Appendix 4E

Preliminary final Report

Name of Entity	Structural Monitoring Systems plc
ABRN	106 307 322
Year Ended	30 June 2010
Previous Corresponding Reporting Period	30 June 2009

Results for Announcement to the Market

	$'000	**Percentage increase/(decrease) over previous corresponding period**
Revenue from ordinary activities	187	-43%
Profit / (loss) from ordinary activities after tax attributable to members	(822)	37%
Net profit / (loss) for the period attributable to members	(822)	37%
Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	It is not proposed to pay Dividends	
Interim Dividend	It is not proposed to pay Dividends	
Record date for determining entitlements to the dividends (if any)	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		

Dividends

Date the dividend is payable	No dividends
Record date to determine entitlement to the dividend	No dividends
Amount per security	-c
Total dividend	-c
Amount per security of foreign sourced dividend or distribution	-c
Details of any dividend reinvestment plans in operation	No dividends
The last date for receipt of an election notice for participation in any dividend reinvestment plans	No dividends

Statement of Financial Performance

See attached

Statement of Financial Position

See attached

Statement of Cash flows

See attached

Statement of Retained Earnings

See attached

Net Tangible Assets per Security

	Current Period	**Previous corresponding period**
Net tangible asset backing per ordinary security	0.02c	0.04c

Details of Entities over which Control has been Gained or Lost during the Period

Name of entity (or group of entities)	Not Applicable
Date control gained	Not Applicable
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	Not Applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not Applicable

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
Not Applicable				
Aggregate Share of Net Profits				

Significant Information Relating to the Entity's Financial Performance

The Company significantly downsized operations during the 2009 financial year and continued to operate at this reduced capacity. Costs have been reduced where possible, and management focus is on strategies to increase revenues, with several programs and opportunities being pursued.

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

The financial report complies with United Kingdom Accounting Standards, which include equivalents to International Financial Reporting Standards ("IFRS").

Commentary on the Results for the Period

Refer to the brief commentary provided above.

This report is based on accounts which are in the process of being audited.

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Consolidated Financial Statements

Signed By (~~Director~~/Company Secretary)	
Print Name	Colin McDonald
Date	31 August 2010

Income Statement

FOR THE YEAR ENDED 30 June 2010

	Notes	CONSOLIDATED		PARENT	
		2010	2009	2010	2009
		$	$	$	$
Continuing Operations					
Revenue					
Sale of goods		187,751	327,020	-	-
Cost of Sales		(77,127)	(97,402)	-	-
Gross profit		110,624	229,618	-	-
Other Income	4(a)	547,540	-	-	-
Depreciation charges	4(d)	(21,569)	(46,328)	-	(1,050)
Impairment charges	4 (e)	-	(12,260)	(307,191)	(610,244)
Occupancy expenses		(133,640)	(114,924)	-	-
Marketing expenses		(3,943)	(205,858)	-	-
Research and development expenses	4 (g)	(370,203)	(662,609)	-	(29,294)
Administrative expenses		(950,133)	(826,033)	(70,226)	(116,786)
Loss from continuing operations before income tax and finance costs		(821,324)	(1,638,394)	(377,417)	(757,374)
Finance income	4(c)	6,231	24,013	-	65
Finance costs	4(b)	(3,398)	(266)	-	-
Income tax benefit		-	269,064	-	-
Loss after finance costs and tax from continuing operations		(818,491)	(1,345,583)	(377,417)	(757,309)
Loss attributable to members of the parent		(818,491)	(1,345,583)	(377,417)	(757,309)
Other comprehensive income					
Foreign currency translations		(3,358)	43,686	-	(8,174)
Total other comprehensive income		(3,358)	43,686	-	(8,174)
Total Comprehensive Income for the Period		(821,849)	(1,301,897)	(377,417)	(765,483)
Earnings per share ($ per share)	5				
- basic for loss from continuing operations		(0.025)	(0.045)	-	-
- diluted for loss from continuing operations		(0.025)	(0.045)	-	-

