connection with the performance of their role. Copies of the minutes of the committee's meetings are provided to all directors.

The audit committee charter has been included in the Corporate Governance section of the Company's website. The number of meetings and relevant attendees for the financial year is detailed in the Directors' Report under the heading Meetings of Directors.

Principle 5
Make timely and balanced disclosure

The board aims to ensure that the shareholders are informed in a timely manner of all information necessary to assess the performance of the directors and the Company. The Company ensures that it also complies with the requirements of the Listing Rules of the ASX and the Corporations Act 2001 in providing information to shareholders through:

- the half-yearly report to the ASX;
- the annual report which is distributed to the ASX and to all shareholders prior to the AGM;
- the AGM and other meetings so called to obtain approval from shareholders where appropriate; and
- ad-hoc releases to the ASX as required under the Listing Rules of the ASX.

The board has determined that the Executive Chairman monitors the need for disclosure and is responsible for all disclosures being lodged in the appropriate manner. All media contact and comment is limited to the Executive Chairman.

Principle 6
Respect the rights of shareholders

The Company communicates with shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement. This Principle advocates communication in an open, regular and timely manner so that sufficient information is available to make informed decisions on the operations and results of the Company.

The board encourages full participation of shareholders at the Company's AGM to ensure a high level of accountability and understanding of the Company's strategy and goals. The Company's Audit Partner attends the AGM and is available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7
Recognise and manage risk

The board has established formal policies on risk oversight and management through the audit committee. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Office of the Chairman and CFO have stated to the board in writing that the statement given in accordance with best practice recommendations under Principle 4 is founded on a sound system of risk management and internal compliance and control, implementing the policies adopted by the board. Due to changes in the composition of the board and the strategic review, plans to formalise internal reporting of the risk management and internal control system were deferred to the 2009 financial year. The Company's risk management and internal compliance control system is operating efficiently and effectively in all material respects, having regard to the size of the Company.

Principle 8
Remunerate fairly and responsibly

The Company's remuneration policy is disclosed in the Directors' Report. The policy has been set to ensure that the performance of directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. Periodic performance appraisals and objective setting for key executives and staff takes in to account individual and Company performance.

The board determines any changes to the remuneration of key executives on an annual basis. Due to the size of the Company and the small number of board members and key executives, the b oard considers that an expansion of the current remuneration policy and the establishment of a remuneration committee is not appropriate at this stage.

The remuneration of the non-executive directors comprises the following elements:

1. Fixed directors' fees;
2. Post-employment benefits including superannuation; and
3. Variable remuneration including long-term incentives

Fixed directors' fees and an allowance for superannuation may, at the election of the director be replaced by a consulting fee of equivalent amount.

The long-term incentive is by way of issue of share options as approved by shareholders by special resolution at the Company's AGM.

The remuneration of the Company's executives comprises the following elements:

1. Fixed salaries and fees;
2. Post-employment benefits including superannuation; and
3. Variable remuneration including long-term incentives

The long-term incentive is membership of the Executive Incentive Option Plan which has been previously approved by shareholders.

Directors' Declaration

The Directors declare that the financial statements and notes to the financial statements:

(a) Comply with Accounting Standards, the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) Give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date;

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(d) The directors have been given the declarations required by Section 295A of the Corporations Act 2001; and

(e) There are reasonable grounds to believe that the parties to the Deed of Cross Guarantee identified in note 34 will as a group be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

This statement is made in accordance with a resolution of the Directors.

DAVID GORDON
Executive Chairman

WARWICK SYPHERS
Director

25 September 2008
Sydney

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of destra Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of destra Corporation Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both destra Corporation Limited and the consolidated entity. The consolidated entity comprises destra Corporation Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of destra Corporation Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with 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.

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PKF

Chartered Accountants
& Business Advisers

Independence

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

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the entity's and consolidated entity's financial position as at 30 June 2008 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 consolidated and parent financial reports also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying the Auditor's Opinion above, we draw attention to Note 1(b) in the financial report for the year ended 30 June 2008.

The company and the consolidated entity incurred losses before tax and impairment write downs of $10,553,273 (2007: profit $16,235,120) and $5,270,454 (2007: profit $18,842,003) respectively for the year ended 30 June 2008, and had accumulated losses of $102,570,752 and $101,995,312 respectively at that date. The company and the consolidated entity also incurred a deficiency in operating cash flows for the financial year ended 30 June 2008 of $9,555,583 (2007: cash inflows of $1,082,931) and $8,654,934 (2007: cash inflows of $1,270,234) respectively.

Included within current liabilities in the company and consolidated entity are borrowings of $23,683,679, which have been classified as current due to a breach of bank covenants as at 30 June 2008. Subsequent to year end, revised bank covenants have been negotiated with the company's banker as detailed in Note 17. In order to meet debt repayment obligations and revised bank covenants the company and consolidated entity are required to meet earnings forecasts and complete the sale of disposal groups held for sale. Failure to comply with requirements under the revised facility offer may result in termination of facilities that which would require borrowings to be repaid within 3 months of termination.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and consolidated entity to continue as a going concern.

Should company and the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at the amounts that differ from those stated in the financial report.

PKF
Chartered Accountants
& Business Advisers

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A 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 destra Corporation Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Acts 2001*.

PKF
Chartered Accountants

D J Garvey
Partner

25 September 2008, Melbourne

Financial Report

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Continuing operations					
Revenue	2	19,220	14,837	(521)	437
Accounting, audit, legal & public company costs		(1,228)	(975)	(1,099)	(831)
Advertising expenses		(276)	(552)	(158)	(141)
Bad and doubtful debts expense	3	(211)	-	-	-
Bank charges		(33)	(74)	(18)	(74)
Borrowing costs	3	(4,319)	(794)	(4,319)	(794)
Cost of sales	3	(12,607)	(7,784)	-	-
Depreciation and amortisation expenses	3	(1,032)	(574)	(245)	(167)
Employment expenses	3	(8,422)	(5,243)	(3,049)	(1,415)
Impairment losses	3	(7,523)	-	(62,988)	-
Office expenses		(1,692)	(1,624)	(643)	(836)
Other expenses		(1,003)	(737)	(500)	(166)
Loss from continuing operations before income tax		(19,126)	(3,520)	(73,540)	(3,987)
Income tax benefit/(expense)	4	(1,479)	1,921	(2,952)	2,133
Loss from continuing operations after income tax		**(20,605)**	**(1,599)**	**(76,492)**	**(1,854)**
Discontinued operations					
Profit/(loss) from discontinued operations after income tax	6	(58,754)	17,319	-	15,995
Profit/(loss) for the year		**(79,359)**	**15,720**	**(76,492)**	**14,141**
Profit attributable to minority interest		96	42	-	-
Profit/(loss) attributable to members of destra Corporation Limited		**(79,455)**	**15,678**	**(76,492)**	**14,141**

Earnings per share from continuing and discontinued operations including profit on sale of discontinued operations:

	Notes	2008	2007
Basic earnings per share (cents per share)	23	(23.29) cents	8.75 cents
Diluted earnings per share (cents per share)	23	(23.29) cents	8.57 cents

Earnings per share from continuing operations:

	Notes	2008	2007
Basic earnings per share (cents per share)	23	(6.04) cents	(0.89) cents
Diluted earnings per share (cents per share)	23	(6.04) cents	(0.89) cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2008

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Profit/(loss) for the period	(79,359)	15,720	(76,492)	14,141
Income and expense recognised directly in equity:				
Gain/(loss) on available for sale investments from remeasuring to fair value taken directly to equity	(998)	998	(998)	998
Costs of issuing equity	(208)	(671)	(208)	(671)
Total income and expense recognised directly in equity	**(1,206)**	**327**	**(1,206)**	**327**
The total amount recognised in the statement of recognised income and expense	**(80,565)**	**16,047**	**(77,698)**	**14,468**
Attributable to:				
Equity holders of the parent	(80,661)	16,005	(77,698)	14,468
Minority interest	96	42	-	-
	(80,565)	**16,047**	**(77,698)**	**14,468**

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
for the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
Current assets					
Cash and cash equivalents	7	3,661	2,562	103	1,373
Trade and other receivables	8	5,615	23,259	13,813	13,256
Prepayments and other	9	473	1,491	285	322
Inventories	12	-	6,338	-	-
Other financial assets	10	454	4	35,709	4
		10,203	**33,654**	**49,910**	**14,955**
Assets of disposal group classified as held for sale	6	54,522	-	-	-
Total current assets		**64,725**	**33,654**	**49,910**	**14,955**
Non-current assets					
Trade and other receivables	8	18	415	18	415
Other financial assets	10	-	4,694	14,393	52,363
Property, plant and equipment	13	2,002	2,515	822	429
Other intangible assets	14	21,645	45,256	-	887
Deferred tax assets	4	536	4,270	355	2,062
Total non-current assets		**24,201**	**57,150**	**15,588**	**56,156**
Total assets		**88,926**	**90,804**	**65,498**	**71,111**
Current liabilities					
Trade and other payables	15	6,974	26,630	17,881	15,236
Prepaid revenue		153	340	-	-
Borrowings	17	24,908	1,555	24,908	1,502
Current tax liabilities	4	2,597	3,572	2,524	3,578
Provisions	16	423	2,677	106	174
		35,055	**34,774**	**45,419**	**20,490**
Liabilities directly associated with the assets of disposal group classified as held for sale	6	32,879	-	-	-
Total current liabilities		**67,934**	**34,774**	**45,419**	**20,490**
Non-current liabilities					
Trade and other payables	15	415	341	340	341
Borrowings	17	378	854	378	854
Provisions	16	140	366	23	120
Deferred tax liabilities	4	115	1,967	-	428
Total non-current liabilities		**1,048**	**3,528**	**741**	**1,743**
Total liabilities		**68,982**	**38,302**	**46,160**	**22,233**
Net assets		**19,944**	**52,502**	**19,338**	**48,878**
Shareholders equity					
Parent entity interest					
Issued capital	18	118,185	70,455	118,185	70,455
Share option reserve	19	3,724	3,503	3,724	3,503
Other reserve	20	(91)	998	-	998
Accumulated losses	20	(101,995)	(22,541)	(102,571)	(26,078)
Total parent entity interest		**19,823**	**52,415**	**19,338**	**48,878**
Minority interest					
Issued capital		-	-	-	-
Retained profits		121	87	-	-
Total minority interest		**121**	**87**	**-**	**-**
Total shareholders equity	**21**	**19,944**	**52,502**	**19,338**	**48,878**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	Consolidated		Parent Entity	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash flows from operating activities					
Receipts from customers		112,240	82,639	130	17,168
Payments to suppliers and employees		(117,644)	(79,204)	(5,707)	(15,413)
Interest paid		(4,416)	(827)	(4,032)	(794)
Interest received		450	285	53	122
Income taxes received/(paid)		714	(1,623)	-	-
		(8,655)	**1,270**	**(9,556)**	**1,083**
Net cash flows from operating activities - continuing operations		(12,353)	118	(9,556)	434
Net cash flows from operating activities - discontinued operations		3,698	1,152	-	649
Net cash flows from operating activities	**24**	**(8,655)**	**1,270**	**(9,556)**	**1,083**
Cash flows from investing activities					
Property, plant and equipment		(1,137)	(682)	(386)	(170)
Proceeds from sale of subsidiaries/businesses	6	6,273	17,713	6,273	17,688
Acquisition of subsidiaries/businesses	11	(41,240)	(23,907)	(40,514)	(24,633)
Dividends paid to minority interests		(60)	-	-	-
Payments for other non-current assets		(3,935)	(1,311)	(114)	(92)
Proceeds from sale of property, plant and equipment		18,608	33	6	10
Proceeds from sale of investments		809	804	809	804
Proceeds from sale of financial notes		1,200	-	-	-
Proceeds from sale of mining tenement		-	8	-	8
		(19,482)	**(7,342)**	**(33,927)**	**(6,385)**
Net cash flows from investing activities - continuing operations		(10,155)	(8,301)	(33,927)	(23,835)
Net cash flows from investing activities - discontinued operations		(9,327)	959	-	17,450
Net cash flows from investing activities		**(19,482)**	**(7,342)**	**(33,927)**	**(6,385)**
Cash flows from financing activities					
Proceeds from borrowings		52,042	1,125	52,050	1,125
Repayments of borrowings		(40,141)	(8,383)	(29,941)	(8,373)
Working capital loans from controlled entities		-	-	2,664	943
Lease principal repayments		(833)	(601)	(780)	(214)
Issue of shares		18,220	12,476	18,220	12,476
		29,288	**4,617**	**42,213**	**5,957**
Net cash flows from financing activities - continuing operations		39,541	8,949	42,213	6,131
Net cash flows from financing activities - discontinued operations		(10,253)	(4,332)	-	(174)
Net cash flows from financing activities		**29,288**	**4,617**	**42,213**	**5,957**
Net increase/(decrease) in cash held		1,151	(1,455)	(1,270)	655
Foreign exchange difference		(52)	-	-	-
Cash at the beginning of year		2,562	4,017	1,373	718
Cash at the end of year	**7**	**3,661**	**2,562**	**103**	**1,373**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for destra Corporation Limited ("destra" or "the Company") as an individual entity and the consolidated entity consisting of destra and its subsidiaries. destra is a listed public company, incorporated and domiciled in Australia. destra is the parent entity of the consolidated group.

The nature of destra's operations and principal activities is disclosed in the Directors' Report and note 5 to the consolidated financial statements.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards and Interpretations, which include Australian equivalents to International Financial Reporting Standards (AIFRS), other requirements of the law and the Corporations Act 2001.

The financial statements were authorised for issue by the directors on 25 September 2008.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of destra comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

Basis of Preparation

These financial statements have been prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars. All values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, under the option available to the Company pursuant to ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by destra as at 30 June 2008 and the results of all controlled entities for the year ended 30 June 2008. Control is achieved where the entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. destra and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Minority interest comprises the aggregate of the equity of controlled entities, other than that held either directly or indirectly by the parent entity, after making adjustments for unrealised profits and losses of controlled entities and other adjustments necessary to comply with Accounting Standards.

(b) Going Concern

The following conditions give rise to a material uncertainty that may cast significant doubt about the ability of the company and consolidated entity to continue as going concerns.

(i) The company and consolidated entity incurred losses before tax and impairment write downs of ($10,553,273) (2007: profit $16,235,120), and ($5,270,454) (2007: profit $18,842,003) respectively for the year ended 30 June 2008, and at that date had accumulated losses of $102,570,752 and $101,995,312 respectively. The Company and the consolidated entity also incurred a deficiency in operating cash flows for the financial year ended 30 June 2008 of $9,555,583 (2007: cash inflows of $1,082,931) and $8,654,934 (2007: cash inflows of $1,270,234) respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ii) As disclosed in Note 17 Borrowings, the bank bill liability of $23,683,679 represents amounts payable to St. George Bank Limited ("St. George") in greater than 12 months from the balance date. Financial covenants calculated as at 30 June 2008 were not within the limits set in the facility agreement applicable at that time, which gave St. George the right to demand repayment. Accordingly, these loans have been classified as current liabilities. On 22 August 2008, St. George waived destra's obligation to satisfy these financial covenants and issued a revised facility offer.

(iii) Failure to comply with covenants set in the revised facility offer, the details of which are included in Note 22: Events After the Balance Sheet Date, may result in St. George terminating its facilities which would require the debt to be repaid within 3 months of termination of the facilities.