Statement of Financial Position

AS AT 30 June 2010

	Notes	CONSOLIDATED		PARENT	
		2010	2009	2010	2009
		$	$	$	$
ASSETS					
Non-Current Assets					
Property, plant and equipment		9,554	29,118	-	-
Deferred tax asset		-	-	-	-
Total Non-current assets		9,554	29,118	-	-
Current Assets					
Inventories		80,513	115,337	-	-
Prepayments		1,312	9,959	-	-
Trade and other receivables		84,009	319,165	-	78
Cash and cash equivalents		179,705	347,271	2,100	4,561
Total Current Assets		345,539	791,732	2,100	4,639
TOTAL ASSETS		355,093	820,850	2,100	4,639
LIABILITIES					
Non Current Liabilities					
Deferred tax liabilities		-	-	-	-
Total Non Current Liabilities		-	-	-	-
Current Liabilities					
Trade and other payables		229,541	246,901	14,796	-
Provisions		13,371	-	-	-
Total Current Liabilities		242,912	246,901	14,796	-
TOTAL LIABILITIES		833,921	246,901	-	-
NET ASSETS		112,181	573,949	(12,696)	4,639
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	7	30,794,209	30,648,561	30,794,209	30,648,561
Share premium account	7	11,861,031	11,670,488	11,861,031	11,670,488
Accumulated losses		(40,456,065)	(39,634,216)	(40,580,943)	(40,203,526)
Other reserves	7	(2,086,994)	(2,110,884)	(2,086,994)	(2,110,884)
TOTAL EQUITY		112,181	573,949	(12,696)	4,639

Cash Flow Statement

FOR THE YEAR ENDED 30 June 2010

	Notes	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	PARENT 2010 $	PARENT 2009 $
Cash flows from operating activities					
Receipts from customers		163,470	644,736	-	5,480
Payments to suppliers and employees		(1,524,408)	(2,406,723)	(70,102)	(200,398)
Partnership income		537,477	-	-	-
Income tax refund		269,064	-	269,064	-
Other income		13,631	-	-	-
Net cash flows from/(used in) operating activities	6	(540,766)	(1,761,987)	(70,102)	(194,918)
Cash flows from investing activities					
Interest received		6,231	21,351	-	65
Finance costs		(3,398)	(266)	-	-
Proceeds from sale of property, plant and equipment		-	1,501	-	-
Purchase of property, plant and equipment		(2,005)	-	-	-
Net cash flows from/(used in) investing activities		828	22,586	-	65
Cash flows from financing activities					
Proceeds from issue of shares	7	350,942	978,286	350,942	978,286
Loan to subsidiary		-	-	(307,191)	(598,186)
Net cash flows from/(used in) financing activities		350,942	978,286	43,751	380,100
Net increase/(decrease) in cash and cash equivalents		(188,996)	(761,115)	(26,351)	185,247
Net foreign exchange differences		21,430	53,704	23,890	(184,235)
Cash and cash equivalents at beginning of year		347,271	1,054,682	4,561	3,549
Cash and cash equivalents at end of year	6	179,705	347,271	2,100	4,561

Statement Of Changes In Equity
FOR THE YEAR ENDED 30 June 2010

	Issued Capital	Accumulated losses	Share Premium Reserve	Other Reserves	Total
CONSOLIDATED					
At 1 July 2008	30,499,685	(38,332,319)	10,841,078	(1,930,680)	1,077,764
Currency translation differences	-	-	-	(184,235)	(184,235)
Loss for the year	-	(1,301,897)	-	-	(1,301,897)
	-	(1,301,897)	-	(184,235)	(1,486,132)
Cost of share based payments	-	-	-	4,031	4,031
Issue of share capital	148,876	-	860,248	-	1,009,124
Cost of share issues	-	-	(30,838)	-	(30,838)
At 30 June 2009	30,648,561	(39,634,216)	11,670,488	(2,110,884)	573,949
Currency translation differences	-	-	-	23,890	23,890
Loss for the year	-	(821,849)	-	-	(821,849)
	-	(821,849)	-	23,890	(797,959)
Issue of share capital	145,649	-	263,566	-	409,215
Cost of share issues	-	-	(73,023)	-	(73,023)
At 30 June 2010	30,794,210	40,456,065	11,861,031	(2,086,994)	112,182

	Issued Capital	Accumulated losses	Share Premium Reserve	Other Reserves	Total
PARENT					
At 1 July 2008	30,499,685	(39,438,043)	10,841,078	(1,930,680)	(27,960)
Currency translation differences	-	-	-	(184,235)	(184,235)
Loss for the year	-	(765,483)	-	-	(765,483)
	-	(765,483)	-	(184,235)	(949,718)
Cost of share based payments	-	-	-	4,031	4,031
Issue of share capital	148,876	-	860,248	-	1,009,124
Cost of share issues	-	-	(30,838)	-	(30,838)
At 30 June 2009	30,648,561	(40,203,526)	11,670,488	(2,110,884)	4,639
Currency translation differences	-	-	-	23,890	23,890
Loss for the year	-	(377,417)	-	-	(377,417)
	30,648,561	(40,580,943)	11,670,488	(2,086,994)	(348,888)
Issue of share capital	145,649	-	263,566	-	409,215
Cost of share issues	-	-	(73,023)	-	(73,023)
30 June 2010	30,794,209	(40,580,943)	11,861,031	(2,086,994)	(12,696)

CORPORATE INFORMATION

Structural Monitoring Systems Plc is a company limited by shares incorporated in the United Kingdom whose shares are publicly traded on the Australian Securities Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements and those of the parent entity are presented in Australian dollars and have been prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied. The exchange rate at the balance sheet date was £1:$1.76, and the average for the year was £1:$1.80.

Going Concern

The company has achieved a number of significant milestones and accreditations which the Board is confident will ultimately lead to new revenue streams for the Group and enhance the commercialisation of the technology.

The Company also will have access to further fund raisings in the future should it need to supplement its capital.

Consequently the directors consider that it is appropriate to prepare the financial statements on the basis that the company is able to continue as a going concern. The directors recognise that there can be no certainty that the company will be able to find funding and achieve revenue increases and if this is the case the Company may not be able to continue as a going concern. No adjustments have been made to these financial statements to record the impact of such occurrences, however, the directors do not consider that such adjustments would be significant. All necessary impairments in asset values have been made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The consolidated financial statements and the financial statements of the parent company have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the European Union. The financial statements have been prepared in accordance with those parts of the Companies Act 2006 and the Australian Corporations Act 2001 that apply to them.

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and parent entity financial statements.

(a) New accounting standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Group
New and revised Standards			
IFRS 1 First-time adoption of IFRS	Beginning 1 January 2010	This will be adopted for the year ended 30 June 2011	There will be no impact on the financial results of the Group
IFRS 2 Share-based payments (April 2009)	Beginning 1 January 2010	This will be adopted for the year ended 30 June 2011	The impact of this standard will be the effect on the valuation of options issued by the Group. Impact will only be known when new grants occur
IAS 32 Financial Instruments : Presentation	Beginning 1 February 2010	This will be adopted for the year ended 30 June 2011	There will be no impact on the financial results of the Group

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Structural Monitoring Systems Plc and its subsidiaries as at 30 June each year ('the Group').

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(f) Foreign currency translation

The presentation currency of the group is Australian dollars ($AUD). The functional currency of Structural Monitoring Systems Plc is pounds sterling and the functional currency of its Australian subsidiary is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

As at the reporting date the assets and liabilities of the company and the group are translated into the presentation currency of Structural Monitoring Systems Plc at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year. The exchange difference arising on translation is taken directly to a separate component of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis to write off the cost less estimated residual value over the estimated useful life of the asset as follows:

Plant and equipment	6.66% - 20%
Furniture and fittings	6.66%-20%
Office fit-out	33.33%
Computers	20%-40%
Manufactured equipment	33.33%

Leasehold buildings and improvements are written off over the period of the lease.
The residual values and estimated useful lives of the assets are reviewed at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(h) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(i) Intangible Assets

(i) Research and patent costs are expensed as incurred.
(ii) Development expenditure incurred is carried forward when its future recoverability can reasonably be regarded as assured.
Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.
The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.
A summary of the policies applied to the Group's intangible assets is as follows:

	Technology Licence	***Patents and Licences***
Useful lives	*Finite*	*Finite*
Method used	*5 years – Straight line*	*5 years- Straight line*
Internally generated/ Acquired	*Acquired*	*Acquired*
Impairment test / Recoverable amount testing	*The balance has been fully amortised*	*The balance has been fully amortised*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Other financial assets

At each reporting date, the Group assesses the value of other financial assets for any indication that the asset may be impaired. Refer to note 2 (k) for the policy on recoverable amounts of assets.