(iv) Compliance with the covenants contained in the revised facility offer is dependent upon a number of factors including the financial performance of the business operations and the successful completion of asset sales relating to the Vision and Music divisions.

The directors have prepared the financial report on a going concern basis for the following reasons:

(i) On 22 April 2008, the board announced a comprehensive review of the Company's strategy and business activities. During the review a number of operational changes were identified, particularly at head office level, with expected costs savings on an annualised basis exceeding $4 million. The review also recommended that the Company significantly reduce its gearing and accordingly, the board has determined to dispose of businesses within the Company's Entertainment division as disclosed at Note 6 and apply the proceeds to reduce debt. The Company and consolidated entity have prepared detailed profit and cash flow forecasts which support the ongoing operations of the Company and consolidated entity, whilst the board pursues its strategy to dispose of businesses within the Company's Entertainment division.

(ii) As disclosed in Note 22, the revised facility offer contains revised terms in respect of financial covenants and future facility reductions. Under the revised funding facilities, financial covenants have been re-set to be aligned with the Company's revised outlook for the 2009 financial year and the facility reduction of $3.5 million scheduled under the prior facility agreement for 31 August 2008 has been deferred to 31 January 2009. The revised facility offer was accepted by the Company on 22 August 2008.

(iii) The Company may also pursue debt refinancing opportunities, equity issues and further cost reductions through restructuring and integration of businesses should debt levels not reduce significantly as a result of asset sales.

No adjustments have therefore been made to the recoverable amount and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the Company or consolidated entities are unable to continue as going concerns.

If the Company and consolidated entities are unable to continue as going concerns they may not be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with the 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The Company and its wholly owned Australian resident entities are part of a tax consolidated group under Australian taxation law. destra is the head entity in the tax consolidated group.

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, destra and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

(d) Acquisitions of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(e) Inventories

All inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and costs are assigned to individual items of inventory mainly on the basis of weighted average costs. At each reporting date, the consolidated entity assesses the net realisable value of slow moving or obsolete inventory having regard to the quantity of actual inventory on hand relative to recent historic sales and expectations of future sales potential for each item or category of items.

(f) Receivables & Revenue Recognition

Amounts disclosed as revenue are net of returns and discounts. A sale is recorded when goods have been dispatched to the customer pursuant to a sales order and the associated risks have passed to the customer. Revenue from contracts to provide services is recognised by reference to the stage and completion of the contract.

Where destra acts as principal in its transactions with television networks or web site owners for the sale of advertising on these properties, the full amount billed is brought to account as revenue and trade debtors. Where destra acts as agent, only the portion that represents destra's commission is brought to account as revenue whilst the full amounts billed are brought to account as trade debtors with a corresponding media creditor brought to account for rebatable amounts owed to the property owner.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 30 days from the date of recognition. Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised where doubt as to collection exists.

(g) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement and the assets and liabilities are presented separately on the face of the balance sheet.

(h) Impairment of Assets

Intangible assets and other assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate an impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, goodwill and other assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Investments

Shares in controlled entities are shown in the balance sheet of the parent entity at cost or recoverable amount. Controlled entities are accounted for in the consolidated accounts as set out in note 1(a).

(j) Leased Non-Current Assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets (finance leases), and operating leases under which the lessor effectively retains all such risks and benefits. Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight-line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability. Other operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is calculated on either a straight line or diminishing basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives of items of property, plant and equipment are as below:

Property, plant and equipment	5 years
Leasehold improvement	life of the lease
Leased assets	5 years
Motor vehicle	8 years

(l) Employee Entitlements

(i) Wages and Salaries and Annual Leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at pay rates expected at the time of settlement.

(ii) Long Service Leave

A liability for long service is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(iii) Superannuation

Contributions are made by the Company to employee defined contribution superannuation funds and are charged as expenses when incurred.

(m) Cash

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(n) Earnings per share

Basic EPS is calculated as net profit attributable to members, divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity;
- the after tax effect of dividends and interest associated with dilutive ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(o) Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(p) Borrowings

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings, and finance lease charges

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(r) Intangibles

(i) Intellectual Property

Core technology, intellectual property rights and web development costs are recorded at their cost of acquisition and amortised over periods between 3 and 10 years on a straight-line basis from the commencement of commercial production or operation.

The carrying amount of indefinite life identifiable intangible assets is tested for impairment at least annually. Where the balance exceeds the value of the expected future benefits, the difference is charged to the income statement.

(ii) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for the business or for an ownership interest in the controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Both purchased goodwill and goodwill on consolidation are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with AASB 136 Impairment of Assets.

(iii) Capitalised development costs

Expenditure incurred in the development of revenue generating web sites or internet based e-commerce tools is recognised as an intangible asset to the extent that it is probable that future economic benefits will be generated. Expenditure incurred in the planning and management of the development process and in the operation of a web site or e-commerce tool after it becomes operational is recognised as an expense. Expenditure that has been capitalised is amortised over the lesser of three years or the economic life of the project starting from the date at which the web site or e-commerce tool first becomes operational.

(s) GST

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(t) Share based payment arrangements

Goods or services received or acquired in a share based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share based payment transaction or as a liability if the goods and services were acquired in a cash-settled share based payment transaction. For equity-settled share based payments, goods or services received are measured directly at the fair value of the goods and services received provided this can be estimated reliably. If a reliable estimate cannot be made, the value of the goods or services is determined indirectly by reference to the fair value.

(u) Investments and other financial assets

Financial assets within the scope of AASB 139 Financial Instruments are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate. The consolidated entity has determined that investments in listed entities are available for sale investments. Accordingly, the investments are initially recognised at fair value and are subsequently measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the income statement.

(v) Accounting for film distribution rights

Payments made or liabilities assumed for the acquisition of film distribution rights, where the rights include theatrical and other rights such as DVD and digital, are capitalised at the cost of the commitment to the licensor plus other directly attributable costs. Amounts paid or payable to licensors are amortised over the lesser of seven years and the term of the contract, with proportionately higher amortisation charges in early years so as to correlate amortisation with the timing of the expected net economic return. Other directly attributable costs are written off at the initial theatrical release stage. Carrying amounts are reviewed for impairment at balance dates and are written down to recoverable amount if necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Adoption of new accounting standard

The Group has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments which became applicable on 1 January 2007 and AASB 101 Presentation of Financial Statements (revised October 2006). The adoption of these standards has only affected the disclosures in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

New and Revised Accounting Standards and Interpretations

destra has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2007. At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the Company:

Accounting Standards

AASB no.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or afer)
8	Operating Segments	February 2007	1 Jan 2009
101	Presentation of Financial Statements (Amended)	September 2007	1 Jan 2009
123	Borrowing Costs (Amended)	June 2007	1 Jan 2009
3	Business Combinations (Amended)	March 2008	1 July 2009
127	Consolidated and Separate Financial Statements (Amended)	March 2008	1 July 2009
2008-1	Amendments to Australian Accounting Standard – Share Based Payments: Vesting Conditions and Cancellations	March 2008	1 Jan 2009

Accounting Interpretations

Int. no.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or afer)
4	Determining whether an Arrangement contains a Lease (Revised)	February 2007	1 Jan 2008

Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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 revisions affect both current and future periods.

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern the estimated impairment of investments in subsidiaries in the parent entity and associated goodwill on consolidation of subsidiaries. The carrying amount of goodwill at 30 June 2008 is $21,644,627 (2007:$39,488,559) and the carrying amount of investments in subsidiaries at 30 June 2008 is $49,648,048 (2007:$47,668,686).

The parent entity tests annually whether investments in subsidiaries has suffered any impairment in accordance with the accounting policy stated in note 1(h) and the consolidated entity tests annually whether intangibles have suffered any impairment in accordance with the accounting policy stated in note 1(h).

Other areas that require significant judgement and key assumptions include share based payments, which are calculated at fair value using the Binomial Tree Option Pricing model, and allowances for doubtful debts.

2. REVENUE	Notes	Consolidated		Parent Entity	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from continuing operating activities					
Provision of services		19,733	14,223	-	-
		19,733	**14,223**	**-**	**-**
Revenue from outside operating activities					
Sundry income		45	-	38	7
Gain/(loss) on disposal of assets		(612)	451	(612)	313
Interest received		54	163	53	117
		(513)	614	(521)	437
Total revenue from continuing activities		**19,220**	**14,837**	**(521)**	**437**
Revenue from discontinued operating activities					
Sale of goods		82,850	51,015	-	-
Provision of services		-	14,871	-	13,963
Sundry income		1,289	860	-	-
Interest received		396	122	-	5
Gain/(loss) on disposal of assets		11	-	-	-
	6	**84,546**	**66,868**	**-**	**13,968**
Profit from sale of discontinued operations	6	-	17,736	-	18,746
		84,546	**84,604**	**-**	**32,714**
Total revenue for the financial year		**103,766**	**99,441**	**(521)**	**33,151**

3. ITEMS INCLUDED IN LOSS FROM CONTINUING OPERATIONS	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net gains and expenses				
Profit/(loss) includes the following specific net gains and expenses:				
Expenses				
Bad and doubtful debts expense	211	-	-	-
Borrowing costs:				
Finance lease and hire purchase charges	18	151	14	151
Bank interest	4,301	643	4,305	643
	4,319	**794**	**4,319**	**794**
Cost of sales	12,607	7,784	-	-
Depreciation:				
Plant and equipment	383	227	119	73
Amortisation:				
Other intangibles	460	318	3	110
Leased assets	189	29	123	(16)
Total amortisation	**649**	**347**	**126**	**94**
Total depreciation and amortisation	**1,032**	**574**	**245**	**167**
Operating leases	29	17	26	43
Employment expenses:				
Salary and wages	5,379	3,325	2,452	1,191
Superannuation expense	527	379	143	107
Share-based payments	25	23	-	23
Other employment expenses	2,491	1,516	454	94
	8,422	**5,243**	**3,049**	**1,415**
Impairment loss:				
Shares in wholly-owned subsidiaries	-	-	60,121	-
Shares in other corporations	4	-	4	-
Shares in available for sale investments	2,429	-	2,429	-
Merger and acquisition costs	295	-	295	-
Plant and equipment	220	-	25	-
Intangible assets	4,575	-	114	-
	7,523	**-**	**62,988**	**-**

4. INCOME TAX EXPENSE	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Income tax expense/(benefit)				
Current tax	303	3,756	-	2,997
Deferred tax	2,947	(289)	3,586	(736)
Adjustments for current tax of prior periods	(1,102)	(303)	(634)	(167)
	2,148	**3,164**	**2,952**	**2,094**
Income tax expense/(benefit) is attributable to:				
Profit from continuing operations	1,479	(1,921)	2,952	(2,133)
Profit from discontinued operations	669	5,085	-	4,227
Aggregate income tax expense	**2,148**	**3,164**	**2,952**	**2,094**
Deferred income tax (revenue)/expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets	2,190	(831)	3,586	(703)
(Decrease)/increase in deferred tax liabilities	757	542	-	(33)
	2,947	**(289)**	**3,586**	**(736)**
(b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit/(loss)				
Loss from continuing operations before income tax expense	(19,126)	(3,520)	(73,540)	(3,987)
Profit/(loss) from discontinued operations before income tax expense	(58,085)	22,404	-	20,221
	(77,211)	**18,884**	**(73.540)**	**16,234**
Tax expense/(benefit) at Australian tax rate of 30% (2007 - 30%)	(23,163)	5,665	(22,062)	4,870
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income				
Amortisation	388	202	1	-
Entertainment	36	47	8	94
Other permanent differences	(1,043)	43	(1)	-
Share-based payments	8	10	-	-
Impairment losses	20,450	-	18,890	-
Profit on sale of investment	737	195	943	-
	(2,587)	**6,162**	**(2,222)**	**4,964**
Difference in overseas tax rates	28	8	-	-
Adjustments for current tax of prior periods	(1,102)	(303)	(634)	(167)
Previously unrecognised tax losses used to reduce current tax of prior periods	(505)	-	(505)	-
Current year tax losses not brought to account	2,585	-	2,585	-
Previously recognised tax losses now derecognised	3,728	(839)	3,728	(839)
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(1,864)	-	(1,864)
Income tax expense	**2,148**	**3,164**	**2,952**	**2,094**

4. INCOME TAX EXPENSE (cont.)	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Current tax - credited directly to equity	-	-	-	-
Net deferred tax - debited/(credited) directly to equity	541	(230)	541	(230)
	541	**(230)**	**541**	**(230)**
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	(21,044)	-	(21,044)	-
Potential tax benefit @ 30%	**(6,313)**	**-**	**(6,313)**	**-**
(e) Current Tax Liabilities				
Continuing Operations				
Income tax payable attributable to:				
Parent entity	2,524	2,996	2,524	2,996
Entities in the tax consolidated group	-	886	-	886
Other entities not in the tax consolidated group	73	(6)	-	-
Over-provision of income tax in prior year	-	(304)	-	(304)
Current tax liabilities attributable to continuing operations	**2,597**	**3,572**	**2,524**	**3,578**
Discontinued Operations				
Income tax payable attributable to:				
Other entities not in the tax consolidated group	(345)	-	-	-
Current tax liabilities attributable to discontinued operations	**(345)**	**-**	**-**	**-**

4. INCOME TAX EXPENSE (cont.)

(f) Non-current assets - Deferred tax assets

Movements - Consolidated (Continuing Operations)	Tax Losses	Trade and other receivables	Provisions	Other	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2006	998	115	434	124	1,671
Charged/(credited) to the income statement	839	(58)	153	(103)	831
Charged directly to equity	-	-	-	165	165
Acquisition of subsidiary	-	42	1,573	(12)	1,603
At 30 June 2007	**1,837**	**99**	**2,160**	**174**	**4,270**
Transfer to discontinued operations	-	(84)	(2,034)	(57)	(2,176)
Acquisition/(disposal) of subsidiary	1,387	-	43	-	1,430
Charged/(credited) to the income statement	(3,224)	1	(25)	146	(3,102)
Charged directly to equity	-	-	-	114	114
At 30 June 2008	**-**	**16**	**144**	**377**	**536**
Movements - Consolidated (Discontinued Operations)					
Transfer from continuing operations	-	84	2,034	57	2,176
Acquisition/(disposal) of subsidiary	-	274	1,805	377	2,456
Charged/(credited) to the income statement	-	(125)	1,177	(139)	913
At 30 June 2008	**-**	**234**	**5,016**	**295**	**5,544**

Movements - Parent entity	Tax Losses	Trade and other receivables	Provisions	Other	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2006	998	75	73	67	1,213
Charged/(credited) to the income statement	839	(55)	10	(90)	704
Charged directly to equity	-	-	-	165	165
Disposal of business unit	-	(20)	-	-	(20)
At 30 June 2007	**1,837**	**-**	**83**	**142**	**2,062**
Charged/(credited) to the income statement	(3,224)	-	1	16	(3,207)
Charged directly to equity	-	-	-	114	114
Acquisition/(disposal) of subsidiary	1,387	-	-	-	1,387
At 30 June 2008	**-**	**-**	**84**	**272**	**355**

4. INCOME TAX EXPENSE (cont.)

(g) Non-current liabilities - Deferred tax liabilities

Movements - Consolidated (Continuing Operations)	Property, plant and equipment	Held for sale investments	Other	Total
	$'000	$'000	$'000	$'000
At 1 July 2006	-	-	150	150
Charged/(credited) to the income statement	48	-	494	542
Charged directly to equity	-	428	-	428
Acquisition of subsidiary	17	-	830	847
At 30 June 2007	**65**	**428**	**1,474**	**1,967**
Transfer to discontinued operations	(53)	-	(1,417)	(1,470)
Charged/(credited) to the income statement	2	-	43	45
Charged directly to equity	-	(428)	-	(428)
At 30 June 2008	**14**	**-**	**100**	**115**

Movements - Consolidated (Discontinued Operations)				
Transfer from continuing operations	53	-	1,417	1,470
Acquisition of subsidiary	-	-	6	6
Charged/(credited) to the income statement	108	-	606	713
At 30 June 2008	**161**	**-**	**2,029**	**2,190**

Movements - Parent Entity	Property, plant and equipment	Held for sale investments	Other	Total
	$'000	$'000	$'000	$'000
At 1 July 2006	-	-	-	-
Charged/(credited) to the income statement	-	-	-	-
Charged directly to equity	-	428	-	428
Acquisition of subsidiary	-	-	-	-
At 30 June 2007	**-**	**428**	**-**	**428**
Charged/(credited) to the income statement				-
Charged directly to equity	-	(428)	-	(428)
Acquisition of subsidiary	-	-	-	-
At 30 June 2008	**-**	**-**	**-**	**-**

4. INCOME TAX EXPENSE (cont.)	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(h) Franked Dividends				
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 - 30%)	5,830	7,059	5,830	7,059

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax. The reduction in franking credits result from a revised estimate of the income tax liability attributable to the destra tax consolidated group for the 2007 financial year.

Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

The Company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 1 July 2003. The implementation of the tax consolidation system has been formally adopted by the directors of destra Corporation Limited. The Australian Taxation Office has formally been notified. The head entity within the tax-consolidated group is destra Corporation Limited.

Prior year losses totalling $12.0 million and current year tax losses totalling $8.6 million have not been recognised as a deferred tax asset as it is uncertain whether these losses will be realised in future years.

The benefit of the tax losses will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

5. SEGMENT INFORMATION

For management purposes, destra is organised into two major operating divisions - destra Media and destra Entertainment (2007: two divisions destra Media and destra Entertainment). These divisions are the basis on which destra reports its primary segment information. Costs not directly attributable to either division and consolidation eliminations, are shown below as “Corporate & Unallocated Costs”. The destra Media segment provides advertising and related services for clients and in respect of destra-owned media. The destra Entertainment division sells music (online and CD) and DVD’s. The destra Business segment, disposed of during the year ended 30 June 2007, provided web hosting, data access, and voice communications services.

The economic entity operates in Australia and New Zealand. The economic entity operates from the same geographical location on the basis of the internal organisational and management structure and internal reporting system to the governing body. Operations in New Zealand are immaterial to the consolidated financial statements.

	External sales		Other Income		Interest Income		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Segment revenue								
destra Media	19,649	14,223	-	131	1	46	19,650	14,400
destra Entertainment	82,850	51,015	1,300	860	396	117	84,546	51,993
destra Business	-	14,871	-	17,736	-	5	-	32,611
Corporate & Unallocated Costs	84	-	(567)	320	53	117	(430)	437
Total of all segments	**102,583**	**80,109**	**733**	**19,047**	**450**	**285**	**103,766**	**99,441**
Eliminations							**-**	**-**
Consolidated revenue							**103,766**	**99,441**
Segment result								
Continuing operations								
destra Media							(3,966)	467
Corporate							(15,160)	(3,987)
Loss before tax							**(19,126)**	**(3,520)**
Income tax benefit/(expense)							(1,479)	1,921
Loss from continuing operations							**(20,605)**	**(1,599)**
Discontinued operations								
destra Entertainment							(58,085)	2,689
destra Business							-	19,715
Profit/(loss) before tax							**(58,085)**	**22,404**
Income tax expense							(669)	(5,085)
Profit/(loss) from discontinued operations							**(58,754)**	**17,319**
Profit/(loss) from continuing and discontinued operations							**(79,359)**	**15,720**

5. SEGMENT INFORMATION (cont.)	Assets		Liabilities	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Segment assets and liabilities				
destra Media	28,707	6,364	5,874	5,434
destra Entertainment	57,493	23,542	32,878	10,536
Corporate & Unallocated	2,726	60,898	30,230	22,332
Total of all segments	**88,926**	**90,804**	**68,982**	**38,302**

Other segment information	destra Media		destra Entertainment		destra Business		Corporate		Consolidated	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Acquisitions of segment assets	3,865	1,760	675	298	-	(100)	991	35	5,531	1,993
Impairment losses	4,656	-	63,603	-	-	-	2,867	-	71,126	-
Depreciation and amortisation of segment assets	316	407	3,153	900	-	399	716	167	4,185	1,873

6. DISCONTINUED OPERATIONS

(a) Description

As at the reporting date destra has classified the businesses of the destra Entertainment segment as held for sale assets. Accordingly the results of this segment are presented as discontinued operations.

On 22 April 2008, destra appointed a new board of directors who announced a comprehensive review of the Company's strategy and business activities, led by Lexicon Partners and involving management in all areas of the business. The review included a thorough assessment of each division within destra and addressed issues including business unit and corporate strategy, the integration and consolidation of operations, the financial position of the Company and its future capital requirements. The review also included an evaluation of the expected medium and long term attractiveness of the respective markets in which the Company currently operates.

On 25 August 2008 destra announced that as a result of the review, the board has determined to exit all businesses within destra's Entertainment division as and when acceptable sale prices and terms can be achieved over the next 12 months and apply the proceeds to reduce debt.

Sales of Payless Entertainment Pty Ltd, and the websites of mp3.com.au and Mess and Noise were completed in early September. Negotiations relating to the larger music and vision division assets are ongoing at present and are expected to be concluded within the next 12 months.

During the year ended 30 June 2007 destra disposed of the destra Business division in three separate transactions.

Hosting business

On 19 December 2006, destra sold its web hosting business to BlueFreeway Limited, for consideration totalling $19,000,000. The consideration comprises $18,000,000 cash and 1 million fully paid ordinary shares in BlueFreeway at a fair value of $1.00 per share.

TPP Internet Pty Ltd

On 3 September 2006, destra sold its shares in its domain names registration subsidiary TPP Internet Pty Ltd, for consideration totalling $800,000.

destra Communications Pty Ltd

On 29 June 2007, destra sold its Communications business to Intrapower Limited, for consideration totalling $6,700,804.

6. DISCONTINUED OPERATIONS (cont.)	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Sale Proceeds:				
Shares issued in other corporations at fair value	-	1,000		1,000
Cash	-	25,501		24,701
Total sale proceeds	**-**	**26,501**	**-**	**25,701**
Disposal costs	-	(3,432)	-	(3,432)
	-	**23,069**	**-**	**22,269**
Fair value of net assets disposed:				
Plant & equipment	-	526	-	495
Cash	-	619	-	334
Receivables	-	2,045	-	1,978
Prepayments	-	145	-	43
Other current assets	-	20	-	-
Intangible assets	-	4,011	-	3,903
Inventory	-	6	-	6
Prepaid revenue	-	(355)	-	(355)
Creditors	-	(1,417)	-	(1,346)
Provisions	-	(267)	-	(225)
Fair value of net assets disposed	**-**	**5,333**	**-**	**4,833**
Gain on sale of the division before income tax	-	17,736	-	18,746
Income tax expense	-	(3,659)	-	(3,659)
Gain on sale of the division after income tax	**-**	**14,077**	**-**	**15,087**
(b) Financial performance				
Revenue	84,546	66,868	-	13,968
Cost of sales	(49,523)	(41,762)	-	(7,660)
Operating expenses	(26,028)	(19,106)	-	(4,433)
Impairment losses (1)	(63,603)	-	-	
Depreciation and amortisation expenses	(3,153)	(1,299)	-	(400)
Borrowing costs	(324)	(33)	-	-
Profit/(loss) before income tax	**(58,085)**	**4,668**	**-**	**1,475**
Income tax expense	(669)	(1,426)	-	(567)
Profit/(loss) after income tax	**(58,754)**	**3,242**	**-**	**908**
Profit/(loss) from discontinued operations	**(58,754)**	**17,319**	**-**	**15,995**

(1) Impairment losses related to measurement of discontinued operations to fair value less costs to sell

6. DISCONTINUED OPERATIONS (cont.)

(c) Assets and liabilities - discontinued operations

The major classes of assets and liabilities of discontinued operations at 30 June 2008 are as follows:

	2008 $'000
Assets	
Current assets	
Trade and other receivables	12,171
Prepayments and other	6,912
Inventories	4,250
	23,333
Non-current assets	
Property, plant and equipment	1,700
Other intangible assets	16,841
Committed film assets	7,104
Deferred tax assets	5,544
	31,189
Total assets of disposal group classified as held for sale	**54,522**
Liabilities	
Current liabilities	
Trade and other payables	15,961
Borrowings	3
Current tax liabilities	(345)
Employee entitlements provision	698
Committed film liabilities	4,281
Other provisions	3,748
	24,346
Non-current liabilities	
Employee entitlements provision	545
Committed film liabilities	5,798
Deferred tax liabilities	2,190
	8,533
Total liabilities directly associated with assets of disposal group classfied as held for sale	**32,8789**
Net assets attributable to discontinued operations	**21,643**

Cash of $2,971,471 attributable to the disposal group has been excluded from the above table as it is to be retained by the Company at disposal.

(d) Cash flow information - discontinued operations.

The net cash flow of discontinued operations are as follows:

	2008 $'000	2007 $'000
Operating activities	3,698	1,152
Investing activities	(9,327)	959
Financing activities	(10,253)	(4,332)
Net cash outflow	**(15,882)**	**(2,221)**

7. CASH AND CASH EQUIVALENTS	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash on hand	40	3	-	1
Cash at bank	3,509	2,304	(9)	1,117
Deposits at call	112	255	112	255
	3,661	**2,562**	**103**	**1,373**

Deposits at call

The deposits are bearing fixed interest rates 8.10%.

Restrictions on cash

The amount of $111,575 (2007: $255,455) contained in term deposit is held as security for hire purchases, credit cards and rental bonds.

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balance as per above	3,661	2,562	103	1,373
Balance as per the cash flow statement	**3,661**	**2,562**	**103**	**1,373**

8. TRADE AND OTHER RECEIVABLES	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade receivables	4,836	14,627	-	-
Less: Doubtful debts allowance	(54)	(331)		
	4,782	**14,296**	**-**	**-**
Other debtors	799	7,643	661	6,823
GST paid	34	1,320	20	207
Advances to controlled entities	-	-	13,132	6,226
	5,615	**23,259**	**13,813**	**13,256**

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $533,688 (2007: $0) has been recognised by the Group in the current year. These amounts have been included in the impairment loss expense item.

Other debtors includes lease receivable of $183,482 and represents amounts receivable from finance leases provided to BlueFreeway Limited for the continued use of plant and equipment that remains subject to hire purchase agreements with destra.

8. TRADE AND OTHER RECEIVABLES (cont.)	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Movements in the doubtful debts allowance were as follows:				
Balance at the beginning of year	331	382	-	-
Doubtful debts allowance recognised during the year	191	(3)		
Impairment charge recognised during the year	20	-	-	-
Receivables written off during the year as uncollectible	-	204		
Unused amount reversed	(207)	-	-	-
Transferred to disposal group held for sale	(281)	(252)	-	-
Balance at the end of year	**54**	**331**	**-**	**-**

As at 30 June 2008 the ageing analysis of trade receivables is as follows:

0-30 days	2,049	7,650	-	-
31-60 days	2,306	4,738	-	-
61-90 days PDNI*	249	1,184	-	-
61-90 days CI*	-	-	-	-
91+ days PDNI*	212	1,055	-	-
91+ days CI*	20	-	-	-
Total	**4,836**	**14,627**	**-**	**-**

* PDNI = Past Due Not Impaired
CI = Considered Impaired

Receivables past due but not considered impaired are $460,853 (2007: $2,239,164). Payment terms on these amounts have not been re-negotiated, however, each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Non-Current

Lease receivables	18	415	18	415
Total	**18**	**415**	**18**	**415**

9. PREPAYMENTS AND OTHER	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Prepaid royalties	-	948	-	-
Prepayments	473	543	285	322
Total	**473**	**1,491**	**285**	**322**

10. OTHER FINANCIAL ASSETS	Notes	Consolidated		Parent Entity	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current					
Shares in available for sale investments carried at fair value		454	4	454	4
Shares in wholly-owned entities at fair value less costs to sell	30	-	-	35,255	-
Total		**454**	**4**	**35,709**	**4**
Non-Current					
Shares in wholly-owned entities at cost	30	-	-	14,393	47,669
Shares in available for sale investments carried at fair value		-	4,694	-	4,694
Total		**-**	**4,694**	**14,393**	**52,363**
Movements in the shares in wholly-owned entities:					
Balance at 1 July 2007		-	-	47,669	21,215
Acquisitions		-	-	61,296	26,454
Impairment losses		-	-	(59,317)	-
Balance at 30 June 2008		**-**	**-**	**49,648**	**47,669**
Represented as:					
Current		-	-	35,255	-
Non-current		-	-	14,393	47,669
		-	**-**	**49,648**	**47,669**

11. SUBSIDIARIES AND BUSINESS COMBINATIONS

(a) Business combinations effected during the current financial year

Magna Pacific (Holdings) Limited

On 13 July 2007 destra acquired 19.99% of the issued share capital of ASX listed Magna Pacific (Holdings) Limited ("Magna Pacific") through the purchase of 24,834,122 shares on market at an average price of $0.5482 per share. On 13 August 2007 destra acquired the remaining 80.01% of the share capital of Magna Pacific by way of a court approved Scheme of Arrangement where each shareholder of Magna Pacific was offered either $0.38 cash or $0.15 cash plus one destra share. The total acquisition consideration amounted to $61,218,254 comprising $30,891,747 cash and 89,154,345 destra shares issued at $0.315 per share. Other costs of acquisition totalled $2,242,888 comprising $1,672,288 paid in cash, 1,500,000 destra shares issued at $0.315 per share and 1,000,000 options valued at $98,100.

The acquired business contributed revenues of $33,817,331, EBITDA of ($23,068,435) and net profit after tax of ($26,006,342) to the Group for the period, after allowing for asset specific impairment charges of ($1,455,502) and goodwill impairment charges of ($32,516,020).

The directors do not consider it practical to estimate what consolidated revenues and profit for the year ended 30 June 2008 would have been if the acquisition had occurred on 1 July 2007 due to the large number of fair value adjustments on acquisition. Goodwill on acquisition of Magna Pacific represents the premium paid for the entry into the market, the customer base and the expertise and knowledge of the company's employees.

3D World & Oyster

On 11 October 2007 destra acquired the business assets and working capital of 3D World & Oyster Magazine ("3D World"). The purchase consideration of $3,212,880 comprises a cash payment of $1,750,000, the issue of 1,756,141 destra shares at a fair value of $0.29 per share, the issue of 1,000,000 options exercisable at $0.35 fair valued at $96,850, two further instalment payments which are linked to the earnings of 3D World for the years ending 30 June 2008 and 2009 (estimated to be $680,000 in total) and other incidental acquisition costs of $176,749. The fair value of shares issued was determined by reference to the ASX market price on acquisition date. The fair value of options was determined by using a Binomial-Tree valuation model.

The acquired business contributed revenues of $2,248,650, EBITDA of $99,278 and net profit after tax of $47,083 to the Group for the period, after allowing for asset specific impairment charges of ($27,819). The directors do not consider it practical to estimate what consolidated revenues and profit for the year ended 30 June 2008 would have been if the acquisition had occurred on 1 July 2007 as 3D World was previously unaudited.