The terms, conditions and circumstances of loans between entities in the Group are assessed at each reporting date to determine whether the loan is more likely to be in the nature of an investment, and if so, the loans are reclassified accordingly.

(k) Recoverable amount of assets

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a first-in, first-out basis; and
Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(m) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(n) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Share-based payment transactions

The Group provides benefits to employees (including executive directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares (‘equity-settled transactions’).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP), which provides benefits to directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Structural Monitoring Systems Plc (‘market conditions’).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired. This opinion is formed based on the best available information at the balance sheet date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT/GST except:

- where the VAT/GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT/GST included.

The net amount of VAT/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow statement on a gross basis and the VAT/GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(t) Employee Entitlements

(i) Provision is made for long service and annual leave payable to employees on the basis of relevant statutory requirements or contractual entitlements applicable in Australia.

(ii) Group employees are rewarded with share based options. These are stated at fair value at the date of grant and this is expensed on a straight line basis over the estimated vesting period.

Fair value is estimated using the binomial valuation model.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Disclosures concerning the risks associated with these liabilities are contained in Note 18.

(v) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Critical accounting estimates and judgements

The preparation of a financial report in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

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

The main areas where estimates and judgements have been made is in the following:

- valuation of inventories
- carrying value of plant and equipment
- classifications of intercompany loans and investments
- valuation of goodwill.

3 SEGMENT INFORMATION

The consolidated entity operates predominantly in one industry, being Structural Health Monitoring. The main geographic areas that the entity operates in are Europe, the Americas (being Canada, USA and Brazil), and Australasia. The consolidated entity had operations in the UK and Australia, although the Group no longer has employees based in the UK. All segments are now managed from the Australian office. The parent company is registered in the UK so that portion of the loss that pertains to maintaining that company is disclosed in that segment.

	Australia *$*	*UK/Europe* *$*	*Total* *$*
Year ended 30 June 2010			
Revenue			
Sales to external customers	187,751	-	187,751
Finance income	6,231	-	6,231
Other revenues from external parties	547,540	-	547,540
Revenue from continuing operations	741,522	-	741,522
Inter-segment sales	-	-	-
Segment revenue	741,522	-	741,522
Sales revenue by customer location			
Australasia	-	-	-
Europe	49,784	-	49,784
Americas	137,967	-	137,967
Total revenue	187,751	-	187,751
Result			
Segment result	(751,583)	(70,266)	(821,849)
Unallocated expenses	-	-	-
Loss before tax	(751,583)	(70,266)	(821,849)
Income tax credit	-	-	-
Loss for the year	(751,583)	(70,266)	(821,849)
Assets and liabilities			
Segment assets	352,993	2,100	355,093
Unallocated assets	-	-	-
Total assets	352,933	2,100	355,093
Segment liabilities	228,116	14,796	242,912
Unallocated liabilities	-	-	-
Total liabilities	228,116	14,796	242,912
Other segment information			
Capital expenditure	2,005	-	2,005
Depreciation	21,569	-	21,569
Impairment of fixed assets	-	-	-

3 SEGMENT INFORMATION (continued)

	Australia *$*	*UK/Europe* *$*	*Total* *$*
Year ended 30 June 2009			
Revenue			
Sales to external customers	327,020	-	327,020
Finance income	23,948	65	24,013
Revenue from continuing operations	350,968	65	351,033
Inter-segment sales	-	-	-
Segment revenue	350,968	65	351,033
Sales revenue by customer location			
Australasia	13,529	-	13,529
Europe	206,970	-	206,970
Americas	106,521	-	106,521
Total revenue	327,020	-	327,020
Result			
Segment result	(1,403,663)	(167,298)	(1,570,961)
Unallocated expenses	-	-	-
Loss before tax	(1,403,663)	(167,298)	(1,570,961)
Income tax credit	269,064	-	269,064
Loss for the year	(1,134,599)	(167,298)	(1,301,897)
Assets and liabilities			
Segment assets	816,211	4,639	820,850
Unallocated assets	-	-	-
Total assets	816,211	4,639	820,850
Segment liabilities	246,901	-	246,901
Unallocated liabilities	-	-	-
Total liabilities	246,901	-	246,901
Other segment information			
Capital expenditure	-	-	-
Depreciation	45,278	1,050	46,328
Impairment of fixed assets	-	12,260	12,260