The Square Group

On 18 December 2007 destra acquired 100% of the issued share capital of The Square Group Pty Ltd ("The Square Group"). The purchase consideration of $1,197,875 comprises a cash payment of $131,250, the issue of 476,580 destra shares at a fair value of $0.2754 per share, an estimate of $72,875 to be paid in respect of working capital of The Square Group at the date of acquisition, two further instalment payments which are linked to the earnings of The Square Group for the years ending 30 June 2008 and 2009 (estimated to be $787,500 and $75,000 respectively). The fair value of shares issued was determined by reference to the ASX market price on acquisition date.

The acquired business contributed revenues of $499,499, EBITDA of $150,663 and net profit after tax of $109,566 to the Group for the period.

The directors do not consider it practical to estimate what consolidated revenues and profit for the year ended 30 June 2008 would have been if the acquisition had occurred on 1 July 2007 as The Square Group was previously unaudited.

Mess and Noise

On 22 January 2008 destra acquired 100% of the issued share capital of Mess and Noise Pty Ltd ("Mess & Noise"). The purchase consideration of $200,000 comprises the issue of 1,000,000 destra shares at a fair value of $0.20 per share. The fair value of shares issued was determined by reference to the ASX market price on acquisition date.

The acquired business contributed revenues of $14,750, EBITDA of $2,119 and net profit after tax of $1,363 to the Group for the period.

The directors do not consider it practical to estimate what consolidated revenues and profit for the year ended 30 June 2008 would have been if the acquisition had occurred on 1 July 2007 as Mess & Noise was previously unaudited.

11. SUBSIDIARIES AND BUSINESS COMBINATIONS (cont.)

(a) Business combinations effected during the current financial year

	Magna Pacific	3D World/ Oyster	The Square Group	Mess & Noise
	$'000	$'000	$'000	$'000
Purchase consideration:				
Cash and cash equivalents	30,892	1,750	131	-
Second instalment (cash)	-	340	467	-
Third instalment (cash) - estimate	-	340	37	-
Other acquisition costs	1,672	177	-	-
Total cash consideration	**32,564**	**2,607**	**635**	**-**
Ordinary shares in destra	28,556	509	131	200
Second instalment (shares) - estimate	-	-	394	-
Third instalment (shares) - estimate	-	-	38	-
Options in destra	98	97	-	-
Total purchase consideration	**61,218**	**3,213**	**1,198**	**200**
Fair value of net assets acquired:				
Cash (acquired)	2,197	-	161	3
Receivables	4,671	-	60	16
Prepayments	3,519	-	-	-
Inventory	2,814	-	-	-
Other current assets	523	-	-	-
Property, plant and equipment	19,516	67	5	-
Goodwill	12,793	-	-	-
Other intangible assets	1,614	-	-	-
Deferred tax assets	3,860	44	-	-
Other non-current assets	2,091	-	-	-
Creditors	(5,080)	-	(27)	(3)
Provisions	(2,776)	(174)	-	-
Employee entitlements	(637)	-	-	-
Borrowings	(10,200)	-	-	-
Current tax liabilities	1,477	-	(100)	-
Deferred tax liabilities	(6)	-	-	-
Other non-current liabilities	(6,248)	(100)	-	-
Fair value of net assets on acquisition	**30,128**	**(163)**	**99**	**16**
Goodwill on consolidation	**31,090**	**3,376**	**1,099**	**184**

11. SUBSIDIARIES AND BUSINESS COMBINATIONS (cont.)

(a) Business combinations effected during the current financial year (cont.)

The Company disclosed in the December 2007 half year financial report that the initial accounting for the Magna Pacific (Holdings) Limited, 3DWorld/Oyster and The Square Group business combinations was determined provisionally. In accordance with the requirements of AASB 3 - Business Combinations, the acquisition accounting for these business combinations has been finalised.

	Magna Pacific	Adjust.	Restated Acquisition Balance Sheet
	$'000	$'000	$'000
Purchase consideration:			
Cash and cash equivalents	30,892	-	30,892
Other acquisition costs	1,675	(3)	1,672
Total cash consideration	**32,567**	**(3)**	**32,564**
Ordinary shares in destra	28,556	-	28,556
Options in destra	98	-	98
Total purchase consideration	**61,221**	**(3)**	**61,218**
Fair value of net assets acquired:			
Cash (acquired)	2,197	-	2,197
Receivables	4,671	-	4,671
Prepayments	3,519	-	3,519
Inventory	2,814	-	2,814
Other current assets	523	-	523
Property, plant and equipment	19,505	11	19,516
Goodwill	12,793		12,793
Other intangible assets	3,272	(1,658)	1,614
Deferred tax assets	3,860	-	3,860
Other non-current assets	2,337	(246)	2,091
Creditors	(5,080)	-	(5,080)
Provisions	(2,820)	44	(2,776)
Employee entitlements	(637)	-	(637)
Borrowings	(10,200)	-	(10,200)
Current tax liabilities	1,477	-	1,477
Deferred tax liabilities	(6)	-	(6)
Other non-current liabilities	(6,248)	-	(6,248)
Fair value of net assets on acquisition	**31,977**	**(1,849)**	**30,128**
Goodwill on consolidation	**29,244**	**1,846**	**31,090**

Adjustment to Goodwill on acquisition of Magna Pacific (Holdings) Limited arose due to fair value corrections to the provisional fair values of assets initially recognised.

11. SUBSIDIARIES AND BUSINESS COMBINATIONS (cont.)

(a) Business combinations effected during the current financial year (cont.)

	3DWorld/ Oyster	Adjust.	Restated Acquisition Balance Sheet
	$'000	$'000	$'000
Purchase consideration:			
Cash and cash equivalents	1,750	-	1,750
Second instalment (cash)	120	220	340
Third instalment (cash)	-	340	340
Other acquisition costs	177	-	177
Total cash consideration	**2,047**	**560**	**2,607**
Ordinary shares in destra	509	-	509
Third instalment (shares) - estimate	240	(240)	-
Options in destra	97	-	97
Total purchase consideration	**2,893**	**320**	**3,213**
Fair value of net assets acquired:			
Plant and equipment	67	-	67
Deferred tax assets	-	44	44
Provisions	(174)	-	(174)
Other non-current liabilities	(100)	-	(100)
Fair value of net assets on acquisition	**(207)**	**44**	**(163)**
Goodwill on consolidation	**3,100**	**276**	**3,376**

Adjustment to Goodwill on acquisition of 3DWorld/Oyster arose due to a revision of the estimate of deferred purchase consideration calculations and fair value corrections to the provisional fair value of assets initially recognised.

11. SUBSIDIARIES AND BUSINESS COMBINATIONS (cont.)

	The Square Group	Adjust.	Restated Acquisition Balance Sheet
	$'000	$'000	$'000
Purchase consideration:			
Cash and cash equivalents	131	-	131
Second instalment (cash)	467	-	467
Third instalment (cash) - estimate	37	-	37
Total cash consideration	635	-	635
Ordinary shares in destra	124	7	131
Second instalment (shares) - estimate	394	-	394
Third instalment (shares) - estimate	38	-	38
Total purchase consideration	**1,191**	**7**	**1,198**
Fair value of net assets acquired:			
Cash (acquired)	161	-	161
Receivables	60	-	60
Plant and equipment	5	-	5
Creditors	(27)	-	(27)
Current tax liabilities	(100)	-	(100)
Fair value of net assets on acquisition	**99**	**-**	**99**
Goodwill on consolidation	**1,092**	**7**	**1,099**

Adjustment to Goodwill on acquisition of The Square Group arose due to a revision of the estimate of purchase consideration calculations.

11. SUBSIDIARIES AND BUSINESS COMBINATIONS (cont.)

(b) Business combinations effected during the previous financial year

Included in the consolidated financial statements for the year ended 30 June 2007 was the acquisition of the following entities:

	Nice Shorts	Brand New Media	MRA Entertainment & Central Station Records
	$'000	$'000	$'000
Purchase consideration:			
Cash and cash equivalents	250	4,400	13,190
Cash payable	-	7,301	642
Vendor loan	-	-	1,500
Other acquisition costs	2	377	-
Total cash consideration	**252**	**12,078**	**15,332**
Ordinary shares in destra	-	1,635	-
Options in destra	-	320	32
Total purchase consideration	**252**	**14,033**	**15,364**
Fair value of net assets acquired:			
Cash (acquired)	-	564	1,060
Receivables	-	3,207	7,742
Inventory	-	-	1,631
Prepayments	-	22	2,849
Other current assets	-	1	64
Plant and equipment	-	750	394
Mastheads	-	195	-
Goodwill	-	2,008	-
Other intangible assets	-	-	925
Deferred tax assets	-	11	1,200
Creditors	-	(3,952)	(6,209)
Provisions	-	(128)	(2,433)
Borrowings	-	(1,963)	(38)
Current tax liabilities	-	(665)	(195)
Deferred tax liabilities	-	-	(918)
Fair value of net assets on acquisition	**-**	**50**	**6,072**
Goodwill on consolidation	**252**	**13,983**	**9,292**

12. INVENTORIES	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Finished goods – at cost	-	4,671	-	-
Finished goods – at fair value less costs to sell	-	1,667	-	-
Total	**-**	**6,338**	**-**	**-**

13. PROPERTY, PLANT AND EQUIPMENT	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Leasehold improvements at cost	319	138	313	124
Less: Accumulated depreciation	(162)	(99)	(157)	(95)
	157	**39**	**156**	**29**
Plant and equipment at cost	2,009	4,278	500	356
Less: Accumulated depreciation	(833)	(2,484)	(286)	(255)
	1,176	**1,794**	**214**	**101**
Plant and equipment under finance lease at cost	2,010	1,834	1,692	1,418
Less: Accumulated amortisation	(1,347)	(1,227)	(1,240)	(1,119)
	663	**607**	**452**	**299**
Motor vehicles at cost	12	62	-	-
Less: Accumulated amortisation	(6)	(11)	-	-
	6	**51**	**-**	**-**
Motor vehicles under finance lease at cost	-	59	-	-
Less: Accumulated amortisation	-	(35)	-	-
	-	**24**	**-**	**-**
Total property, plant & equipment	**2,002**	**2,515**	**822**	**429**

13. PROPERTY, PLANT AND EQUIPMENT (cont.)

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Plant & Equipment	Plant & Equipment - finance lease	Leasehold Improvement	Motor Vehicles - finance lease	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
Carrying amount at 1 July 2007	1,794	607	39	24	51	2,515
Additions	925	417	190	-	-	1,532
Acquisition through business combination	19,194	-	13	-	-	19,207
Disposals	(17,332)	(140)	(9)	-	-	(17,481)
Transfers to/from subsidiaries	6	(7)	-	-	-	(1)
Depreciation/amortisation expense	(1,549)	(207)	(65)	(5)	(7)	(1,833)
Impairment loss	(142)	(6)	-	-	-	(148)
Assets included in disposal group held for sale (note 6)	(1,648)	-	(10)	(19)	(24)	(1,701)
Reallocation of asset class	(65)	-	-	-	(10)	(75)
FX Difference	(8)		(1)		(5)	(14)
Carrying amount at 30 June 2008	**1,176**	**663**	**157**	**-**	**6**	**2,002**
Parent entity						
Carrying amount at 1 July 2007	101	299	29	-	-	429
Additions	197	417	190	-	-	803
Disposals	(17)	(140)	-	-	-	(157)
Transfers to/from subsidiaries	(0)	(1)	-	-	-	(1)
Depreciation/amortisation expense	(56)	(123)	(63)	-	-	(242)
Impairment loss	(10)	-	-	-	-	(10)
Carrying amount at 30 June 2008	**214**	**452**	**156**	**-**	**-**	**822**

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the previous financial year are set out below

	Plant & Equipment	Plant & Equipment - finance lease	Leasehold Improvement	Motor Vehicles - finance lease	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
Carrying amount at 1 July 2006	690	1,031	52	67	23	1,863
Additions	702	765	1	-	25	1,493
Acquisition through business combination	1,284	36	10	-	10	1,340
Disposals	(348)	(954)	-	(37)	-	(1,339)
Depreciation/amortisation expense	(534)	(271)	(24)	(6)	(7)	(842)
Carrying amount at 30 June 2007	**1,794**	**607**	**39**	**24**	**51**	**2,515**
Parent entity						
Carrying amount at 1 July 2006	353	1,031	52	-	-	1,436
Additions	170	438	-	-	-	608
Disposals	(310)	(955)	-	-	-	(1,265)
Depreciation/amortisation expense	(112)	(215)	(23)	-	-	(351)
Carrying amount at 30 June 2007	**101**	**299**	**29**	**-**	**-**	**429**

14. INTANGIBLE ASSETS	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Film Library	-	-	-	-
Goodwill	21,645	39,489	-	-
Intellectual property asset at cost	-	4,456	-	265
Less: Accumulated amortisation	-	(1,652)	-	(149)
	-	2,804	-	116
Web development costs	-	1,053	-	10
Less: Accumulated amortisation	-	(229)	-	(10)
	-	824	-	-
Separately identified intangible assets	-	2,052	-	-
Less: Accumulated amortisation	-	(684)	-	-
	-	1,368	-	-
Capitalised acquisition costs	-	771	-	771
Total intangible assets	**21,645**	**45,256**	**-**	**887**

14. INTANGIBLE ASSETS (cont.)

Reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the current financial year are set out below.

Class of intangible assets	Film Library	Goodwill	Intellectual Property	Customer Databases	Web Development Costs	Separately Identified Intangible Assets	Capitalised Acquisition Costs	Total
Acquired or internally generated	Both	Acquired	Both	Acquired	Internal	Acquired	Acquired	
Useful lives	Finite	Indefinite	Finite	Finite	Finite	Finite	Indefinite	
Amortisation methods used	Straight line	N/A	Straight line	Straight line	Straight line	Straight line	N/A	
Remaining Amortisation Period	5 years (2)	N/A	0 years	0 years	0 years	3 years (1)	N/A	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated								
Carrying amount at 1 July 2007	-	39,489	2,804	-	824	1,368	771	45,256
Additions	168	173	26	-	435	99	188	1,090
Acquisition through business combination	9	48,542	-	-	-	1,759	-	50,310
Assets included in disposal group held for sale (note 6)	(67)	(17,563)	-	-	-	(1,835)	-	(19,465)
Impairment loss	-	(49,033)	(902)	-	(925)	-	(294)	(51,154)
Transfer to Investments in wholly-owned subsidiary	-	-	-	-	-	-	(665)	(665)
Reallocation	144	36	(1,861)	-	68	240	-	(1,374)
Depreciation/amortisation expense	(251)	-	(67)	-	(402)	(1,631)	-	(2,351)
Foreign Exchange Difference	(1)							(1)
Carrying amount at 30 June 2008	**-**	**21,645**	**-**	**-**	**-**	**-**	**-**	**21,645**
Parent entity								
Carrying amount at 1 July 2007	-	-	116	-	-	-	771	887
Additions	-	-	-	-	-	-	188	188
Transferred to investment in wholly owned subsidiaries	-	-	-	-	-	-	(665)	(665)
Impairment loss	-	-	(114)	-	-	-	(294)	(408)
Depreciation/amortisation expense	-	-	(2)	-	-	-	-	(2)
Carrying amount at 30 June 2008	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(1) Film library assets are amortised over the life of the underlying contracts.
5 years represent the weighted average life of contracts.

(2) Separately identified intangible assets are amortised over the life of the underlying contracts.
3 years represent the weighted average life of contracts.

14. INTANGIBLE ASSETS (cont.)

Reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the previous financial year are set out below.

Class of intangible assets	Film Library	Goodwill	Intellectual Property	Customer Databases	Web Development Costs	Separately Identified Intangible Assets	Capitalised Acquisition Costs	Total
Acquired or internally generated	Both	Acquired	Both	Acquired	Internal	Acquired	Acquired	
Useful lives	Finite	Indefinite	Finite	Finite	Finite	Finite	Indefinite	
Amortisation methods used	Straight line	Straight line	Straight line	Straight line	Straight line	Straight line	N/A	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated								
Carrying amount at 1 July 2006	-	13,985	1,298	1,617	61	447	-	17,408
Additions	-	-	1,793	-	1,043	-	771	3,607
Acquisition through business combination	-	27,749	216	-	-	1,564	-	29,529
Disposals	-	(2,245)	(94)	(1,618)	(232)	-	-	(4,189)
Reclassification	-	-	(247)	178	-	-	-	(69)
Depreciation/amortisation expense	-	-	(164)	(177)	(48)	(644)	-	(1,032)
Carrying amount at 30 June 2007	**-**	**39,489**	**2,804**	**-**	**824**	**1,368**	**771**	**45,256**
Parent entity								
Carrying amount at 1 July 2006	-	-	1,018	1,361	61	-	-	2,440
Additions	-	-	5	-	86	-	771	862
Disposals	-	-	-	(1,362)	(71)	-	-	(1,432)
Transfer to destra Media Pty Ltd	-	-	(641)	-	(55)	-	-	(696)
Reclassification	-	-	(247)	178	-	-	-	(69)
Depreciation/amortisation expense	-	-	(19)	(177)	(22)	-	-	(217)
Carrying amount at 30 June 2007	**-**	**-**	**116**	**-**	**-**	**-**	**771**	**887**

14. INTANGIBLE ASSETS (cont.)

The allocation of goodwill for impairment testing purposes is to five individual cash generating units (2007: two cash generating units). On 22 April 2008, the Board announced a comprehensive review of the company's strategy and business activities. In accordance with the strategic review the board has determined to dispose of businesses within the Company's Entertainment division as disclosed in note 6 and accordingly CGU's have been revised from two to five. The recoverable amounts of these cash generating units are based on similar key assumptions and the aggregate carrying amount of goodwill allocated to these units are provided below.

	Consolidated	
	2008 $'000	2007 $'000
Continuing Operations		
destra Media	21,645	16,780
Discontinued Operations		
destra Music	413	12,316
destra Vision	11,367	817
Visual Entertainment Group	3,226	3,659
Payless Entertainment	-	5,917
	15,006	**22,709**
Total Discontinued Operations	**36,651**	**39,489**

Impairment tests for goodwill and intangible assets

(a) Discontinued operations

(i) destra Music

The recoverable amount of the destra Music cash generating unit has been determined based on fair value less costs to sell by reference to the indicative offers received for this cash generating unit subsequent to the end of the financial year.

An impairment loss of $11,903,560 on goodwill was recognised during the financial year in relation to the destra Music cash generating unit. The impaired goodwill related to the purchases of the Rajon group of companies in December 2005, Central Station Records in December 2006 and the music business of MRA Entertainment acquired in December 2006.

An impairment loss of $1,266,665 on intellectual property was recognised during the financial year in relation to the destra Music cash generating unit. The impaired intellectual property comprises rights held under licence agreements to exploit entertainment content.

The impairment loss was calculated based on an assessment of likely future sales and cash flows arising from individual license agreements.

An impairment loss of $134,000 on separately identified intangible assets was recognised during the financial year in relation to the destra Music cash generating unit. The impaired separately identified intangible assets comprise rights held under licence agreements to exploit entertainment content held in acquired businesses at the time of acquisition. The separately identified intangible assets have been written off in full.

The impairment loss has been recognised in the income statement for the line item 'discontinued operations'. The cash generating unit is included in the Entertainment segment.

14. INTANGIBLE ASSETS (cont.)

(ii) destra Vision

The recoverable amount of the destra Vision cash generating unit has been determined based on fair value less costs to sell by reference to the indicative offers received for this cash generating subsequent to the end of the financial year.

An impairment loss of $33,332,978 on goodwill was recognised during the financial year in relation to the destra Vision cash generating unit. The impaired goodwill related to the purchase of the Magna Pacific group of companies in August 2007 and the visual entertainment business of MRA Entertainment acquired in December 2006.

An impairment loss of $6,328,257 on intellectual property was recognised during the financial year in relation to the destra Vision cash generating unit. The impaired intellectual property comprises rights held under licence agreements to exploit entertainment content and was calculated based on an assessment of likely future sales and cash flows arising from individual license agreements.

An impairment loss of $361,000 on separately identified intangible assets was recognised during the financial year in relation to the destra Vision cash generating unit. The impaired separately identified intangible assets comprise rights held under licence agreements to exploit entertainment content in the Australian and New Zealand markets and was calculated based on an assessment of likely future sales and cash flows arising from individual license agreements.

The impairment loss has been recognised in the income statement for the line item ‘discontinued operations’. The cash generating unit is included in the Entertainment segment.

(iii) Payless Entertainment

The recoverable amount of the Payless cash generating unit has been determined based on fair value less costs to sell by reference to the indicative offers received for this cash generating subsequent to the end of the financial year.

An impairment loss of $5,919,684 on goodwill was recognised during the financial year in relation to the Payless Entertainment cash generating unit. The impaired goodwill related to the purchase of Payless Entertainment Pty Ltd in June 2006. The cash generating unit consists of the assets of Payless Entertainment Pty Ltd and is included in the Entertainment segment.

(iv) Visual Entertainment Group

The recoverable amount of the Visual cash generating unit has been determined based on fair value less costs to sell by reference to the indicative offers received for this cash generating subsequent to the end of the financial year.

An impairment loss of $432,977 on goodwill was recognised during the financial year in relation to the Visual Entertainment Group cash generating unit. The impaired goodwill related to the purchase of Visual Entertainment Group Pty Ltd in April 2006. The cash generating unit consists of the assets of Visual Entertainment Group Pty Ltd and is included in the Entertainment segment.
An impairment loss of $59,300 on capitalised development costs was recognised during the financial year in relation to the Visual Entertainment Group cash generating unit. The impaired capitalised development costs comprise acquired and internally developed software and was calculated based on an assessment of likely future sales and cash flows arising from this technology.

(b) Continuing Operations

(i) destra Media

The recoverable amount of the destra Media cash generating unit has been determined based on a value in use calculation using cash flow projections as at 30 June 2008 based on financial projections prepared by senior management covering a five year period. Cash flow projections are based on revenue growth of 8.7% which is the weighted average of the expected industry growth rates applicable to destra Media and the expectation that this business unit will achieve strengthening gross margins over time.

The pre-tax discount rate applied to the cash flow projections is 16.31% which is the weighted average cost of capital for the cash generating unit. Cash flows beyond the five year forecast period are extrapolated using a 5.0% growth rate which is representative of the long-term growth rate for the media industry. Management believes that no reasonably possible change in these assumptions would cause the carrying value of the destra Media cash generating unit to materially exceed its recoverable amount.

An impairment loss of $3,595,572 on intellectual property was recognised during the financial year in relation to the destra Media cash generating unit. The impaired assets comprise acquired and internally developed web site and related assets and was calculated based on an assessment of likely future sales and cash flows arising from these assets.

An impairment loss of $865,349 on capitalised development costs was recognised during the financial year in relation to the destra Media cash generating unit. The impaired capitalised development costs comprise acquired and internally developed software and was calculated based on an assessment of likely future sales and cash flows arising from this technology.

15. TRADE AND OTHER PAYABLES	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade and other payables	5,382	16,530	1,355	2,036
Consideration due to vendor of acquired entity	1,544	8,494	683	8,494
GST collected	48	1,606	-	-
Working capital advances from controlled entities	-	-	16,843	4,706
	6,974	**26,630**	**17,881**	**15,236**
Non-current				
Consideration due to vendor of acquired entity	415	341	340	341
	415	**341**	**340**	**341**

16. PROVISIONS

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Lease incentive liabilities (1)	-	19	-	19
Employee entitlements	323	829	106	155
Sales returns provision (2)	-	1,829	-	-
Make good provision	100	-	-	-
Committed film liabilities (3)	-	-	-	-
	423	**2,677**	**106**	**174**
Reconciliation				
(1) Lease Incentive Liabilities				
Opening balance	19	47	19	47
Additional provisions	-	-	-	-
Charges against provisions	(19)	(28)	(19)	(28)
Closing balance	**-**	**19**	**-**	**19**
(2) Sales returns provision				
Opening balance	1,829	-	-	-
Additional provisions	-	2,744	-	-
Charges against provisions	(1,829)	(915)	-	-
Closing balance	**-**	**1,829**	**-**	**-**
(3) Committed Film Liabilities				
Opening balance	-	-	-	-
Additional provisions	4,113	-	-	-
Charges against provisions	(4,113)	-	-	-
Closing balance	**-**	**-**	**-**	**-**
Non-current				
Employee entitlements	140	366	23	120
Committed film liabilities	-	-	-	-
	140	**366**	**23**	**120**
Aggregated employee entitlements	**463**	**1,195**	**129**	**275**

17. BORROWINGS		Consolidated		Parent Entity
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Bank bills (secured)	23,684	-	23,684	-
Loan from third party (secured)	750	750	750	750
Credit cards	12	64	12	64
Finance lease liability (secured)	566	773	566	718
Less: Unexpired charges	(104)	(32)	(104)	(30)
	24,908	**1,555**	**24,908**	**1,502**
Non-current				
Bank bills (secured) (1)	-	-	-	-
Finance lease liabilities (secured)	396	483	396	483
Less: Unexpired charges	(18)	(4)	(18)	(4)
Loan from third party (secured)	-	375	-	375
	378	**854**	**378**	**854**
Total borrowings	**25,286**	**2,409**	**25,286**	**2,356**

(1) The bank bills liability of $23,683,679 represents amounts payable to St. George Bank Limited ("St. George") in greater than 12 months from the balance date. Financial covenants calculated as at 30 June 2008 were not within the limits set in the facility agreement applicable at that time which gave St. George the right to demand repayment. Accordingly, these loans have been classified as current liabilities. On 22 August 2008 St. George waived destra's obligation to satisfy these financial covenants and issued a revised Facility Offer. Further details are contained in note 22 Events after the balance sheet date.

18. SHARE CAPITAL	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Unissued shares for exercise of employee options	-	3	-	3
Issued and paid up capital of 482,092,221 shares (note (a)) (2007: 221,955,917 shares)	118,185	70,452	118,185	70,452
	118,185	**70,455**	**118,185**	**70,455**

(a) Movement in ordinary share capital:				
Balance at beginning of year	70,452	52,351	70,452	52,351
157,500 shares issued at 22 cents per share as consideration for consultancy services in respect of the continued development of Poppy Chops Pty Ltd		50		50
2,052,595 shares issued at 10, 12, 13, 13.5, 15 cents per share for exercise of employee options		230		230
9,920,463 shares issued at 20 cents per share for acquisition of Payless Entertainment Ltd		1,984		1,984
9,500,000 shares issued at 21 cents per share for acquisition of Brand New Media Pty Ltd		1,995		1,995
35,714 shares issued at 28 cents as consideration for creditors invoice		10		10
1,491,872 shares issued at 28 cents per share as consideration for advisory services in respect of the acquisitions of Payless Entertainment Ltd and Brand New Media Pty Ltd		418		418
26,942,694 shares issued at 20 cents per share pursuant to 1:6 non-renounceable rights issue		5,388		5,388
28,000,000 shares issued at 26 cents per share as part of share placement		7,280		7,280
4,173,725 shares issued at 30 cents per share as consideration for acquisition of 6,260,587 Quickflix shares		1,252		1,252
12,000,000 shares issued at 26 cents per share as part of share placement	3120		3120	
1,500,000 shares issued at 31.5 cents per share as consideration for consultancy services in respect of the acquisition of Magna Pacific (Holdings) Limited	473		473	
89,154,345 shares issued to Magna Pacific shareholders at 31.5 cents as part-consideration for destra's acquisition of Magna Pacific pursuant to court approved Scheme of Arrangement	28,084		28,084	
1,756,141 shares issued at 29 cents per share as consideration for the acquisition of 3D World & Oyster Magazine	509		509	
2,166,669 shares issued at 15 cents per share for exercise of director options	325		325	
1,085,000 shares issued at 8 and 10 cents per share for exercise of employee options	89		89	
476,580 shares issued at 27.54 cents per share as part-consideration for the acquisition of The Square Group Pty Ltd	131		131	
1,000,000 shares issued at 20 cents per share as consideration for the acquisition of Mess & Noise	200		200	
150,497,569 shares issued at 10 cents per share as part of 5:11 non-renounceable rights issue	15,050		15,050	
500,000 shares issued at 10 cents per share for exercise of options that were issued to vendors of Techex Communications Pty Ltd	50		50	
Costs incurred in relation to issuing equity	(298)	(506)	(298)	(506)
	118,185	**70,452**	**118,185**	**70,452**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

18. SHARE CAPITAL (cont.)

(b) Options

At 30 June 2008 the current options on issue are as follows:

	No. of Options	Exercise Price	Expiry Date
Directors Options	9,500,000	$0.388	30/06/2012
Executive Incentive Plan Options	1,000,000	$0.300	20/12/2008
	1,000,000	$0.300	20/12/2009
	4,500,000	$0.330	30/06/2012
	600,000	$0.388	30/06/2012
	1,000,000	$0.330	30/06/2012
	300,000	$0.350	31/08/2012
Other Options	1,500,000	$0.280	02/08/2008
	550,000	$0.483	13/10/2008
	500,000	$0.350	02/01/2009
	2,000,000	$0.260	04/05/2009
	250,000	$0.450	05/06/2009
	220,000	$0.450	05/06/2009
	1,000,000	$0.315	13/08/2009
	1,000,000	$0.420	14/10/2009
	1,000,000	$0.350	30/06/2010
	25,920,000		

19. SHARE OPTIONS RESERVE

The share options reserve arises on the grant of options to directors and employees under the executive incentive option plan, and for cash-settled share-based payments. Amounts are transferred out of this reserve and into issued capital when the options are exercised.

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance at the beginning of the year	3,503	661	3,503	661
Share-based payments	25	23	25	23
Options issued as consideration for advisory services in relation to acquisitions & disposals	98	2,778	98	2,778
Options issued as consideration for acquisitions	98	41	98	41
	3,724	**3,503**	**3,724**	**3,503**

20. OTHER RESERVES AND RETAINED PROFITS (ACCUMULATED LOSSES)

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Reserves (a)	**(91)**	**998**	**-**	**998**
Retained Profits (b)	**(101,995)**	**(22,541)**	**(102,571)**	**(26,078)**
(a) Movement in reserves:				
Available for Sale Financial Assets Revaluation Reserve				
Balance at beginning of financial year	998	-	998	-
Revaluation of Held for Sale Investments	(998)	998	(998)	998
	-	**998**	**-**	**998**
Foreign Exchange Reserve				
Balance at beginning of financial year	-	-	-	-
Movement	(91)	-	-	-
Balance at end of financial year	**(91)**	**-**	**-**	**-**
(b) Movements in Retained Profits:				
Accumulated losses at beginning of the financial year	(22,541)	(38,219)	(26,078)	(40,219)
Transfer from asset revaluation reserve	-	-	-	-
Net operating profit/(loss) for the financial year	(79,455)	15,678	(76,492)	14,141
Total available for appropriation	**(101,995)**	**(22,541)**	**(102,571)**	**(26,078)**
Accumulated loss at the end of the financial year	**(101,995)**	**(22,541)**	**(102,571)**	**(26,078)**

21. TOTAL SHAREHOLDERS EQUITY	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total equity at beginning of year	52,502	17,062	48,878	15,051
Total changes in equity recognised in the income statement	(79,455)	15,678	(76,492)	14,141
Total changes in share options reserve	221	2,842	221	2,842
Total changes in foreign exchange reserve	(91)	-	-	-
Total changes in available for sale financial assets revaluation reserve	(998)	998	(998)	998
Transactions with equity holders as owners:				
Contribution of equity	47,730	15,846	47,730	15,846
Total changes in minority interest	34	76	-	-
Total equity at end of year	**19,944**	**52,502**	**19,338**	**48,878**

22. EVENTS AFTER THE BALANCE SHEET DATE

On 22 August 2008 St. George Bank Limited waived destra's obligation to satisfy financial covenants set out in the facility agreement that applied at the balance sheet date and issued a facility offer which contained revised terms including in respect of financial covenants and future facility reductions. Under the revised funding facilities, financial covenants have been re-set to be aligned with the Company's revised outlook for the 2009 financial year and the facility reduction of $3.5 million scheduled under the prior facility agreement for 31 August 2008 has been deferred to 31 January 2009. The revised facility offer was accepted by the Company on 22 August 2008.

In September 2008 the group successfully completed transactions for the sale of shares in Payless Entertainment Pty Ltd and the sale of assets relating to the mp3.com.au and Mess and Noise websites. The sale of these assets will not have a material impact on the net asset position of the entity.

Apart from the above, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

23. EARNINGS PER SHARE		Consolidated
	2008 Cents	2007 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(6.04)	(0.89)
Profit from discontinued operations	(17.25)	9.64
Profit/(loss) attributable to the ordinary equity holders of the Company	**(23.29)**	**8.75**
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(6.04)	(0.89)
Profit/(loss) from discontinued operations	(17.25)	9.64
Profit/(loss) attributable to the ordinary equity holders of the Company	**(23.29)**	**8.57**
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Loss from continuing operations	(20,605)	(1,599)
Profit from continuing operations attrubutable to minority interests	-	-
Loss from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(20,605)	(1,599)
Profit/(loss) from discontinued operations	(58,754)	17,319
Profit from discontinuing operations attributable to minority interests of the Company used in calculating basic earnings per share	(96)	(42)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(79,455)**	**15,678**
Diluted earnings per share		
Loss from continuing operations	(20,605)	(1,599)
Profit from continuing operations attrubutable to minority interests	-	-
Loss from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(20,605)	(1,599)
Profit/(loss) from discontinued operations	(58,754)	17,319
Profit from discontinuing operations attributable to minority interests of the Company used in calculating diluted earnings per share	(96)	(42)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**(79,455)**	**15,678**
Reconciliation of weighted average number of ordinary shares		
Weighted average number of ordinary shares:	341,165,534	179,073,288
Used in calculating basic earnings per ordinary share	341,165,534	179,073,288
Adjustment: dilutive potential ordinary shares	-	3,587,384
Used in calculating diluted earnings per ordinary share	341,165,534	182,660,672

23. EARNINGS PER SHARE (cont.)

The number and nature of potential shares that are not considered dilutive based on market conditions at balance date are detailed below:

	No. of Options	Exercise Price	Expiry Date
Directors Options	9,500,000	$0.388	30/06/2012
Executive Incentive Plan Options	1,000,000	$0.300	20/12/2008
	1,000,000	$0.300	20/12/2009
	4,500,000	$0.330	30/06/2012
	600,000	$0.388	30/06/2012
	1,000,000	$0.330	30/06/2012
	300,000	$0.350	31/08/2012
Other Options	1,500,000	$0.280	02/08/2008
	550,000	$0.483	13/10/2008
	500,000	$0.350	02/01/2009
	2,000,000	$0.260	04/05/2009
	250,000	$0.450	05/06/2009
	220,000	$0.450	05/06/2009
	1,000,000	$0.315	13/08/2009
	1,000,000	$0.420	14/10/2009
	1,000,000	$0.350	30/06/2010
	25,920,000		

24. RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit/(loss) from ordinary activities after income tax	(79,359)	15,720	(76,492)	14,141
Depreciation and amortisation of plant and equipment	1,647	842	119	351
Amortisation of intangibles	2,537	1,032	126	217
Impairment loss	71,126	-	62,988	-
Expenses classified as Impairment loss	(3,927)		(409)	
Profit on sale of assets	(674)	-	612	-
Accrual of interest expense	212	-	274	-
Payment of interest expense by share	30		30	
Prepayment of interest expense	(16)	-	(16)	-
Other charges	4	108	7	34
Profit on sale of discontinued operations classified as investing activity	-	(18,269)	-	(19,295)
Share based payments	25	23	25	23
Change in assets and liabilities:				
(Increase) Decrease in accounts receivable	8,702	(829)	112	623
(Increase) Decrease in sundry debtors	305	1,192	132	2,160
(Increase)/Decrease royalty advances	(1,708)	-	-	-
(Increase)/Decrease prints and advertising	(2,070)	-	-	-
(Increase) Decrease in inventories	1,394	307	-	5
Increase (Decrease) in accounts payable	(8,920)	(310)	(36)	1,045
Increase (Decrease) in prepaid revenue	(318)	372	-	(22)
Increase (Decrease) in tax provision	2,643	2,615	2,952	1,850
Increase (Decrease) in GST account	377	(5)	187	(96)
Increase (Decrease) in doubtful debts allowance	(312)	(240)	-	(182)
Increase (Decrease) in other provisions	(189)	(1,473)	(19)	(20)
Increase (Decrease) in employee entitlement provisions	(164)	183	(146)	249
Net cash inflow/(outflow) from operating activities	**(8,655)**	**1,270**	**(9,556)**	**1,083**

25. SHARE-BASED PAYMENT ARRANGEMENTS

Executive Incentive Option Plan (EIOP)

The consolidated entity has an EIOP that was approved by shareholders at an extraordinary general meeting in April 2004 and re-adopted with modifications in June 2006. The EIOP provides an incentive to the employees, officers, personnel seconded to and consultants of the Company by giving the directors flexibility in determining the number of options to be granted, the terms of such grant and the persons who shall be eligible to participate in such grants under the EIOP. The maximum option period is 5 years from the date of grant.

Director Incentive Option Plan (DIOP)

Options are a component of a director's remuneration which promote the alignment of long-term shareholder value with the director's remuneration. No options were granted to directors during the year.

Other Options (Other)

Options are granted in consideration for services rendered from time to time.During the financial year, the consolidated entity granted 1,000,000 to Gandalf Holdings Pty Ltd.

25. SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

Options are granted under all plans for no consideration. Options are granted for a maximum of 5 years, and each new tranche vests and is exercisable six months after the date of grant with the exception of 4,500,000 options granted to key executives on 29 June 2007 in which vesting is subject to other non-market-based performance hurdles. Options granted also carry no entitlement to dividends or voting rights.

Options granted in a business combination in exchange for control of the acquiree are not within the scope of AASB 2 Share Based Payment, and therefore have not been included in the tables below.

Type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed/ expired during the year	Balance at end of the year	Exercis-able at end of the year
				Number	Number	Number	Number	Number	Number
	Consolidated and parent entity - 2008								
EIOP	01/07/2004	31/12/2007	$0.080	1,000,000	-	(1,000,000)	-	-	-
EIOP	01/10/2004	31/03/2008	$0.100	400,000	-	(85,000)	(315,000)	-	-
EIOP	01/01/2005	30/06/2008	$0.130	375,000	-	-	(375,000)	-	-
EIOP	01/01/2005	30/06/2008	$0.180	500,000	-	-	(500,000)	-	-
EIOP	01/01/2005	30/06/2008	$0.250	250,000	-	-	(250,000)	-	-
EIOP	23/12/2005	23/06/2008	$0.115	100,000	-	-	(100,000)	-	-
EIOP	20/12/2006	20/12/2009	$0.300	1,000,000	-	-	-	1,000,000	1,000,000
EIOP	20/12/2006	20/12/2008	$0.300	1,000,000	-	-	-	1,000,000	1,000,000
EIOP	14/08/2007	30/06/2012	$0.330	4,500,000	-	-	-	4,500,000	-
EIOP	29/06/2007	30/06/2012	$0.388	600,000	-	-	-	600,000	600,000
EIOP	14/08/2007	30/06/2012	$0.330	-	1,000,000	-	-	1,000,000	1,000,000
EIOP	31/08/2007	31/08/2012	$0.350	-	300,000	-	-	300,000	300,000
DIOP	29/06/2007	30/06/2012	$0.388	9,500,000	-	-	-	9,500,000	9,500,000
DIOP	09/05/2003	29/11/2007	$0.150	1,833,335	-	(1,833,335)	-	-	-
DIOP	29/09/2006	30/06/2011	$0.253	3,750,000	-	-	(3,750,000)	-	-
Other	09/05/2003	29/11/2007	$0.150	333,334	-	(333,334)	-	-	-
Other	23/02/2006	23/02/2008	$0.100	1,000,000	-	-	(1,000,000)	-	-
Other	05/06/2006	05/06/2008	$0.322	333,334	-	-	(333,334)	-	-
Other	05/06/2006	05/06/2009	$0.450	470,000	-	-	-	470,000	470,000
Other	25/09/2006	30/06/2008	$0.280	1,500,000	-	-	(1,500,000)	-	-
Other	25/09/2006	02/08/2008	$0.280	1,500,000	-	-	-	1,500,000	1,000,000
Other	13/10/2006	14/10/2009	$0.420	1,000,000				1,000,000	1,000,000
Other	13/10/2006	13/10/2008	$0.483	550,000				550,000	550,000
Other	24/01/2007	02/01/2009	$0.350	500,000	-	-	-	500,000	500,000
Other	04/05/2007	04/05/2009	$0.260	2,000,000	-	-	-	2,000,000	2,000,000
Other	14/08/2007	13/08/2009	$0.315	-	1,000,000	-	-	1,000,000	1,000,000
Other	06/12/2007	30/06/2010	$0.350	-	1,000,000	-	-	1,000,000	1,000,000
				33,995,003	3,300,000	(3,251,669)	(8,123,334)	25,920,000	20,920,000
	Weighted average exercise price			$0.302	$0.333	$0.127	$0.224	$0.352	$0.358
	Weighted average share price					$0.227			

Options were cancelled or lapsed due to terminations of employment or expired without being exercised.

25. SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

Type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed/ expired during the year	Balance at end of the year	Exercis-able at end of the year
				Number	Number	Number	Number	Number	Number
	Consolidated and parent entity - 2007								
EIOP	01/05/2003	01/11/2006	$0.135	159,261	-	(159,261)	-	-	-
EIOP	31/07/2003	31/01/2007	$0.150	133,334	-	(133,334)	-	-	-
EIOP	01/07/2004	31/12/2007	$0.080	1,000,000	-	-	-	1,000,000	1,000,000
EIOP	01/10/2004	31/03/2008	$0.100	590,000	-	(190,000)	-	400,000	400,000
EIOP	01/01/2005	30/06/2008	$0.130	400,000	-	(25,000)	-	375,000	375,000
EIOP	01/01/2005	30/06/2008	$0.180	500,000	-	-	-	500,000	500,000
EIOP	01/01/2005	30/06/2008	$0.250	250,000	-	-	-	250,000	250,000
EIOP	01/01/2005	30/06/2008	$0.120	500,000	-	(500,000)	-	-	-
EIOP	01/09/2005	28/02/2009	$0.135	45,000		(45,000)		-	-
EIOP	23/12/2005	23/06/2008	$0.115	100,000	-	-	-	100,000	100,000
EIOP	20/12/2006	20/12/2009	$0.300	-	1,000,000	-	-	1,000,000	1,000,000
EIOP	20/12/2006	20/12/2008	$0.300	-	1,000,000	-	-	1,000,000	1,000,000
EIOP	29/06/2007	30/06/2012	$0.330	-	4,500,000	-	-	4,500,000	-
EIOP	29/06/2007	30/06/2012	$0.388	-	600,000	-	-	600,000	-
DIOP	29/06/2007	30/06/2012	$0.388	-	9,500,000	-	-	9,500,000	9,500,000
DIOP	09/05/2003	29/11/2007	$0.150	1,833,335	-	-	-	1,833,335	1,833,335
DIOP	28/11/2003	28/11/2006	$0.300	2,666,668	-	-	(2,666,668)	-	-
DIOP	29/09/2006	30/06/2011	$0.253	-	3,750,000	-	-	3,750,000	3,750,000
Other	09/05/2003	29/11/2007	$0.150	333,334	-	-	-	333,334	333,334
Other	28/11/2003	28/11/2006	$0.300	333,334	-	-	(333,334)	-	-
Other	23/02/2006	23/02/2008	$0.100	1,000,000	-	-	-	1,000,000	1,000,000
Other	19/04/2006	31/12/2007	$0.100	1,000,000	-	(1,000,000)	-	-	-
Other	05/06/2006	05/06/2008	$0.322	333,334	-	-	-	333,334	333,334
Other	05/06/2006	05/06/2009	$0.450	470,000	-	-	-	470,000	470,000
Other	25/09/2006	30/06/2008	$0.280	-	1,500,000	-	-	1,500,000	1,000,000
Other	25/09/2006	02/08/2008	$0.280	-	1,500,000	-	-	1,500,000	1,000,000
Other	13/10/2006	14/10/2009	$0.420	-	1,000,000	-	-	1,000,000	-
Other	13/10/2006	13/10/2008	$0.483	-	550,000	-	-	550,000	-
Other	24/01/2007	02/01/2009	$0.350	-	500,000	-	-	500,000	500,000
Other	04/05/2007	04/05/2009	$0.260	-	2,000,000	-	-	2,000,000	2,000,000
				11,647,600	27,400,000	(2,052,595)	(3,000,002)	33,995,003	26,345,003
	Weighted average exercise price			$0.189	$0.335	$0.112	$0.300	$0.302	$0.287
	Weighted average share price					$0.245			

EIOP options were cancelled due to terminations of employment.

Directors' and Other options expired without being exercised.

25. SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.81 years (2007 - 3.16 years).

Fair value of options granted

The weighted average fair value at grant date of options granted during the year ended 30 June 2008 was 9.61 cents per option (2007 - 10.48 cents).

The fair value at grant date is independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(a) Options are granted for no consideration, have varying expiry dates and 100% of each tranche vests and is either exercisable after six months from the date of grant or on achievement of certain performance hurdles both market and non-market based.