4 INCOME AND EXPENSES

(a) Other income

	CONSOLIDATED		PARENT	
	2010	*2009*	*2010*	*2009*
	$	*$*	*$*	*$*
Partnership income	537,477	-	-	-
Settlement discount	1,818	-	-	-
Insurance refund	8,245	-	-	-
	547,540	-	-	-

(b) Finance costs

Interest expense	(3,398)	(266)	-	-

(c) Finance income

Bank interest receivable	3,569	24,013	-	65

(d) Depreciation, amortisation and foreign exchange differences included in income statement

Depreciation	21,569	46,328	-	1,050
Net foreign exchange differences		(40,580)		8,174

(e) Impairment charges

Impairment of investment in subsidiary	-	-		598,184
Impairment of fixed assets	-	12,060	-	12,060

(f) Employee benefits expense

Wages and salaries	615,263	568,167	-	7,586
Workers' compensation costs	5,380	11,983	-	-
Superannuation costs	61,115	67,892	-	-
Social security costs	531	6,535	-	6,535
Expense of share-based payments	-	4,031	-	4,031
Redundancy payments	-	270,471	-	10,465
	682,289	929,079	-	28,617

	No	No	No	No
Average monthly number of employees				
Administration	2	3	-	-
Business development	1	2	-	-
Operations and technical	1.5	4	-	-
Total average employees	4.5	9	-	-

g) Research and development costs

Research and development costs charged	370,203	662,609	-	29,293

5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operations basic earnings per share computations:

	CONSOLIDATED	
	2010	*2009*
	$	*$*
Net loss attributable to equity holders from continuing operations	(821,849)	(1,301,897)
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for basic earnings per share	328,875,290	290,392,669
Weighted average number of ordinary shares for diluted earnings per share	328,875,290	290,392,669

The Group is currently in the process of undertaking a placement of shares to raise funds for working capital. This will involve the issue of approximately 55,521,827 shares at $0.009. This has not been finalised at the time of completion of these financial statements.

6 RECONCILIATION FROM THE NET LOSS AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS

	CONSOLIDATED		*PARENT*	
	2010	*2009*	*2010*	*2009*
	$	*$*	*$*	*$*
Net Loss	(821,849)	(1,301,897)	(377,417)	(765,483)
Adjustments for:				
Finance income	(6,231)	(24,013)	-	(65)
Finance costs	3,398	266	-	-
Depreciation and amortisation	21,569	44,815	-	1,050
Net (profit)/loss on disposal of plant and equipment	-	48	-	-
Writeoffs and adjustments in carrying value of plant and equipment	-	12,260	-	12,260
Currency translation	9,064	(231,892)	-	-
Share options expensed	-	4,031	-	4,031
Impairment of investment in subsidiary	-	-	307,191	598,184
Changes in assets and liabilities				
(increase)/decrease in inventories	34,824	57,299	-	-
(increase)/decrease in trade and other receivables	(2,170)	(391,422)	-	5,403
(increase)/decrease in prepayments	(16,022)	1,273	-	-
(decrease)/increase in trade and other payables	241,975	67,245	124	(50,298)
Net cash from operating activities	(535,442)	(1,761,987)	(70,102)	(194,918)