The model inputs for options granted during the year ended 30 June 2008 included:

Issue No.	Exercise Price	Grant Date	Expiry Date	Share Price at Grant Date	Expected Volatility	Expected Dividend Yield	Risk Free Interest Rate
2008							
1	$0.315	13/08/2007	13/08/2009	$0.315	64.78%	0%	6.40%
2	$0.330	14/08/2007	30/06/2012	$0.325	61.66%	0%	6.23%
3	$0.350	31/08/2007	31/08/2012	$0.285	61.66%	0%	6.05%
4	$0.350	06/12/2007	30/06/2010	$0.300	61.66%	0%	6.00%
2007							
1	$0.483	30/04/2006	13/10/2008	$0.300	71.36%	0%	5.65%
2	$0.280	03/07/2006	30/06/2008	$0.220	71.36%	0%	5.75%
3	$0.420	01/08/2006	14/10/2009	$0.200	71.36%	0%	5.78%
4	$0.280	03/09/2006	02/08/2008	$0.220	71.36%	0%	5.78%
5	$0.253	29/09/2006	30/06/2011	$0.230	71.36%	0%	5.66%
6	$0.300	20/12/2006	20/12/2009	$0.280	71.36%	0%	6.04%
7	$0.300	20/12/2006	20/12/2008	$0.280	71.36%	0%	6.04%
8	$0.350	02/01/2007	02/01/2009	$0.265	71.36%	0%	6.21%
9	$0.260	04/05/2007	04/05/2009	$0.310	68.24%	0%	6.11%
10	$0.330	29/06/2007	30/06/2012	$0.330	64.78%	0%	6.40%
11	$0.388	29/06/2007	30/06/2012	$0.330	64.78%	0%	6.40%
12	$0.330	29/06/2007	30/06/2012	$0.330	64.78%	0%	6.40%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The expected life has been adjusted for the effects of early exercise, based on prior years' experience.

25. SHARE-BASED PAYMENT ARRANGEMENTS (cont.)

Team Member Incentive Plan

A plan under which shares may be issued by the Company to employees for cash consideration equal to 50% of the market value of the shares was approved by shareholders at the extraordinary general meeting on 27 June 2007. All Australian resident and permanent employees who have been continuously employed by the Group for a period of at least six months are eligible to participate in the plan. Employees may elect not to participate in the plan. Offers under the plan are at the discretion of the Company.

Under the plan, eligible employees may be granted up to $2,000 worth of fully paid ordinary shares in destra at a 50% discount to market price. Employees may elect to borrow the remaining funds for the purchase of the shares from destra via an interest free, limited-recourse ten year loan facility. The loan is secured over the shares and destra can sell the employee's shares to cover repayment of the loan if need be. If the shares are sold for less than the loan balance, destra will bear the cost of the outstanding balance. Any dividends or other distributions from destra will be put toward repaying the loan until such time as the loan is repaid.

Shares issued under the plan may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

The number of shares issued to participants in the plan is the offer amount divided by the volume weighted average market price of a fully paid ordinary share of the Company sold on the Australian Stock Exchange during the five business days immediately preceding:

(a) the week in which the invitations are issued to the eligible employee; or
(b) the week in which the invitations are announced to the eligible employee;

as the directors in their discretion determine.

Where shares are issued to employees of subsidiaries within the Group, the subsidiaries compensate destra for the fair value of these shares.

No shares have yet been issued under this plan.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of the employee benefit expense were as follows:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Options issued under executive and director incentive option plan	25	23	25	23
Options issued as bonus for sale of destra Business division	-	2,349	-	2,349
Shares issued as consideration for services	-	10	-	10
	25	2,382	25	2,382

Options issued under executive incentive option plan during the year include options issued to key management personnel and other employees.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

destra's principal financial instruments comprise bank loans, finance leases, hire purchase contracts, cash and cash overdrafts.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. destra's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. destra uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

The Company and the Group do not have written policies regarding financial risk management. The board ensures that the Group maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Group's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and foreign currency risk are reviewed by management on a regular basis and are communicated to the board so that it can evaluate and impose its oversight responsibility.

(a) Market risk

(i) Foreign currency risk

destra operates internationally (with subsidiaries in New Zealand) and also trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At 30 June 2008, had the Australian Dollar weakened/strengthened by 10% against foreign currencies with all other variables held constant, pre-tax profit for the year would have been $415,076 lower/$339,608 higher (2007: $16,262 higher/$13,307 lower), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated trade receivables and committed film liabilities.

(ii) Price risk

The destra group are exposed to equity securities price risk. This arises from investments held by the group and classified on the balance sheet as available-for-sale. The destra group is not exposed to commodity price risk.

The destra group 's equity investments are publicly traded and are included in the ASX All Ordinaries Index.

(iii) Cash flow and fair value interest rate risk

destra's main interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the group to fair value interest rate risk. As the group principally holds fixed rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. Where the group holds variable rate debt the group is exposed to cash flow interest rate risk.

At 30 June 2008, if interest rates had been 1% lower or higher and all other variables held constant, pre-tax profit for the year would have been $475,553 higher/$475,553 lower (2007: $14,193 higher/$14,193 lower), mainly as a result of increased borrowings in the 2008 financial year.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and equity securities price risk. A positive number indicates an increase in profit and other equity. A negative number indicates a decrease in profit and other equity. 10% represents management's assessment of the possible change in foreign exchange rates and equity securities price risk. The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. 1% represents management's assessment of the possible change in interest rates.

		Interest rate risk				Foreign exchange risk				Other price risk			
	Carrying Amount	-1%		+1%		-10%		+10%		-10%		+10%	
30 June 2008		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Financial Assets													
Cash and cash equivalents	3,661	(37)	(37)	37	37	32	32	(26)	(26)	-	-	-	-
Trade and other receivables	4,782	-	-	-	-	134	134	(110)	(110)	-	-	-	-
Other financial assets	454	-	-	-	-	-	-	-	-	-	(45)	-	45
Financial Liabilities													
Trade and other payables	6,974	-	-	-	-	(138)	(138)	113	113	-	-	-	-
Committed film liabilities	10,079	-	-	-	-	(360)	(360)	294	294	-	-	-	-
Borrowings	25,286	253	253	(253)	(253)	-	-	-	-	-	-	-	-
Parent Financial Assets													
Cash and cash equivalents	103	(1)	(1)	1	1	-	-	-	-	-	-	-	-
Other financial assets	454	-	-	-	-	-	-	-	-	-	(45)	-	45
Financial Liabilities													
Trade and other payables	17,881	7	7	(7)	(7)	(83)	(83)	68	68	-	-	-	-
Borrowings	25,286	253	253	(253)	(253)	-	-	-	-	-	-	-	-
Total increase/ (decrease)		**476**	**476**	**(476)**	**(476)**	**(415)**	**(415)**	**340**	**340**	**-**	**(91)**	**-**	**91**

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

		Interest rate risk				Foreign exchange risk				Other price risk			
	Carrying Amount	-1%		+1%		-10%		+10%		-10%		+10%	
30 June 2007		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Financial Assets													
Cash and cash equivalents	2,562	(26)	(26)	26	26	64	64	(53)	(53)	-	-	-	-
Trade and other receivables	14,296	-	-	-	-	147	147	(120)	(120)	-	-	-	-
Other financial assets	4,698	-	-	-	-	-	-	-	-	-	(470)	-	470
Financial Liabilities													
Trade and other payables	26,630	-	-	-	-	(129)	(129)	106	106	-	-	-	-
Borrowings	2,409	24	24	(24)	(24)	-	-	-	-	-	-	-	-
Parent Financial Assets													
Cash and cash equivalents	1,373	(14)	(14)	14	14	-	-	-	-	-	-	-	-
Other financial assets	4,698	-	-	-	-	-	-	-	-	-	(470)	-	470
Financial Liabilities													
Trade and other payables	15,236	6	6	(6)	(6)	(66)	(66)	54	54	-	-	-	-
Borrowings	2,356	24	24	(24)	(24)	-	-	-	-	-	-	-	-
Total increase/ (decrease)		**14**	**14**	**(14)**	**(14)**	**16**	**16**	**(13)**	**(13)**	**-**	**(940)**	**-**	**940**

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Group's policy is to trade with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits by wholesale customers is regularly monitored by management. Sales to retail customers are settled in cash or using major credit card, mitigating credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group aims to maintain flexibility in funding through the use of bank loans, bank overdrafts, finance leases and hire purchase contracts.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Consolidated				Parent			
30 June 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdrafts	8	-	-	-	8	-	-	-
Commercial bills payable (1)	23,684	-	-	-	23,684	-	-	-
Committed film liabilities	4,281	3,024	4,079	-	-	-	-	-
Other loans	750	-	-	-	750	-	-	-
Finance lease liabilities (net of charges)	462	205	173	-	462	205	173	-

	Consolidated				Parent			
30 June 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other loans	1,333	375	-	-	1,333	375	-	-
Finance lease liabilities (net of charges)	741	421	58	-	688	421	58	-

(1) The bank bills liability of $23,683,679 represents amounts payable to St. George Bank Limited ("St. George") in greater than 12 months from the balance date. Financial covenants calculated as at 30 June 2008 were not within the limits set in the facility agreement applicable at that time which gave St. George the right to demand repayment. Accordingly, these loans have been classified as current liabilities. On 22 August 2008 St. George waived destra's obligation to satisfy these financial covenants and issued a revised Facility Offer. Further details are contained in note 22 Events after the balance sheet date.

(d) 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 traded in active markets (such as available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the last sale price.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of trade receivables. 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 Group for similar financial instruments.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The capital structure of the Group consists of debt which includes the borrowings disclosed in note17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital as disclosed in note 21, reserves and retained earnings as disclosed in note 20.

None of the Group's entities are exposed subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Group's assets, as well as to make the routine outflows of tax and maturing debt. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

On 22 April 2008, the board announced a comprehensive review of the Company's strategy and business activities. The review recommended that the Company significantly reduce its gearing and accordingly, the board has determined to dispose of businesses within the Company's Entertainment division as disclosed at note 6 and apply the proceeds to reduce debt. The Company and consolidated entity have prepared detailed profit and cash flow forecasts which support the ongoing operations of the company and consolidated entity, whilst the board pursues its strategy to dispose of businesses within the Company's Entertainment division

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Debt (1)	25,286	2,409	25,286	2,356
Cash and cash equivalents	(3,661)	(2,562)	(103)	(1,373)
Net debt	**21,624**	**(153)**	**25,183**	**983**
Equity (2)	19,944	52,502	19,338	48,878
Net debt to equity ratio	**108%**	**0%**	**130%**	**2%**

(1) Debt is defined as long-term and short-term borrowings as detailed in note 17.

(2) Equity includes all capital and reserves as detailed in note 21.

27. COMMITMENTS FOR EXPENDITURE	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Lease Commitments				
(i) Commitments in relation to office accommodation leases contracted for at the reporting date but not recognised as liabilities payable:				
Continuing operations:				
Not later than one year	541	1,284	228	118
Later than 1 year but not later than 5 years	685	794	490	-
Later than 5 years	-	-	-	-
	1,226	**2,078**	**718**	**118**
Discontinued operations:				
Not later than one year	1,062	-	-	-
Later than 1 year but not later than 5 years	5,965	-	-	-
Later than 5 years	4,826	-	-	-
	11,853	**-**	**-**	**-**
Operating lease commitment relate to the lease of office accommodation under non-cancellable operating leases.				

Sale and leaseback arrangement:
On 2 June 2008 destra announced the sale of Magna Pacific's property located in Eagle Farm, Brisbane. As a condition of the sale, Magna Pacific entered into a lease agreement with the purchaser of the property. The lease commenced in May 2008 and expires in May 2018. The anticipated future lease payments are included in the table above.

	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(ii) Commitments in relation to plant and equipment operating leases are payable as follows:				
Continuing operations:				
Not later than one year	44	59	41	11
Later than 1 year but not later than 5 years	9	17	-	-
	53	**76**	**41**	**11**
Discontinued operations:				
Not later than one year	11	-	-	-
Later than 1 year but not later than 5 years	17	-	-	-
	28	**-**	**-**	**-**

Operating lease commitments relate to the lease of plant and equipment under non-cancellable operating leases.

27. COMMITMENTS FOR EXPENDITURE (cont.)		Consolidated		Parent Entity
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(iii) Commitments in relation to finance leases arrangements are payable as follows:				
Continuing operations:				
Not later than one year	566	773	566	718
Later than 1 year but not later than 5 years	396	483	396	483
Minimum lease payments	**962**	**1,256**	**962**	**1,201**
Less: Future finance charges	(122)	(36)	(122)	(34)
	840	**1,220**	**840**	**1,167**
Representing finance leases liabilities				
Current (note 17)	462	741	462	688
Non-Current (note 17)	378	479	378	479
	840	**1,220**	**840**	**1,167**

Finance lease commitments relate to the lease of plant and computer equipment under non-cancellable finance leases.

28. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise are as follows:

		Consolidated		Parent Entity
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Secured guarantees by the company in respect of office rental commitments	**451**	**650**	**73**	**178**
Secured guarantees by the company in respect of licence commitments	**128**	**128**	**-**	**-**

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in notes 11 and 30 to the financial statements.

(b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in the Directors' Report accompanying the Financial Report.
A summary is provided below:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Short-term employee benefits	2,261	2,205	1,848	1,828
Post-employment benefits	279	204	162	170
Long-term benefits	-	-	-	-
Termination benefits	497	-	497	-
Share-based payments	95	2,272	79	2,272
	3,132	**4,681**	**2,586**	**4,270**

(c) Loan disclosures

There are no related loans between the disclosing entity and any of the key management personnel.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(d) Key management personnel equity holdings

Details of key management personnel equity holdings are disclosed below.

(i) Number of options held by directors and key management personnel:

Movements during year ended 30 June 2008	Balance 1-Jul-2007	Granted as part of remuneration	Exercised	Lapsed, Cancelled, Forfeited or Transferred	Balance at 30-Jun-2008
	Number	Number	Number	Number	Number
Carl Olsen	3,416,667	-	(666,667)	(750,000)	2,000,000
Domenic Carosa	4,583,334	-	(833,334)	(1,250,000)	2,500,000
Neville Christie	2,583,334	-	(333,334)	(750,000)	1,500,000
Paul Choiselat	2,000,000	-	-	(500,000)	1,500,000
Jim Landau	2,000,000	-	-	(500,000)	1,500,000
Warwick Syphers	500,000	-	-	-	500,000
David Gordon	-	-	-	-	-
Peter Evans	-	-	-	-	-
Ian Audsley	-	-	-	-	-
Perry Smith	600,000	-	-	-	600,000
Richard Wingrove	1,725,000	-	-	(250,000)	1,475,000
Ken Outch (1)	100,000	-	-	-	100,000
Anne Willey (2)	90,000	-	-	-	90,000
Phil Maddison (3)	-	300,000	-	-	300,000
Allan Radley (3)	-	100,000	-	-	100,000
	17,598,335	**400,000**	**(1,833,335)**	**(4,000,000)**	**12,165,000**

(1) Ken Outch, CEO destra Vision, joined the list of Key Management Personnel effective 1 July 2007.
(2) Anne Willey, General Manager Visual Entertainment Group, joined the list of Key Management Personnel effective 1 July 2007.
(3) Phil Maddison and Allan Radley joined destra on 13 August 2007 with the acquisition of Magna Pacific (Holdings) Limited.

All options granted during the year are over ordinary shares in destra Corporation Limited.
All options have vested and are exercisable at balance date.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

Movements during year ended 30 June 2007	Balance 1-Jul-2006	Granted as part of remuneration	Exercised	Lapsed, Cancelled, Forfeited or Transferred	Balance at 30-Jun-2007
	Number	Number	Number	Number	Number
Carl Olsen	1,333,334	2,750,000	-	(666,667)	3,416,667
Domenic Carosa	2,500,001	3,750,000	-	(1,666,667)	4,583,334
Neville Christie	666,668	2,250,000	-	(333,334)	2,583,334
Paul Choiselat	-	2,000,000	-	-	2,000,000
Jim Landau	-	2,000,000	-	-	2,000,000
Warwick Syphers	-	500,000	-	-	500,000
Perry Smith	-	600,000	-	-	600,000
Richard Wingrove	250,000	1,475,000	-	-	1,725,000
Adam Keher (1)	1,250,000	1,000,000	-	-	2,250,000
George Nikolaidis (2)	100,000	-	-	-	100,000
	6,100,003	**16,325,000**	**-**	**(2,666,668)**	**19,758,335**

(1) Adam Keher ceased employment with destra on 31 December 2006 when the Hosting division was sold.
His option holding remained unchanged.x
(2) George Nikolaidis ceased employment with destra on 30 June 2007 when the Communications division was sold.
His option holding remained unchanged.

All options granted during the year are over ordinary shares in destra Corporation Limited.
All options have vested and are exercisable at balance date.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(ii) Number of shares held by directors and key management personnel:

Movements during year ended 30 June 2008	Balance 1-Jul-2007	Granted as part of remuneration	On exercise of options	Net change other	Balance at 30-Jun-2008
	Number	Number	Number	Number	Number
Carl Olsen	4,231,656	-	666,667	78,381	4,976,704
Domenic Carosa	11,495,521	-	833,334	(10,503,431)	1,825,424
Neville Christie	1,374,106	-	333,334	270,000	1,977,440
Paul Choiselat	11,071,868	-	-	1,014,736	12,086,604
Jim Landau	250,000	-	-	-	250,000
Warwick Syphers	-	-	-	-	-
David Gordon	-	-	-	10,600,000	10,600,000
Peter Evans	-	-	-	-	-
Ian Audsley	-	-	-	-	-
Perry Smith	8,829,348	-	-	-	8,829,348
Richard Wingrove	75,000	-	-	24,700	99,700
Ken Outch (1)	-	-	-	-	-
Anne Willey (2)	-	-	-	-	-
Phil Maddison (3)	-	-	-	-	-
Allan Radley (3)	-	-	-	7,290,292	7,290,292
	37,327,499	**-**	**1,833,335**	**8,774,678**	**47,935,512**

(1) Ken Outch, CEO destra Vision, joined the list of Key Management Personnel effective 1 July 2007.
(2) Anne Willey, General Manager Visual Entertainment Group, joined the list of Key Management Personnel effective 1 July 2007.
(3) Phil Maddison and Allan Radley joined destra on 13 August 2007 with the acquisition of Magna Pacific (Holdings) Limited.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

Movements during year ended 30 June 2007	Balance 1-Jul-2006	Granted as part of remuneration	On exercise of options	Net change other	Balance at 30-Jun-2007
	Number	Number	Number	Number	Number
Carl Olsen	4,131,656	-	-	100,000	4,231,656
Domenic Carosa	13,295,681	-	-	(1,800,160)	11,495,521
Neville Christie	1,068,090	-	-	306,016	1,374,106
Paul Choiselat	6,534,729	-	-	4,537,139	11,071,868
Jim Landau	-	-	-	250,000	250,000
Warwick Syphers	-	-	-	-	-
Perry Smith	-	-	-	8,829,348	8,829,348
Richard Wingrove	50,000	-	-	25,000	75,000
Adam Keher (1)	133,334	-	-	-	133,334
George Nikolaidis (2)	1,983,471	-	-	-	1,983,471
	27,196,961	**-**	**-**	**12,247,343**	**39,444,304**

(1) Adam Keher ceased employment with destra on 31 December 2006 when the Hosting division was sold.
His option holding remained unchanged.
(2) George Nikolaidis ceased employment with destra on 30 June 2007 when the Communications division was sold.
His option holding remained unchanged.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(e) Other transactions with key management personnel

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Domenic Carosa:				
- Living away from home benefit	16	3	16	3
	16	**3**	**16**	**3**

There are no other related party transactions between the disclosing entity and any of the key management personnel.

(f) Transactions within the wholly-owned group

The wholly-owned group includes:
- the ultimate parent entity in the wholly-owned group;
- wholly-owned controlled entities; and
- other entities in the wholly-owned group

The ultimate parent entity in the wholly-owned group is destra Corporation Limited.

Accounts receivable and payable from and to entities in the wholly-owned group are disclosed in notes 8 and 15.

During the financial year, the following transactions occurred between the Company and the wholly-owned group:

- destra recognised tax payable in respect of the tax liabilities of its wholly-owned subsidiaries.
  Payments from and to the Company are made in accordance with the terms of the tax funding agreement.

- destra provided accounting and administration services to its subsidiaries for no consideration.

Other transactions that occurred during the financial year between entities in the wholly-owned group were the sale and exchange of goods and services at arm's length market rates.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Group.

29. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont.)

(g) Transactions with other related parties

The following transactions occurred with other related parties:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Director-related entities:				
Fees charged at arm's length were paid to CEO Mentor Pty Ltd (an entity controlled by Mr Neville Christie, a former director of destra Corporation Limited) for committee fees, mentoring fees and reimbursement of expenses for the period Mr Christie was a director of the Company.	42	30	42	30
Fees charged at arm's length were paid to Landau Management Pty Ltd (an entity controlled by Mr Jim Landau, a former director of destra Corporation Limited) for committee fees, mentoring fees and reimbursement of expenses for the period Mr Landau was a director of the Company.	25	6	25	6
Fees charged at arm's length were paid to Beconwood Securities Pty Ltd (where Mr Paul Choiselat, a former director of destra Corporation Limited, is a director of and a shareholder in) for services including committee fees, consultation fees and reimbursement of expenses for the period Mr Choiselat was a director of the Company.	48	452	48	452
Fees charged at arm's length were paid to AAV Regency Limited (where Mr Carl Olsen, a former director of destra Corporation Limited, is a director) for the manufacture of CD's and DVD's for the destra Entertainment division for the period Mr Olsen was a director of the Company.	583	860	-	-
Fees charged at arm's length were paid to Lexicon Partners Pty Ltd (where Mr David Gordon, a director of destra Corporation Limited, is a director) for the period Mr Gordon has been a director of the Company.	350	-	350	-
	1,048	1,348	465	488

30. INVESTMENT IN CONTROLLED ENTITIES

		Parent Entity		Equity Holding	
	Country of incorporation or residence	2008 $'000	2007 $'000	2008 %	2007 %
Parent Entity					
destra Corporation Limited	Australia				
Controlled Entities					
Richfield Oil & Gas Pty Ltd - at cost	Australia	-	-	100	100
destra (Holdings) Pty Ltd - at cost	Australia	-	-	100	100
ADM Distribution Pty Ltd - at recoverable amount	Australia	-	-	100	100
destra Business Pty Ltd - at recoverable amount	Australia	-	-	100	100
Webtrader Pty Ltd - at recoverable amount	Australia	-	-	100	100
destra Media Pty Ltd - at cost	Australia	34	34	100	100
Rajon Distribution Pty Ltd - at recoverable amount	Australia	-	3,644	100	100
Visual Entertainment Group Pty Ltd - at recoverable amount	Australia	4,288	4,337	100	100
Payless Entertainment Ltd - at recoverable amount	Australia	355	10,006	100	100
Nice Shorts Pty Ltd - at cost	Australia	252	252	100	100
Brand New Media Pty Ltd - at cost	Australia	14,108	14,033	100	100
MRA Entertainment Group Pty Ltd/Central Station Pty Ltd - at recoverable amount	Australia	-	15,363	100	100
Magna Pacific (Holdings) Limited - at recoverable amount	Australia	30,611	-	100	-
3D World Australia Pty Ltd - at cost	Australia	-	-	100	-
The Square Group Pty Ltd - at cost *	Australia	-	-	100	-
Mess and Noise Pty Ltd - at cost *	Australia	-	-	100	-
		49,648	**47,669**		

* Investments in The Square Group Pty Ltd and Mess and Noise Pty Ltd (detailed in note 11), are carried in the books of Brand New Media Pty Ltd and are therefore excluded from the above table.

Shares in wholly-owned entities at fair value less costs to sell	35,255	-
Shares in wholly-owned entities at cost	14,393	47,669
	49,648	**47,669**

All controlled entities in the consolidated entity were incorporated in Australia and the classes of shares are all ordinary shares.

31. CREDIT STANDBY ARRANGEMENTS AND LOAN FACILITIES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Secured asset finance facilities (1)				
Amount used	943	940	943	885
Amount unused	-	-	-	-
	943	**940**	**943**	**885**
Secured banking facilities (2)				
Amount used as commerical bills	23,700	-	23,700	-
Amount used as lease facilities	105	316	105	316
Amount used as guarantees	690	-	690	-
Amount used as bank overdraft (3)	29	-	29	-
Amount unused	7,008	11,215	7,008	11,215
	31,532	**11,531**	**31,532**	**11,531**
Secured third party loans (4)				
Amount used	750	1,125	750	1,125
Amount unused	-	-	-	-
	750	**1,125**	**750**	**1,125**
Total facilities				
Amount used	26,217	2,381	26,217	2,326
Amount unused	7,008	11,215	7,008	11,215
	33,225	**13,596**	**33,225**	**13,541**

(1) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The leased assets are primarily computer equipment.

(2) All amounts borrowed under this facility are secured by first registered fixed and floating charges over the assets and undertakings of destra Corporation Limited and its material subsidiaries and a guarantee and indemnity provided by material subsidiaries.

(3) Overdraft balance included in the Group cash figure reported in the Balance Sheet and Cash Flow Statement.

(4) $750,000 term loan secured by second ranking fixed and floating charges over all the assets and undertakings of MRA Entertainment Group Pty Ltd, Central Station Pty Ltd and Central Station (Holdings) Pty Ltd.

32. NON-CASH INVESTING AND FINANCING ACTIVITIES		Consolidated		Parent Entity
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Acquisition of plant and equipment by means of finance lease	418	765	418	438
	418	**765**	**418**	**438**

Non-cash investing activities involving the issue of shares are disclosed in note 11.

33. REMUNERATION OF AUDITORS

		Consolidated		Parent Entity
	2008	2007	2008	2007
	$	$	$	$
Remuneration for audit and review services of the financial report	399,866	458,034	144,240	169,034
Remuneration for other services - taxation consulting (1)	-	35,492	-	35,492
Remuneration for other services - due diligence (2)	21,599	4,950	21,599	-
	421,465	**498,476**	**165,839**	**204,526**

(1) Remuneration for other services was the payment for taxation consulting provided by the Victorian office of PKF.

(2) Remuneration for other services was the payment for due diligence work completed by the New South Wales office of PKF.

34. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors report. destra Corporation Limited is the Trustee appointed under this Deed but is not granted relief from specified accounting requirements in accordance with ASIC class Order 98/1418 (as amended).

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001.
If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full.
The subsidiaries have also given similar guarantees in the event the Company is wound up.

The subsidiaries subject to the deed are:

- destra Music Pty Ltd
- MRA Entertainment Group Pty Ltd
- Magna Pacific (Holdings) Limited
- Magna Pacific Pty Ltd
- Brand New Media Pty Ltd

(a) Consolidated income statement and a summary of movements in consolidated retained profits. A consolidated income statement prepared in accordance with the accounting policy described in note 1, comprising the Company and controlled entities which are parties to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2008 is set out as follows:

	2008	2007
	$'000	$'000
Summary of movements in consolidated retained profits		
Accumulated losses at the beginning of the financial year	(24,044)	(40,174)
Profit/(loss) before tax	(69,796)	19,253
Income tax expense	(2,620)	(3,123)
Other movements	-	-
Dividends paid during the period	-	-
Accumulated losses at the end of the financial year	**(96,460)**	**(24,044)**

34. DEED OF CROSS GUARANTEE (cont.)

(b) Balance sheet

A consolidated balance sheet prepared in accordance with the accounting policy described in note 1, comprising the Company and controlled entities which are parties to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2008 is set out as follows:

	2008 $'000	2007 $'000
Current assets		
Cash and cash equivalents	3,232	1,978
Trade and other receivables	15,524	21,892
Prepayments and other	6,644	1,110
Inventories	3,543	2,705
Other financial assets	454	4
Total current assets	**29,397**	**27,689**
Non-current assets		
Trade and other receivables	18	415
Other financial assets	4,928	19,322
Property, plant and equipment	3,180	1,935
Other intangible assets	37,697	33,338
Committed film assets	7,104	-
Deferred tax assets	5,157	3,449
Total non-current assets	**58,084**	**58,459**
Total assets	**87,481**	**86,148**
Current liabilities		
Trade and other payables	17,501	25,146
Prepaid revenue	-	-
Borrowings	24,911	780
Current tax liabilities	2,079	3,578
Provisions	8,509	2,302
Total current liabilities	**53,000**	**31,806**
Non-current liabilities		
Trade and other payables	415	341
Borrowings	378	854
Provisions	559	365
Committed film liabilities	5,798	-
Deferred tax liabilities	2,019	1,870
Total non-current liabilities	**9,169**	**3,430**
Total liabilities	**62,169**	**35,236**
Net assets	**25,312**	**50,912**
Shareholders equity		
Issued capital	118,186	70,455
Share option reserve	3,724	3,503
Other reserve	(138)	998
Accumulated losses	(96,460)	(24,044)
Total shareholders equity	**25,312**	**50,912**

Information required pursuant to the Listing Rules of the Australian Stock Exchange, as at 31 August 2008:

The number of holders of the issued Ordinary Stock units of the company was 5,633. Voting rights on a poll are pursuant to Article 42 of the Company's articles of association.

The percentage holding of the 20 largest shareholders of ordinary units was 59.04%

The distribution of the Ordinary shareholding of the company was as follows:

No. of Stock Units	No. of Holders
1 - 1,000	915
1,001 -5,000	1,618
5,001 - 10,000	823
10,001 – 100,000	1,901
100,001 – over	376

Number of Shareholders holding less than a marketable parcel: 3,518

4. Details of Substantial Shareholder are:

Prime Media Communications Pty Ltd	211,720,327	43.92%

5. Article 42. Every member present in person or by representative, proxy or attorney shall on a show of hands have one vote and on a poll every member present or by representative, proxy or attorney shall in respect of each fully paid share held by him have one vote for that share.

6. Top 20 Shareholders:

1	Prime Media Communications Pty Ltd	211,720,327	43.92%
2	Lexnom Pty Ltd	16,232,522	3.37%
3	Mr Perry Smith	8,829,348	1.83%
4	Mr Allan Radley	7,290,292	1.51%
5	Mr Louis Carl Olsen	4,861,570	1.01%
6	Illyria Pty Ltd	4,173,725	0.87%
7	Mr George Loucas	3,621,667	0.75%
8	Mr Anthony Banek	3,000,000	0.62%
9	International Business Network (Services) Pty Ltd	3,000,000	0.62%
10	DSAH Holdings Pty Ltd	2,689,997	0.56%
11	Deasil Trading Pty Ltd	2,330,000	0.48%
12	Clockwell Pty Ltd	2,245,000	0.47%
13	Repsya Holdings Inc.	2,000,000	0.41%
14	Mr George & Mrs Irene Nikolaidis	1,981,390	0.41%
15	Mr Johannes Jacobus Knoops	1,951,000	0.40%
16	Bond Street Custodians Limited	1,950,000	0.40%
17	Mr Domenic Carosa	1,825,324	0.38%
18	XS Equities Pty Ltd	1,700,000	0.35%
19	HSBC Custody Nominees (Australia) Limited	1,649,400	0.34%
20	Mr Neville Christie	1,577,440	0.33%
		284,629,002	**59.04%**

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