7 ISSUED CAPITAL AND RESERVES

	2010	2009	2010	2009
	Number	*Number*	*GBP*	*GBP*
Authorised Capital				
Ordinary shares of 0.5p each	500,000,000	500,000,000	500,000,000	25,000,000
	CONSOLIDATED	*PARENT*		
	2010	*2009*	*2010*	*2009*
	$	*$*	*$*	*$*
Ordinary Shares				
Issued and fully paid	30,794,209	30,648,561	30,794,209	30,648,561
	Shares in Issue	*$*		
Movement in ordinary shares in issue				
At 1 July 2008	254,024,768	30,499,685		
At 30 June 2009	321,300,583	30,648,561		
Issued on 27 August 2009 for cash	20,000	52		
Issued on 6 October 2009 for cash	500,000	1,400		
Issued on 22 October 2009 for cash	26,666	74		
Issued on 25 January 2010 for cash	18,588	52		
Issued on 7 May 2010 for cash	48,279,875	144,057		
At 30 June 2010	370,145,712	30,794,209		
Share Premium Reserve				
Share Premium Reserve	11,861,031	11,670,488	11,861,031	11,670,488
	Shares in Issue	*$*		
Movement in Share Premium Reserve				
At 1 July 2008	254,024,768	10,841,078		
At 30 June 2009	321,300,583	11,670,488		
Issued on 27 August 2009 for cash	20,000	248		
Issued on 6 October 2009 for cash	500,000	6,100		
Issued on 22 October 2009 for cash	26,666	326		
Issued on 25 January 2010 for cash	18,588	227		
Issued on 7 May 2010 for cash	48,279,875	256,665		
Cost of issues		(73,023)		
At 30 June 2010	370,145,712	11,861,031		

7 ISSUED CAPITAL AND RESERVES (continued)

	CONSOLIDATED		PARENT	
	2010	*2009*	*2010*	*2009*
	$	*$*	*$*	*$*
Other Reserves				
Option Reserve	199,357	199,357	199,357	199,357

	Unlisted Options on Issue	*$*
Movement in Option Reserve		
At 1 July 2008	24,856,000	195,326
Expired 31 August 2008	(428,000)	-
Cost of options issued in previous periods	-	71,081
Cancelled	(9,178,000)	(67,050)
At 30 June 2009	15,250,000	199,357
Expired 31 August 2009	(250,000)	-
Expired 31 December 2009	(10,000,000)	-
Outstanding unlisted options at 30 June 2010	5,000,000	199,357
Listed Options		
Outstanding listed options at 1 July 2009	61,172,445	-
Granted during the year to 30 June 2010	53,279,875	-
Exercise of listed options	(565,254)	-
Outstanding listed options at 30 June 2010	119,887,066	-

	CONSOLIDATED		PARENT	
	2010	*2009*	*2010*	*2009*
	$	*$*	*$*	*$*
Currency translation reserve	(2,286,351)	(2,310,241)	(2,286,351)	(2,310,241)
Total other reserves	(2,086,994)	(2,110,884)	(2,086,994)	(2,110,884)

7 ISSUED CAPITAL AND RESERVES (continued)

The Company has a share option scheme under which options to subscribe for the company's shares have been granted to executive directors and employees.

Other Reserves

	CONSOLIDATED				PARENT			
	Share Premium Reserve $	*Option Reserve* $	*Currency translation reserve* $	*Total* $	*Share Premium Reserve* $	*Option Reserve* $	*Currency translation reserve* $	*Total* $
As at 1 July 2008	10,841,078	195,326	(2,126,006)	8,910,398	10,841,078	195,326	(2,126,006)	8,910,398
Share issues	860,248	-	-	860,248	860,248	-	-	860,248
Cost of share issues	(30,838)	-	-	(30,838)	(30,838)	-	-	(30,838)
Currency translation differences	-	-	(184,235)	(184,235)	-	-	(184,235)	(184,235)
Issues of options pursuant to Employee Option Scheme	-	71,081	-	71,081	-	71,081	-	71,081
Cancellation of unvested Employee Options	-	(67,050)	-	(67,050)	-	(67,050)	-	(67,050)
As at 30 June 2009	11,670,488	199,357	(2,310,241)	9,559,604	11,670,488	199,357	(2,310,241)	9,559,604
Share issues	263,566	-	-	263,566	263,566	-	-	263,566
Cost of share issues	(73,023)	-	-	(73,023)	(73,023)	-	-	(73,023)
Currency translation differences	-	-	23,890	23,890	-	-	26,430	26,430
As at 30 June 2010	11,861,031	199,357	(2,286,351)	9,774,037	11,861,031	199,357	(2,283,811)	9,776,577

Nature and purpose of reserves

Share premium reserve

The share premium reserve is used to record increments in the value of share issues when the issue price per share is greater than the par value. Costs of the issues are written off against the reserve.

Option reserve

The option reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration, or to other parties in lieu of cash compensation.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiary