Appendix 4E

Annual Report for the period ending 30 June 2010

The following information is given to the ASX under listing rule 4.3A.

Name of entity

FUTURE CORPORATION AUSTRALIA LIMITED

ABN or equivalent company reference	Financial year ended ('current reporting period')
93 075 419 715	**30 JUNE 2010** (previous reporting period 30 June 2009)

Results for announcement to the market

				$A
2.1 - Revenues from ordinary activities	up	26%	to	478,474
2.2 - Loss from ordinary activities after tax attributable to members	up	356%	to	(2,548,540)
2.3 - Net loss for the period attributable to members	up	310%	to	(2,548,540)

2.4 – Final and Interim Dividends (distributions)	**Amount per security (cents per share)**	**Franked amount per security (cents per share)**
Current period	Nil	Nil
Previous corresponding period	Nil	Nil
2.5 - Record date for determining entitlements to the dividend	Not applicable	

2.6 - A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

During the financial year Future Corporation Australia Limited made some noncore investments into the energy sector based on the strategic thinking that markets are at the base of the economic cycle, assets remain deeply discounted and energy demand remains one of the better performing sectors for economic recovery. Future Corporation has acquired interests in two US based projects in Louisiana, the Atocha Project and the Catahoula Lake Project.

Atocha a re-entry well was tested to a depth of 17,500 feet where gas flows were found. Unfortunately due to the high water levels the well was plugged and abandoned and an up dip location for a second well is being analysed at present. All costs associated with the drilling and consulting for the Atocha Project were subsequently write-off increasing expenses by $1,429,602.

3.	A statement of financial performance together with notes to the statement, prepared in compliance with AASB 101 or the equivalent foreign accounting standard	See Consolidated Statement of Comprehensive Income and accompanying Notes.
4.	A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals	See Consolidated Statement of Financial Position and accompanying Notes.
5.	A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 108 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard	See Consolidated Statement of Cash Flows.
6.	Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution	N/A
7.	Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan	N/A
8.	A statement of retained earnings showing movements	See Consolidated Statement of Changes in Equity
9.	Net tangible assets per ordinary security with the comparative figure for the previous corresponding period	0.19 cents (2009: 0.13 cents)
10.	Details of entities over which control has been gained or lost during the period, including the following	Incorporation of 100% owned subsidiary
10.1	Name of the entity	Otis Energy Inc. (USA)
10.2	The date of the gain or loss of control	1 October 2009
10.3	Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period	During the period the Company wrote off $1,429,602 in costs associated with drilling an unsuccessful HM Brian 1 Well in the United States of America.
11.	Details of associates and joint venture entities including the following	During the financial year the Company entered into an investment agreement to earn a 50% membership interest in an Oil & Gas exploration Company in the USA.
11.1	Name of the associate or joint venture entity	Pryme Lake Exploration LLC.
11.2	Details of the reporting entity's percentage holding in each of these entities	50% membership interest

11.3	Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period	During the financial year, the Company's share of profits from the joint venture was $17,822.
12.	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position	Refer to Accounting Policy Note of Financial Statements regarding going concern.
13.	For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)	Australian Equivalents – International Financial Reporting Standards
14.	A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following	Refer to the review of operations
14.1	The earnings per security and the nature of any dilution aspects	Earnings Per Share: profit/loss of (0.00) cents (2009: 0.00 cents) Dilutive earnings per unit: profit/loss of (0.00) cents (2009: loss of 0.00 cents)
14.2	Returns to shareholders including distributions and buy backs	None
14.3	Significant features of operating performance	Refer to item 14 above
14.4	The results of segments that are significant to an understanding of the business as a whole	The company operates in two industries, being a financial services provider and Oil & Gas exploration in the USA Refer to Segment Note of the financial statements.
14.5	A discussion of trends in performance	Refer to item 14 above.
14.6	Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified	None
15.	A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed	The report is based upon audited accounts for the financial year ended 30 June 2010.
16.	If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification	N/A
17.	If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification	N/A

FUTURE CORPORATION AUSTRALIA LIMITED
ABN 93 075 419 715

Annual Report
for the Financial Year ended 30 June 2010

CORPORATE DIRECTORY

Board of Directors
Harry Hill (Chairman)
Barnaby Egerton-Warburton (Managing Director)
Winton Willesee (Non-Executive Director)

Company Secretary
Winton Willesee

Registered Office
Level 1
2 Ross Place
SOUTH MELBOURNE VIC 3205
Ph: 03 9602 413
Web: www.futurecorp.com.au

Auditor
Hayes Knight Audit Pty Ltd
Level 6
31 Queen Street
MELBOURNE VIC 3000

Bankers
NAB
1232 Hay Street
WEST PERTH WA 6005

Share Registry
Link Market Services
Level 22
300 Queen Street
BRISBANE QLD 4000

Stock Exchange Listing
Future Corporation Australia Limited shares are listed on the Australian Securities Exchange.
ASX Code Shares: FUT

CONTENTS

REVIEW OF OPERATIONS

After a year of consolidation Future Corporation has had a successful past twelve months. The Company's responsible entity business Lowell Capital Limited continues to perform to expectations. With the end of major macroeconomic issues associated with the Global Financial Crisis the funds management sector has seen a slow and steady recovery. Global equity markets have seen a recovery from 2008 lows and thus responsible entity businesses, like that of Lowell Capital, have also seen the return of a climate of increasing revenues. The RE business remains a key focus for Future Corporation.

In August of 2009 Future Corporation announced a step out from its traditional financial services business into the energy sector. Three deals were signed, including a Coal Seam Methane project in Europe, and two oil and gas projects based in Louisiana in the US. Subsequently the European project was terminated by Future Corporation after the vendor of the project, failed to deliver government approvals for the re-granting of the flagship project within the agreed timeframes. Future Corporation subsequently acquired interests in two US based energy projects, Atocha and Catahoula Lake.

Atocha

The Atocha project is a natural gas prospect which covers some 6,700 acres of prospective acreage. The Atocha project is located north east of Baton Rouge and is near to the prolific Port Hudson gas field. In December 2009 a re-entry of a well drilled by Shell some 30 years before was initiated. The "Brian #1" well was drilled to a depth of just over 17,000 feet. The target zone was tested and although natural gas shows were evident the formation proved to be sub-economic due to the high water percentage. The well was plugged at the 17,000 foot level and a second test was conducted at the 16,600 foot level. The formation was tested and indications were that the original drilling 30 years prior being "overbalanced", that is with a heavy mud weight, and as a consequence the formation was damaged. The well was subsequently plugged and abandoned. Since that time Future Corporation and Pryme Oil and Gas have been working closely with an expert geologist in the "Tuscaloosa Marine Shale" to determine whether a suitable updip fault trap location can be identified. This has involved acquisition and reprocessing of considerable amounts of data. To date, no conclusion has been reached on an exact position or economic merits of a second test of the Atocha Project.

Catahoula Lake

The Catahoula Lake project was acquired by Future Corporation in January 2010. The initial transaction delivered FUT a 25% working interest in 7,600 acres of prospective exploration acreage and a 25% working interest in a barge rig and equipment capable of drilling on the lake. The other parties to the deal were Pryme Oil and Gas (25%) and Tridimension Energy (50%). The first well was drilled laterally from a land rig in January 2010 and was completed to produce at an initial production rate of 30bopd. The barge rig had been out of service for nearly 10 years and as operator Tridimension Energy was to refurbish the rig with each party paying their associated cost. Tridimension subsequently filed for Chapter 11 bankruptcy protection and thus the completion of the rig and the proposed wells to be drilled were delayed. Pryme Energy, a subsidiary of Pryme Oil and Gas licensed to act as an operator in Louisiana, subsequently took control of refurbishment of the barge rig. This was completed and the barge rig was ready to drill in June 2010. Future Corporation and Pryme Oil and Gas through their 50/50 Joint Venture company Pryme Lake Exploration LLC ("PLX") purchased the "Lamar Property". The Lamar Property consisted of three producing wells yielding close to 45 bopd, production facilities and associated infrastructure. In mid June PLX drilled a well on its 100% owned Lamar acreage and made a successful well. The well was brought on line and is producing at a rate of 50 bopd.

With a solid year behind us we focus on the next 12 months to grow and maximize the value from the RE business and develop our US based energy investments.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Future Corporation Australia Limited ("Future Corporation or "the Company"), Future Fund Energy Pty Ltd, Otis Energy Inc. and Lowell Capital Limited which are the entities it controlled for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

Directors

The following persons were directors of Future Corporation Australia Limited for the whole of the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Name	**Particulars**
Mr Harry Hill	CPA, FCIS Chairman
Experience	Harry is a Certified Practising Accountant and Fellow of the Chartered Institute of Secretaries. He has over 25 years experience as a Director and Company Secretary of several publicly listed companies involved in mining and mineral exploration particularly in commodities of gold, nickel and diamonds and publicly listed companies operating in the field of education, construction and clothing, both wholesale and retail.
Directorships in listed entities or their Manager where a listed trust	Tawana Resources NL New Standard Energy Limited (resigned 28 July 2008)
Relevant interests in shares and options	3,000,000 unlisted 1 cent options expiring 31 December 2012 10,000,000 unlisted 2.5 cent options expiring 30 June 2011

Name	**Particulars**
Mr Barnaby Egerton-Warburton	B. Ec. GAICD. Managing Director
Experience	Barnaby has over 18 years of trading, investment banking, international investment and market experience. He has held positions with investment banks in Perth, Sydney, New York and Hong Kong including JPM Morgan, BNP Equities (New York) and Prudential Securities (New York).
Directorships in listed entities or their Manager where a listed trust	Nil
Relevant interests in shares and options	18,618,536 fully paid ordinary shares 55,000,000 unlisted 1 cent options expiring 31 December 2012 60,000,000 unlisted 1.5 cent options expiring 31 December 2013

Name	**Particulars**
Mr Winton Willesee	BBus, DipEd, PGDipBus, MCom, FFin, CPA Non-Executive Director and Company Secretary (appointed Company Secretary 30 June 2009)
Experience	Winton is an experienced Director and Company Secretary in the small capitalisation sector of ASX. Mr Willesee brings a broad range of experience in company administration, corporate governance and corporate finance from his background with listed and unlisted public companies. He has a Master of Commerce, Post Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Diploma in Education and a Bachelor of Business. Winton is a Fellow of the Financial Services Institute of Australasia and a member of CPA Australia.
Directorships in listed entities or their Manager where a listed trust	Newera Uranium Limited Hawkley Oil & Gas Limited (resigned 22 June 2010) Boss Energy Limited (resigned 8 October 2009) Base Resources Limited New Standard Energy Limited (resigned 28 July 2008)
Relevant interests in shares and options	12,500,000 fully paid ordinary shares 2,000,000 unlisted 1 cent options expiring 31 December 2012 7,500,000 unlisted 1 cent options expiring 31 December 2013 8,000,000 unlisted 1.5 cent options expiring 31 December 2013

DIRECTORS' REPORT (CONT'D)

Remuneration of Directors

Information about the remuneration of the directors is set out in the remuneration report contained within the Directors report on pages 8 to 11.

Share options granted to directors

The following options were issued to Directors during the financial year:

- 65,500,000 options expiring 31 December 2012 with an issue price of $0.01 (1 cent)
- 68,000,000 options expiring 31 December 2013 with an issue price of $0.015 (1.5 cents)

Details of this option issue are at Note 27.

Shares options on issue at year end, exercised or lapsed during the year

Details of unissued ordinary shares of Future Corporation under option at the date of this report are as follows:

Number	Type, exercise price and expiry date
21,151,586	5 year call options exercisable at $0.01 (1 cent) expiring 21 December 2011
5,000,000	Call options exercisable at $0.0025 (0.25 cents) expiring 31 December 2011
10,000,000	Call options exercisable at $0.025 (2.5 cents) expiring 30 June 2011
265,000,000	Call options exercisable at $0.01 (1 cent) expiring 31 December 2013
65,500,000	Key management personnel options exercisable at $0.01 (1 cent) expiring 31 December 2012
68,000,000	Key management personnel options exercisable at $0.015 (1.5 cents) expiring 31 December 2013

Options are convertible to ordinary shares at the exercise prices and prior to the expiry dates detailed above. No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

During the year and up to the date of this report the following options were issued:

Number	Type, exercise price and expiry date
100,000,000	Call options exercisable at $0.0025 (0.25 cents) expiring 31 December 2011
265,000,000	Call options exercisable at $0.01 (1 cent) expiring 31 December 2013
65,500,000	Key management personnel options exercisable at $0.01 (1 cent) expiring 31 December 2012
68,000,000	Key management personnel options exercisable at $0.015 (1.5 cents) expiring 31 December 2013

DIRECTORS' REPORT (CONT'D)

During the year and up to the date of this report the following options were exercised:

Number	Type, exercise price and expiry date
625,000,000	Call options exercisable at $0.0025 (0.25 cents) expiring 31/12/2011

During the year and up to the date of this report the following options lapsed:

Number	Type, exercise price and expiry date
74,265,570	3 year call options exercisable at 1 cent – expiring 21/12/09

At 30 June 2010 434,651,586 options were on issue.

Principal activities

The principal activities of the Group are acting as a responsible entity for a managed investment scheme and managing its other investments.

Operating Results

The Group's Consolidated net loss for the year after applicable income tax was $2,548,540 (2009: loss $558,437).

Review of operations

The Company's Review of Operations is preceding this Directors' Report on page 3.

Review of Financial Position

The net assets of the consolidated entity have increased by $3,634,130 to $5,633,918 as at 30 June 2010. The major movement was due to capital raisings and investments in Oil & Gas assets during the financial year.

The consolidated entity's working capital, being current assets less current liabilities was $1,539,817 compared with $1,750,978 in 2009.

As a result of the above together with the events occurring after balance date, the Directors believe the Company is in a strong and stable position to undertake its stated objectives.

Changes in the state of affairs

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

- The Company issued 840,000,000 ordinary shares at an issue price of $0.005 raising $4,200,000.
- The Company issued 100,000,000 options exercisable at $0.0025 (0.25 cents) expiring 31 December 2011.
- The Company issued 265,000,000 options exercisable at $0.01 (1 cent) expiring 31 December 2013.
- The Company issued 65,500,000 options exercisable at $0.01 (1 cent) expiring 31 December 2012.
- The Company issued 68,000,000 options exercisable at $0.015 (1.5 cents) expiring 31 December 2013.
- The Company entered into an investment agreement with Pryme Oil & Gas (ASX: PYM) under which Future Corporation agreed to join Pryme in the exploration of the Catahoula Lake project by contributing US$700,000 in new capital to Pryme's subsidiary Company Pryme Lake Exploration LLC (PLX) for a 50% membership interest in PLX, with a further US$350,000 payable in December 2010. Catahoula Lake is located in LaSalle Rapides, and Grant parishes, Louisianna. PLX owns a 50% working interest (36.5% net revenue interest) in 7,676 mineral acres throughout Catahoula Lake and 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on the Lake.

DIRECTORS' REPORT (CONT'D)

- The Company entered into a farm out agreement with Pryme Oil and Gas Limited (ASX: PYM) for a 50% interest in the Atocha Project. The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend.

Future Developments

The Company will continue to act as a responsible entity for a managed investment scheme and manage its other investments.

Events Subsequent to Balance Date

There has not been any matter or circumstance, other than that referred to in Note 30, that 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.

Environmental Matters

The consolidated entity holds participating interests in petroleum exploration interests. The various authorities granting such interests require the permit holder to comply with the terms of the grant of the permit and all directions given to it under those terms of the permit. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2010.

Dividends

The directors do not recommend the payment of a dividend for this financial year.

Proceedings on behalf of company

No person has applied for leave of the court under Section 327 of the Corporations Act 2001 to bring proceeding on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. The company was not party to any proceedings during the year.

Meetings of directors

The numbers of meetings of the company's Board of directors held during the year ended 30 June 2010. During the financial year 16 board meetings were held. There is no separate audit, remuneration or nomination committee.

	BOARD OF DIRECTORS	
DIRECTORS	ATTENDED	HELD
Mr Winton Willesee	16	16
Mr Harry Hill	16	16
Mr Barnaby Egerton-Warburton	16	16

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring that the directors of the company, the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such as director, secretary or executive officer to the extend permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extend permitted by the law, indemnified or agreed to indemnify an officer or auditor or the company or any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

There were no non-audit services provided by the Company's auditors during the year to 30 June 2010.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under S307c of the Corporation Act 2001 in relation to the audit of the full year is included on page 12.

REMUNERATION REPORT - AUDITED

Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the *Corporations Act 2001* at the time of the Director's retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Directors' fees

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits
- other remuneration such as superannuation

The combination of these comprises the executive's total remuneration.

Details of the nature and amount of each element of the emoluments of each director of Future Corporation and each of the officers of the company and the consolidated entity receiving the highest emoluments are set out in the following tables.

Remuneration packages are set at levels that are intended to attract and retain first class executives capable of managing the consolidated entity's diverse operations and achieving the company's strategic objectives.

DIRECTORS' REPORT (CONT'D)

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth or the five years to June 2010:

	30.06.10	30.06.09	30.06.08	30.06.07	30.06.06
Revenue	478,474	381,108	968,372	661,347	93,233
Net profit/(loss) before tax	(2,548,540)	(621,781)	(140,624)	(953,656)	(1,020,332)
Net profit/(loss) after tax	(2,548,540)	(558,437)	(203,969)	(971,314)	(1,020,332)
Basic earnings per share	(0.00)	0.00	(0.00)	(0.20)	(0.10)
Diluted earning per share	(0.00)	0.00	(0.00)	(0.20)	(0.10)

The remuneration of the Directors and executives are not linked to the performance, share price or earnings of the Company.

Key Management Personnel

The key management personnel of Future Corporation Limited during the year were:

Future Corporation Australia Limited

Mr H Hill	Chairman	
Mr W Willesee	Non Executive Director	
Mr B Egerton-Warburton	Managing Director	

Lowell Capital Limited

Mr M Ramsden	Executive Director	
Mr D Worth	Executive Director	
Mr D Carroll	Executive Director	(appointed 21 September 2009)
Mr S Mitchell	Executive Director	(resigned 9 September 2009)

Details of remuneration

The aggregate compensation of the directors and senior management of the consolidated entity and the company is set out below:

	Consolidated	
	2010 $	2009 $
Short-term employment benefits	340,457	205,317
Post-employment benefits	500	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	540,800	38,000
	881,757	**243,317**

DIRECTORS' REPORT (CONT'D)

Details of the nature and amount of each element of the emoluments of each director and senior executive of Future Corporation Australia Limited for the year ended ***30 June 2010*** are set out in the following table.

	Short-term benefits	Post-Employment		
Name	**Salary, Fees and Commissions $**	**Superannuation Contribution $**	**Options received as compensation $**	**Total $**
Harry Hill - Director	41,000	-	12,000	53,000
Winton Willesee - Director and Company Secretary (1)	86,100	-	62,800	148,900
Barnaby Egerton-Warburton - Director	128,357	-	466,000	594,357
Michael Ramsden - Executive	28,500	-	-	28,500
David Worth - Executive	28,500	-	-	28,500
Don Carroll - Executive	23,900	-	-	23,900
Stephen Mitchell - Executive	4,100	500	-	4,600
Total	**340,457**	**500**	**540,800**	**881,757**

(1) Payments include amounts paid for Company Secretarial services provided. An additional amount of $12,000 was paid to a Company associated with Mr Winton Willesee for providing office services.

Details of the nature and amount of each element of the emoluments of each director and senior executive of Future Corporation Australia Limited for the year ended ***30 June 2009*** are set out in the following table.

	Short-term benefits	Retirement Benefits		
Name	**Fees $**	**Superannuation $**	**Options received as compensation $**	**Total $**
Harry Hill - Director	43,500	-	38,000	81,500
Winton Willesee - Director	35,700	-	-	35,700
Barnaby Egerton-Warburton - Director	17,450	-	-	17,450
Max Carling - Director	36,667	-	-	36,667
Michael Ramsden - Executive	24,000	-	-	24,000
David Worth - Executive	24,000	-	-	24,000
Stephen Mitchell - Executive	24,000	-	-	24,000
Total	**205,317**	**-**	**38,000**	**243,317**

Options Issued as Part of Remuneration for the Year Ended 30 June 2010

Options are intended to be issued to Directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to increase goal congruence between Directors, executives and shareholders.

	Number of Options granted	Total value of options granted at grant date (1)	Exercise Price of Options $	Expiry Date of Options	Options Vested during the year No.	Vested but not exercisable No.	Vested and exercisable No.
Harry Hill	3,000,000	12,000	0.010	31/12/2012	3,000,000	-	3,000,000
Winton Willesee	7,500,000	30,000	0.010	31/12/2012	7,500,000	-	7,500,000
Winton Willesee	8,000,000	32,800	0.015	31/12/2013	8,000,000	-	8,000,000
Barnaby Egerton-Warburton	55,000,000	220,000	0.010	31/12/2012	55,000,000	-	55,000,000
Barnaby Egerton-Warburton	60,000,000	246,000	0.015	31/12/2013	60,000,000	-	60,000,000

DIRECTORS' REPORT (CONT'D)

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

The following table outlines options issued as part of remuneration for the year ended 30 June 2009:

	Number of Options granted	Total value of options granted at grant date	Exercise Price of Options $	Expiry Date of Options	Options Vested during the year No.	Vested but not exercisable No.	Vested and exercisable No.
Harry Hill	10,000,000	38,000	0.025	30/06/2011	10,000,000	-	10,000,000
Winton Willesee	-	-	-	-	-	-	-
Barnaby Egerton-Warburton	-	-	-	-	-	-	-
Max Carling	-	-	-	-	-	-	-

Shares Issued as Part of Remuneration for the Year Ended 30 June 2010

There were no shares issued as part of remuneration for the year ended 30 June 2010.

Shares Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no shares issued as part of remuneration for the year ended 30 June 2009.

Employment Contracts

The Executive Director, Mr Barnaby Egerton-Warburton, is employed under contract. The employment contract commenced on 22 May 2009 and was extended for a period of 1 year on 22 March 2010 to 22 May 2011. Under the terms of the present contract:

- Mr Egerton-Warburton may resign from his positions and thus terminate this contract by giving one months' written notice.
- The Company may terminate this employment agreement by providing three months written notice.
- The Company may terminate the contact at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Egerton-Warburton is not entitled to any termination payments.
- On termination of the agreement Mr Egerton-Warburton will be not entitled to any termination payments.

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the directors

Mr Winton Willesee
Director

MELBOURNE, 31 August 2010

Hayes Knight Audit
chartered accountants
your partners in success

Hayes Knight Audit Pty Ltd
ABN 86 005 105 975
Level 6, 31 Queen Street
Melbourne VIC 3000

• tel +61 3 8613 8888 • fax +61 3 8613 8800
• email info@hayesknightaudit.com.au
• www.hayesknightaudit.com.au

Registered Audit Company 291969

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FUTURE CORPORATION AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Hayes Knight Audit Pty Ltd
Melbourne

G. S. Parker
Director

Dated this 31 day of AUGUST 2010

DIRECTORS' DECLARATION

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;

c) in the Directors' opinion, the attached financial statements and notes thereto, are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the Directors have been given the declarations required by *s.295A* of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors made pursuant to *s.295(5)* of the *Corporations Act 2001.*

On behalf of the Directors

Mr Winton Willesee
Director

MELBOURNE, 31 August 2010

Hayes Knight Audit
chartered accountants
your partners in success

Hayes Knight Audit Pty Ltd
ABN 86 005 105 975
Level 6, 31 Queen Street
Melbourne VIC 3000

• tel +61 3 8613 8888 • fax +61 3 8613 8800
• email info@hayesknightaudit.com.au
• www.hayesknightaudit.com.au

Registered Audit Company 291969

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FUTURE CORPORATION AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Future Corporation Australia Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of Future Corporation Australia Limited (the consolidated entity). The consolidated entity comprises the company 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 the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 judgment, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 has been provided to the directors of Future Corporation Australia Limited.

Auditor's Opinion

In our opinion:

a. the financial report of Future Corporation Australia Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 Future Corporation Australia Limited for the year ended 30 June 2010, complies with s 300A of the *Corporations Act 2001*.

Hayes Knight Audit

Hayes Knight Audit Pty Ltd

Melbourne

G. S. Parker

Director

Dated this 31 day of August 2010

FUTURE CORPORATION AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 93 075 419 715

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

	Note	2010 $	2009 $
Revenue	5	478,474	381,108
Employee benefits expense		(341,105)	(205,630)
Share Based Payments		(540,800)	(38,000)
Consultancy and management expenses		(271,038)	(179,688)
Write-off of petroleum exploration expenditure		(1,429,602)	-
Impairment of goodwill on consolidation		-	(246,654)
Loss on revaluation of held for sale investments		(33,750)	-
Depreciation of non-current assets		(74)	-
Other expenses from ordinary activities		(410,645)	(332,918)
Loss Before Income Tax	6	**(2,548,540)**	**(621,782)**
Income tax expense	7	-	63,345
Loss for the year from continuing operations		**(2,548,540)**	**(558,437)**
Other comprehensive income			
Exchange differences arising during the year		178,005	**-**
Total comprehensive income for the period		**(2,370,535)**	**(558,437)**
Loss attributrable to			
Owners of the Company		**(2,370,535)**	**(558,437)**
Total comprehensive income attributable to			
Owners of the Company		**(2,370,535)**	**(558,437)**
		Cents per Share	**Cents per Share**
Loss per Share			
Basic Loss per share	26	(0.00)	(0.00)
Diluted Loss per share	26	(0.00)	(0.00)

The above Consolidated Statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current Assets			
Cash and cash equivalents	9	1,831,798	1,753,409
Trade and other receivables	10	55,622	54,293
Other current assets	11	419,960	9,080
Other financial assets	12	116,250	-
Total Current Assets		2,423,630	1,816,782
Non-Current Assets			
Plant and equipment	13	1,271	
Investment in joint venture entities	14	3,022,713	-
Petroleum exploration and evaluation assets	15	821,307	-
Intangible assets	16	248,810	248,810
Total Non-Current Assets		4,094,101	248,810
Total Assets		6,517,731	2,065,592
Current Liabilities			
Trade and other payables	17	561,157	65,804
Borrowings	18	322,656	-
Total Current Liabilities		883,813	65,804
Total Liabilities		883,813	65,804
Net Assets		**5,633,918**	**1,999,788**
Equity			
Capital and reserves			
Issued Capital	19	74,556,896	68,589,531
Reserves	20	756,805	541,500
Accumulated losses		(69,679,783)	(67,131,243)
Equity attributable to owners of the Company		5,633,918	1,999,788
Total Equity		**5,633,918**	**1,999,788**

The above Statement of financial position should be read in conjunction with the accompanying notes.

FUTURE CORPORATION AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 93 075 419 715

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

CONSOLIDATED					
	Issued Capital $	Accumulated Losses $	Option Reserves $	Foreign Exchange Fluctuation Reserve $	Total $
Balance as at 1 July 2008	68,500,876	(66,572,806)	570,000		2,498,070
Loss for the year	-	(558,437)	-		(558,437)
Total Comprehensive income for the period	-	(558,437)	-	-	(558,437)
Conversion of Options	141,500	-	(66,500)		75,000
Issue of Options	-	-	38,000		38,000
Capital Raising Costs	(52,845)	-	-		(52,845)
Balance as at 30 June 2009	**68,589,531**	**(67,131,243)**	**541,500**	**-**	**1,999,788**
Balance as at 1 July 2009	68,589,531	(67,131,243)	541,500	-	1,999,788
Loss for the year	-	(2,548,540)	-	-	(2,548,540)
Other comprehensive income for the year	-	-	-	178,005	178,005
Total Comprehensive income for the period	-	(2,548,540)	-	178,005	(2,370,535)
Issue of options	26,100	-	540,800	-	566,900
Conversion of Options	2,066,000	-	(503,500)	-	1,562,500
Issue of shares	4,200,000	-	-	-	4,200,000
Capital Raising Costs	(324,735)	-	-	-	(324,735)
Balance as at 30 June 2010	**74,556,896**	**(69,679,783)**	**578,800**	**178,005**	**5,633,918**

The above Consolidated statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	2009 $
Cash flows from operating activities			
Receipts from customers		359,856	521,282
Payments to suppliers		(631,695)	(681,702)
Payments to employees		(343,605)	(212,717)
Interest received		116,747	78,008
Income Tax paid		-	(17,657)
Net cash used in operating activities	29	**(498,697)**	**(312,786)**
Cash flows from investing activities			
Payments for plant and equipment		(1,345)	-
Payments for equity investments		(150,000)	-
Payments for petroleum exploration		(2,307,300)	-
Payments for investments in joint ventures		(2,606,139)	
Net cash used in investing activities		**(5,064,784)**	**-**
Cash flows from financing activities			
Proceeds from issue of shares and other equity securities		5,788,600	75,000
Payments for share issue costs		(324,735)	(52,845)
Net cash flows from financing activites		**5,463,865**	**22,155**
Net (Decrease)/Increase in cash and cash equivalents		(99,616)	(290,631)
Cash and cash equivalents at beginning of the financial year		1,753,409	2,044,040
Effects of exchange rate differences on the balance of cash held in foreign currencies		178,005	-
Cash and cash equivalents at the end of the financial year	9	**1,831,798**	**1,753,409**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. General Information

Future Corporation Australia Limited (the Company) is a limited company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors Report.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*	AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
AASB 8 *Operating Segments*	AASB 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 32).
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards and Interpretations affecting the reported results or financial position

There have been no standards introduced during the year which have affected the reported results or financial position.

2.2 Standards and Interpretations adopted with no effect on the financial statements

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

AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations*	The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	In addition to the changes affecting amounts reported in the financial statements described at 2.1 above, the amendments have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	The amendments have led to a number of changes in the detail of the Group's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	30 June 2011
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

3. Significant accounting policies

3.1 Statement of compliance

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

The financial statements comprise the consolidated financial statements of the Group.

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

The financial statements were authorised for issue by the directors on 31 August 2010.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.2 Basis of preparation

The financial report has been prepared on the basis of historical cost, 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, unless otherwise noted.

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

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

3.4 Joint venture assets

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture assets are brought to account at cost.

3.5 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.6.1 Rendering of services

Revenue from the sale of goods and services is recognised (net of returns, discounts and allowances, and duties and taxes paid) when the control of goods passes to the customer or services are provided.

3.6.2 Interest Revenue

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

3.7 Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.8 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

No amounts have been recognised in the financial statements in respect of other equity-settled shared-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

3.9 Taxation

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

3.9.1 <u>Current tax</u>

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

3.9.2 <u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

3.9.3 Current and deferred tax for the period

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

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payments.

3.10 Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11 Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.11.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.11.2 Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 12.

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

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.12 Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning exploration sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration and milling facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

3.13 Petroleum exploration and evaluation

Petroleum exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) petroleum exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Petroleum exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Petroleum exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3.14 Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis.

3.15 Financial liabilities and equity instruments issued by the Group

3.15.1 <u>Classification as debt or equity</u>
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.15.2 <u>Equity instruments</u>
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.15.3 <u>Financial guarantee contract liabilities</u>
Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3.9.4 above.

3.15.4 <u>Financial liabilities</u>
Financial liabilities are classified 'other financial liabilities'.

3.15.5 <u>Other financial liabilities</u>
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.15.6 <u>Derecognition of financial liabilities</u>
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.16 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.1.1 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>4.1.1 Estimation of useful lives of Plant and Equipment</u>

The estimation of useful lives of plant and equipment has been based on historical experience as well as manufacturers' warranties (for plant and equipment). Adjustments to useful lives are made when considered necessary and reviewed at each balance date as stated in Note 3.10.

<u>4.1.3 Tax losses</u>

The Company has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

<u>4.1.3 Impairments</u>

<u>Future Corporation Australia Limited</u>

Investment in Lowell Capital $299,094

The Directors have considered the carrying value of the investment in Lowell capital in the accounts of Future Corporation Limited. It was noted that Lowell Capital has a break even profit position as at 30 June 2010 and has net assets of $291,422. Lowell capital is expected to make profits in the future and there have been no indicators of impairment of this investment

Loan to Subsidiary – Otis Energy Inc. $4,776,056

The Board assessed the net assets of Otis Energy Inc as $3,525,042 and agreed to recognise a provision for non-recovery of the intercompany loan of $1,251,014 in the books of the parent entity.

<u>Otis Energy Inc.</u>

Investment in Joint Venture – Pryme Lake Exploration LLC $3,022,713

The Directors have considered the carrying value of the equity accounted investment in Joint Venture – Pryme Lake Exploration LLC. This carrying value included $447,612 as an accrual for additional amounts payable to Pryme to complete the acquisition. The Directors have assessed the remainder of the carrying value ($AUD 2,575,100) for impairment. The net assets of Pryme Lake at 30 June 2010 is $US 4,389,516. The 50% share of this $US 2,194,758 being $AUD 2,575,100. The Directors agreed that there are no other indicators of impairment in relation to Pryme and the underlying asset – Catahoula Lake

Exploration Assets – Atocha $821,307

The Directors have assessed the impairment indicators of the exploration area in accordance with AASB 6. During the year the Directors resolved to write off all costs associated with the drilling of HM Brian 1 well. The remaining costs carried forward as capitalised exploration and development assets represent costs associated with the entire area of interest. The directors have not yet reached a stage to assess whether the entire area is viable and as such will not impair the costs of the right to the area.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Group

Goodwill on consolidation *$248,810*

The cash generating unit that this goodwill on consolidation solely relates to is the financial services segment of the business, namely Lowell Capital. The Directors have assessed Lowell Capital has a break even profit position as at 30 June 2010 and has net assets of $291,422. Lowell capital is expected to make profits in the future and there have been no indicators of impairment of this goodwill. Based on this the Board agreed that the carrying value of the goodwill is not in excess of the fair value.

	Consolidated	
	2010	**2009**
	$	**$**
5. REVENUE		
Revenue from operating activities		
Oil and Gas revenue	17,822	-
Revenue from services	343,905	301,090
	361,727	**301,090**
Revenue from outside the operating activities		
Interest - loans and receivables	116,747	78,008
Other	-	2,010
	116,747	**80,018**
Total Revenue	**478,474**	**381,108**

6. LOSS ON OPERATIONS

	2010	2009
6.1 Other charges against assets		
Impairment of goodwill	-	(246,654)
Fair value adjustment on investments	(33,750)	-
Total write-downs	**(33,750)**	**(246,654)**
6.2 Other provisions		
Reversal of income tax as a result of tax consolidations	-	63,345

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Consolidated 2010 $	Consolidated 2009 $
7. INCOME TAXES		
(a) The income tax expense for the financial year differs from the amount calculated on the (loss). The differences are reconciled as follows:		
(Loss) before income tax expense	(2,548,540)	(621,782)
Income tax calculated at 30% (2009 - 30%)	(764,562)	(186,535)
Tax effect of permanent differences:		
- Share Based Payments	162,240	11,400
- Fair Value Adjustment	10,125	73,996
- Overprovision for Income Tax Last Year	-	(63,345)
	(592,197)	(164,484)
Tax effect of timing differences:		
- Exploration expenditure	(246,392)	-
- Deductible black hole expenditure	(39,812)	(37,280)
- Tax losses not recognised	-	138,120
- Other timing differences written-off	(4,810)	298
Aggregate income tax expense/(benefit)	(883,211)	(63,346)
Deffered Tax assets not brought to account as assets:		
- Tax Losses	3,621,249	2,738,038
- Temporary Differences	(316,961)	(25,947)
	3,304,288	2,712,091

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

i) 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;

ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and

iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

iv) The losses are transferred to an eligible entity in the consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel Compensation

Refer to Remuneration Report contained within the Directors' Report for details on remuneration per individual director.

(b) Option holdings by Key Management Personnel or their nominees

	Balance 1.7.2008	Granted as Compensation	Lapsed during the year	Net Change Other	Balance 30.6.2009	Vested at reporting date	Vested and exercisable	Vested and unexercisable
Mr M Carling	12,124,428	-	-	(12,124,428) (1)	-	-	-	-
Mr W Willesee	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-
Mr H Hill	-	10,000,000	-	-	10,000,000	10,000,000	10,000,000	-
Mr B Egerton -Warburton	-	-	-	- (2)	-	-	-	-
	16,124,428	**10,000,000**	**-**	**(12,124,428)**	**14,000,000**	**14,000,000**	**14,000,000**	**-**

(1) Mr M Carling resigned on 1 April 2009.
(2) Mr B Egerton-Warburton was appointed 1 April 2009

	Balance 1.7.2009	Granted as Compensation	Lapsed during the year	Net Change Other	Balance 30.6.2010	Vested at reporting date	Vested and exercisable	Vested and unexercisable
Mr W Willesee	4,000,000	15,500,000	-	(2,000,000) (1)	17,500,000	17,500,000	17,500,000	-
Mr H Hill	10,000,000	3,000,000	-	-	13,000,000	13,000,000	13,000,000	-
Mr B Egerton -Warburton	-	115,000,000	-	-	115,000,000	115,000,000	115,000,000	-
	14,000,000	**133,500,000**	**-**	**(2,000,000)**	**145,500,000**	**145,500,000**	**145,500,000**	**-**

(1) During the financial year Mr Willesee purchased 2,000,000 options and exercised 4,000,000 options.

(c) Shareholdings by Key Management Personnel or their nominees

	Balance 1.7.2008	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2009	Balance held nominally
Mr M Carling	24,425,700	-	-	(24,425,700) (1)	-	-
Mr W Willesee	4,000,000	-	-	500,000	4,500,000	4,500,000
Mr B Egerton-Warburton	-	-	-	3,000,000 (2)	3,000,000	3,000,000
Mr H Hill	-	-	-	-	-	-
	28,425,700	**-**	**-**	**(20,925,700)**	**7,500,000**	**7,500,000**

(1) Mr M Carling resigned during the financial year.
(2) Shares purchased on-market trades during the financial year.

	Balance 1.7.2009	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2010	Balance held nominally
Mr W Willesee	4,500,000	-	4,000,000	-	8,500,000	8,500,000
Mr H Hill	-	-	-	-	-	-
Mr B Egerton-Warburton	3,000,000	-	-	10,118,536 (1)	13,118,536	13,118,536
	7,500,000	**-**	**4,000,000**	**10,118,536**	**21,618,536**	**21,618,536**

(1) Shares purchased on-market trades during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Consolidated 2010 $	Consolidated 2009 $

9. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand	1,831,798	1,753,409
	1,831,798	**1,753,409**

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

	2010 $	2009 $
Balances as above	1,831,798	1,753,409
Less: Bank overdrafts	**-**	**-**
Balances per statement of cash flows	**1,831,798**	**1,753,409**

10. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
CURRENT		
Trade Debtors	38,718	36,846
Other Debtors and receivables	16,904	17,447
	55,622	**54,293**

Other Debtors
These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Trade Debtors
Ageing of trade receivables

	2010 $	2009 $
0 - 60 days	38,718	31,507
60 - 90 days	-	5,339
+ 90 days	-	-
	38,718	**36,846**

The average credit period is 30 days. No interest is charged on the trade receivables. No receivables are impaired at year end. All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the group.

11. OTHER CURRENT ASSETS

	2010 $	2009 $
Prepayments	67,756	9,080
Bank Guarantee held in overseas account	352,204	-
	419,960	**9,080**

12. OTHER FINANCIAL ASSETS

<u>Financial assets carried at fair value through profit and loss</u>

	2010 $	2009 $
Current		
Shares in listed entities	116,250	-

	2010 $	2009 $
Disclosed in the financial statements as:		
Current other financial assets	116,250	-
	116,250	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. PLANT AND EQUIPMENT

	Consolidated 2010 $	Consolidated 2009 $
Plant and equipment - at cost	1,345	-
Less: Accumulated depreciation	(74)	-
	1,271	-

Movement in carrying value of plant and equipment	Plant and Equipment 2010 $	Plant and Equipment 2009 $
Carrying amount at beginning of the year	-	-
Additions	1,345	-
Depreciation expense	(74)	-
Carrying amount at end of the year	**1,271**	**-**

The following useful lives have been used in the calculation of depreciation:

Plant and Equipment 2 - 4 years

14. INVESTMENTS IN JOINT VENTURES

	2010 $	2009 $
Contributions to joint venture interests	2,575,101	-
Contributions payable to joint venture interests	447,612	
	3,022,713	**-**

The Group has the following significant interests in joint ventures through its subsidiary Otis Energy Inc.:

- a 50 per cent share in the ownership of an Oil & Gas exploration and development Company in the United States of America. The Group is entitled to a proportionate share of the Oil & Gas revenue received and bears a proportionate share of the costs.

The Group accounts for its portion of the joint venture interest using the equity method of accounting. The voting power held by Future Corporation Australia Limited is 50%. Future Corporation's share of joint venture entity's results and financial position:

	2010 $	2009 $
Current assets	267,374	-
Non-current assets	2,347,419	-
Current liabilities	39,693	-
Non-current liabilities	-	-

	Year ended 2010 $	Year ended 2009 $
Income	153,180	-
Expenses	135,357	-
Profit before income tax	17,822	-

15. PETROLEUM EXPLORATION AND EVALUATION ASSETS

	2010 $	2009 $
Costs carried forward in respect of areas of interest in exploration and evaluation phase (Note 3.13)	**821,307**	**-**
Reconciliation of petroleum exploration and evaluation costs		
Balance at beginning of year	-	
Current year expenditure [(1)]	2,250,909	
Write-off during the year [(2)]	(1,429,602)	
Balance at end of year	**821,307**	**-**

The recoverability of the carrying amount of petroleum exploration and evaluation assets is dependent upon the successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

(1) Capitalised cost of $2,250,909 has been included in cash flows from investing activities in the cash flow statement.

(2) The written off expenditure of $1,429,602 relates to costs associated with the drilling of HM Brian 1 Well.

16. INTANGIBLES

	2010 $	2009 $
Goodwill on consolidation	**248,810**	**248,810**
Movement in Goodwill on consolidation		
Carrying value at beginning of financial year	248,810	495,464
Reduction in the carrying amount of assets	-	(246,654)
Carrying value at end of financial year	**248,810**	**248,810**

17. TRADE AND OTHER PAYABLES

	2010 $	2009 $
Unsecured		
Trade payable [(1)]	97,307	29,804
Other creditors	16,238	36,000
Acquisition costs payable for joint venture interests	447,612	-
	561,157	**65,804**

(1) The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated enity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. BORROWINGS

	2010 $	2009 $
Secured		
Bank Loans	322,656	-

The bank loan above is secured by a bank guarantee with the financial institution (see note 11).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. ISSUED CAPITAL

	2010 No.	2010 $	2009 No.	2009 $
2,861,836,469 fully paid ordinary shares (2009 : 1,396,836,469)	**2,861,836,469**	**74,556,896**	**1,396,836,469**	**68,589,531**

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

Changes to corporations law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2010 No.	2010 $	2009 No.	2009 $
(a) Fully paid ordinary shares				
Balance at beginning of financial year	1,396,836,469	68,589,531	1,366,836,469	68,500,876
Conversion of options	625,000,000	1,562,500	30,000,000	75,000
Placement of shares	840,000,000	4,200,000	-	-
Issue of options	-	26,100	-	-
Transfer from option reserve	-	503,500	-	66,500
Less: Costs of capital raising	-	(324,735)	-	(52,845)
Balance at end of financial year	**2,861,836,469**	**74,556,896**	**1,396,836,469**	**68,589,531**

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

Options

	2010 No.	2009 No.
Balance at beginning of the financial year	635,417,156	1,035,645,333
Granted during the financial year	498,500,000	185,000,000
Exercised during the financial year	(625,000,000)	(30,000,000)
Lapsed during the financial year	(74,265,570)	(555,228,177)
Balance at end of the financial year	**434,651,586**	**635,417,156**

Details on exercise price and expiry date are in the Directors' Report.

Details on share based payments are in Note 28.

Directors Options
Options granted to Directors or their nominees are disclosed in the Remuneration Report and Note 8.

20. RESERVES

	Consolidated 2010 $	Consolidated 2009 $
Options reserve	578,800	541,500
Foreign currency translation	178,005	-
	756,805	**541,500**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. RESERVES (CONT'D)

Options Reserve

	Consolidated 2010 $	Consolidated 2009 $
Balance at beginning of financial year	541,500	570,000
Issue of Options during the year	540,800	38,000
Exercise of Options during the year	(503,500)	(66,500)
Lapse of Options during the year	-	-
	578,800	**541,500**

The option reserve arises on the grant of share options to directors, executives and clients of Cygnet capital under the company's option plan. Amounts are transferred out of the option reserve and into issued capital when the options are exercised. Further information about share based payments and the valuation of these options are detailed in Note 28.

Foreign currency translation reserve

Balance at the beginning of year	-	-
Exchange differences arising on translating the net assets of foreign operations	178,005	-
	178,005	-

Exchange differences relating to the translation of net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

21. COMMITMENTS

Petroleum Exploration Permits – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to outlay rentals and to meet the minimum expenditure requirements of the Mineral resources Authority in the United States of America. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

	Consolidated 2010 $	Consolidated 2009 $
Not later than 1 year	116,950	-
Later than one year but not later than five	33,459	-
Later than 5 years	-	-
	150,409	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables.

The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the consolidated entity's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

22.1 Cash flow interest rate risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the parent entity and consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The group has no policy as to maximum or minimum level of fixed or floating instruments.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

Consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
								-30%	-40%	+30%	+40%
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		$	$	$	$	$	$	$	$	$	$
Financial Assets											
Cash at bank	9	1,831,798	1,753,409	-	-	1,831,798	1,753,409	(20,113)	(30,860)	20,113	30,860
Trade and other Receivables	10	-	-	55,622	54,293	55,622	54,293	-	-	-	-
Other current assets	11	-	-	352,204	-	352,204	-	-	-	-	-
Total		**1,831,798**	**1,753,409**	**407,826**	**54,293**	**2,239,625**	**1,807,702**	**(20,113)**	**(30,860)**	**20,113**	**30,860**
Weighted average interest rate		3.66%	4.40%								
Financial Liabilities											
Trade and other payables	17	-	-	561,157	65,804	561,157	65,804	-	-	-	-
Borrowings	18	-	-	322,656	-	322,656	-				
Total		**-**	**-**	**883,814**	**65,804**	**883,814**	**65,804**	**-**	**-**	**-**	**-**
Weighted average interest rate		-	-								
Net Financial assets (liabilities)		**1,831,798**	**1,753,409**	**(475,988)**	**(11,511)**	**1,355,811**	**1,741,898**	**(20,113)**	**(30,860)**	**20,113**	**30,860**

A sensitivity of 30% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 30% sensitivity would move short term interest rates at 30 June 2010 from 3.66% to 4.76% representing a 110 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis as the prior year.
Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

22.2 Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and daily cash flows and longer term forecasting cash flows
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows.
- Monitoring liquidity ratios (working capital); and
- Liabilities are usually paid later than contractual cashflow in accordance with usual industry practice.

Liquidity risk is measured using liquidity ratios such as working capital.

	Consolidated 30 June 2010	**Consolidated 30 June 2009**
Current Assets	2,423,630	1,816,782
Current Liabilties	883,813	65,804
Surplus/(Deficit)	**1,539,817**	**1,750,978**

Financial Assets

The following tables detail the Company's and the Groups expected maturity for its non-derivative financial assets.

	Consolidated	
	2010	**2009**
Trade and other receivables:	**$**	**$**
Receivable:		
- less than 6 months	55,622	54,293
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	**55,622**	**54,293**

Financial Liabilities

The following tables the Company's and the Groups remaining contractual maturity for its non-derivative financial liabilities.

	Consolidated	
	2010	**2009**
Trade and other payables:	**$**	**$**
- less than 6 months	883,813	65,804
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	**883,813**	**65,804**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for asset or liability that are not based on observable market data (unobservable inputs).

	Note	2010 $ Level 1	2010 $ Level 1	2010 $ Level 1
Financial assets carried at fair value through profit and loss		-	-	-
Shares in listed entities	12	116,250		-
Total		**116,250**	**-**	**-**

There were no transfer between Level 1 and 2 in the period.

22.3 Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for trading rather than for strategic purposes.

22.3.1 Other price risks

The sensitivity analysis below has been determined based on exposure to equity risks at the end of the reporting period.

If equity prices had been 5% higher/lower:

- Net profit for the year ended 30 June 2010 would have increased/(decreased) by $5,813/($5,813) respectively as the equity investments are classified as financial assets through profit or loss.

22.4 Capital Risk Management

When managing capital, management's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2010 and no dividends are expected to be paid in 2011.

There is no current intention to incur debt funding on behalf of the company as on-going operating costs will be funded by the investment activities of the company.

The consolidated entity is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

The capital structure of the group consists of cash and cash equivalents and issued capital, retained earnings and reserves as disclosed in Note 9, 19 and 20 respectively.

22.5 Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant concentration of credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

	Consolidated	
	2010	2009
	$	$
23. REMUNERATION OF AUDITORS		
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:		
Auditor of the parent entity - BDO Kendalls	-	547
Auditor of parent entity - Hayes Knight	25,200	24,000
Auditor of subsidiary - Hayes Knight	4,800	4,704
	30,000	29,251

24. RELATED PARTIES

Directors and specified executives

Disclosures relating to remuneration of directors and specified executives are set out in the Remuneration Report contained in the Directors Report. There were no other transactions or balances with directors and executives during the year or at year end.

Wholly-owned group

The wholly-owned group consists of Future Corporation Australia Limited and its wholly-owned controlled entities Lowell Capital Limited, Otis Energy Inc. and Future Energy Fund Pty Ltd.

Other related parties transactions

During the year Future Corporation Australia Limited, in the normal course of business, entered into transactions with its controlled entities Lowell Capital Limited and Otis Energy Inc.

25. SUBSIDIARIES

Name of entity	Country of incorporation	Class of shares	Equity Holding 2010 %	Equity Holding 2009 %
Lowell Capital Limited	Australia	Ordinary	100	100
Future Energy Fund Pty Ltd	Australia	Ordinary	100	100
Otis Energy Inc.	USA	Ordinary	100	100

During the financial year the consolidated entity incorporated a 100% owned subsidiary Otis Energy Inc.

26. EARNINGS PER SHARE

	2010 Cents Per Share	2009 Cents Per Share
Basic earnings (loss) per share	(0.00)	(0.00)
Diluted earnings (loss) per share	(0.00)	(0.00)
	Number	**Number**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,499,144,628	1,384,295,485
Weighted average number of ordinary shares used as the denominator in calculating diluted earning per share	2,775,661,127	1,065,404,841
	2010	**2009**
Reconciliations of earnings used in calculating earnings per share	**$**	**$**
Basic and diluted earnings per share		
Net (loss) for the period attributable to members	**(2,548,540)**	**(558,437)**

Diluted earnings per share is the same as basic earnings per share when the group has a loss.

27. SHARE BASED PAYMENTS

During the year the company issued 65,500,000 options exercisable at $0.01 and expiring 31 December 2012 to key management personnel. The options having been valued using the binomial option pricing model. The following variables were used in this calculation:

Share Price	$0.007
Risk free interest rate	4.95%
Volatility	160%
Maturity	3.4 years

During the year the company issued 68,000,000 options exercisable at $0.015 and expiring 31 December 2013 to key management personnel. The options having been valued using the binomial option pricing model. The following variables were used in this calculation:

Share Price	$0.007
Risk free interest rate	5.41%
Volatility	160%
Maturity	4.4 years

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The company has no known contingent assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Consolidated 2010 $	Consolidated 2009 $
29. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES		
(a) (Loss)/profit after income tax	(2,548,540)	(558,437)
Reduction in the carrying amounts of investments	-	246,654
Loss on revaluation of held for sale investments	33,750	-
Write off of petroleum exploration expenditure	1,429,602	-
Depreciation	74	-
Share Based Payments	540,800	38,000
Change in operating assets and liabilities, net of effects from sale of controlled entity		
(Increase)/Decrease in trade and other receivables	2,713	260,732
(Increase)/Decrease in other assets	(4,838)	2,064
Increase/(Decrease) in trade and other payables	47,742	(219,850)
Increase/(Decrease) in other provisions	-	(81,949)
Net cash outflow from operating activities	**(498,697)**	**(312,786)**

30. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that 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 other than,

- On 12 July 2010, the Company announced that the Catahoula Lake project has increased its oil production from approximately 50 barrels of oil per day (bopd) to an expected approximate of 100 bopd.

31. PARENT ENTITY INFORMATION

	2010 $	2009 $
Current assets	1,589,536	1,461,425
Non-current assets	3,856,234	328,474
Total assets	**5,445,770**	**1,789,899**
Current liabilities	52,988	38,921
Non-current liabilites	-	-
Total liabilities	**52,988**	**38,921**
Issued capital	74,556,896	68,589,531
Options reserve	578,800	541,500
Retained earnings	(69,742,914)	(67,380,053)
Total Shareholders' equity	**5,392,782**	**1,750,978**
Loss for the year	(2,362,861)	(618,241)
Total comprehensive income for the year	(2,362,861)	(618,241)

The consolidated disclosures made in relation to guarantees, contingent liabilities and capital commitments all relate to the parent, and therefore it is not necessary to disclose them separately.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. This segment reporting was previously reported under AASB 114 as Primary Reporting – Business Segments and this segment analysis has been changed for the current year. The Group's reportable segments under AASB 8 are therefore as follows:

- Lowell Capital – Financial services provider in Australia.
- Otis Energy – Oil & Gas Exploration in the United States.
- Future Corporation – Corporate cost centre

Segment revenues and expenses are those directly attributable to the segment and include any joint venture and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (CONT'D)

	Financial Services (AUS)		Oil & Gas Exploration (USA)		Corporate Cost Centre (AUS)		Eliminations		Consolidated Group Continuing Operations	
Business Segments	**2010 $**	2009 $	**2010 $**	2009 $	**2010 $**	2009 $	**2010 $**	2009 $	**2010 $**	2009 $
REVENUE										
External revenue	349,932	323,054	18,034		110,508	58,054			478,474	381,108
Total Revenue from Ordinary Activities	**349,932**	323,054	**18,034**	**-**	**110,508**	**58,054**	**-**	**-**	**478,474**	**381,108**
RESULT										
Segment Result										
(Loss)/Profit before Income Tax	**(7,672)**	59,804	**(1,429,021)**	-	**(2,362,861)**	(618,241)	**1,251,014**	-	**(2,548,540)**	(558,437)
Income Tax Expense	**-**	-	**-**	-	**-**		**-**	-	**-**	-
(Loss)/Profit after Income Tax	**(7,672)**	59,804	**(1,429,021)**	**-**	**(2,362,861)**	**(618,241)**	**1,251,014**	**-**	**(2,548,540)**	(558,437)
ASSETS										
Segment Assets	**350,234**	325,977	**4,297,054**	-	**5,445,770**	1,789,899	**(3,575,327)**	(50,284)	**6,517,731**	2,065,592
Total Assets	**350,234**	325,977	**4,297,054**	-	**5,445,770**	1,789,899	**(3,575,327)**	(50,284)	**6,517,731**	2,065,592
LIABILTIES										
Segment Liabilities	**58,812**	26,883	**5,776,206**	-	**52,988**	38,921	**(5,004,193)**	-	**883,813**	65,804
Total Liabilities	**58,812**	26,883	**5,776,206**	-	**52,988**	38,921	**(5,004,193)**	-	**883,813**	65,804

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 23 August 2010.

1. Distribution of Shareholders

(a) Analysis of number of shareholders by size of holding.

Category of holding	Number of Shares	Holders	% of Capital
1 - 1,000	293	132,772	0.00
1,001 - 5,001	167	421,861	0.01
5,001 - 10,000	45	343,599	0.01
10,001 - 50,000	58	1,426,751	0.05
50,001 - 100,000	151	12,614,747	0.44
100,001 and over	1,362	2,846,896,739	99.48
Total	**2,076**	**2,861,836,469**	**100.00**

(b) There are 974 shareholders with less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

The names of the twenty largest holders by account holding of ordinary shares are listed below:

SHAREHOLDER	HOLDING	%
DECK CHAIR HOLDINGS PTY LTD	230,000,000	8.04%
MR GEOFFREY FREDERICK LORD & MRS NANETTE KATHLEEN LORD & MR RONALD CHARLES PECK <GNR SUPER FUND A/C>	131,226,448	4.59%
MR TIMOTHY ROBIN BARBOUR & MRS JENNIFER KUANG CONG BARBOUR	69,962,888	2.44%
MR JOHN KOPP & MRS HALINA KOPP <KOPP S/F A/C>	48,327,000	1.69%
MR GARRY SHANE COLLINS & MRS JANICE ANN COLLINS <COLLINS SUPER FUND A/C>	44,300,000	1.55%
AUSTOCK INVESTMENTS PTY LTD	39,184,976	1.37%
TULLA CAPITAL MANAGEMENT PTY LTD	36,000,000	1.26%
TOPSFIELD PTY LTD	35,000,000	1.22%
AMIR INVESTMENTS GROUP PTY LTD	33,687,513	1.18%
RALEIGH INVESTMENTS (WA) PTY LTD	30,390,822	1.06%
KEA HOLDINGS PTY LTD <IOS HOLDING A/C>	30,000,000	1.05%
MR GEOFFREY KEVIN CAMMELL <CAMMELL DISCRETIONARY A/C>	29,720,000	1.04%
MR ANDREW MICHAEL ROY SMITH	27,000,000	0.94%
DOMINION INVESTMENTS PTY LTD	25,000,000	0.87%
MR JONATHAN SAUL ROSHAM	23,000,000	0.80%
JACOBS CORPORATION PTY LTD	22,742,146	0.79%
FULLERTON PRIVATE CAPITAL PTY LIMITED	20,000,000	0.70%
TESTON INVESTMENTS PTY LTD <DON MARTIN SUPER FUND A/C>	20,000,000	0.70%
MR CRAIG BURTON & MRS KATRINA BURTON BURTON SUPERANNUATION FUND	20,000,000	0.70%
MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY SUPER A/C>	20,000,000	0.70%
TOTAL	**935,541,793**	**32.69%**

3. Twenty Largest Option holders

The Company has no listed options on issue during the financial year.

SHARHOLDER INFORMATION (CONT'D)

4. Restricted Securities

As at 23 August 2010 the company had no securities subject to escrow arrangement.

5. Substantial Shareholders

As at 23 August 2010 the substantial shareholder was as follows:

Name of Shareholder	No of Shares	% of Issued Capital
DECK CHAIR HOLDINGS PTY LTD	230,000,000	8.04%

6. Voting Rights

At a general meeting of shareholders:
(a) On a show of hands, each person who is a member or sole proxy has one vote.
(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

CORPORATE GOVERNANCE STATEMENT

The directors of Future Corporation Australia Limited believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance suitable to the business and operations of an entity. A description of the company's main corporate governance practises is set out below. The Company has elected to adopt the 2nd Edition of the "Corporate Governance Principals and Recommendations of the ASX Corporate Governance Council" issued by the ASX Corporate Governance Council in August 2007. The following table reports on compliance with those recommendations.

Principal No	Best Practice Recommendation	Compliance	Reason for Non-compliance
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The board has adopted a formal charter setting out the responsibilities of the Board. This charter can be accessed at www.futurecorp.com.au. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.	Not applicable
1.2	Disclose the process for evaluating the performance of senior executives.	During the period the Company had and currently has no senior or other executives.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	not applicable	Not applicable
2.1	A majority of the Board should be independent of directors.	A definition of director independence can be accessed at www.futurecorp.com.au. Currently all directors are independent. Future Corporation Australia Limited therefore has three independent directors and no non independent directors.	Not applicable
2.2	The chair should be an independent director.	The Chairman, Harry Hill, is independent.	Not applicable
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	Future Corporation Australia Limited does not have a Chief Executive Officer as all directors are non-executive.	Not applicable
2.4	The board should establish a nomination committee.	The board does not have a nomination committee.	It is not a company policy to have a nomination committee, given the size and scale of Future Corporation Australia Limited. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new directors, on an informal basis. The Board's policy for the appointment of new directors to the Board can be accessed at www.futurecorp.com.au.

2.5	Disclose the process for evaluating the performance of the board, its committee and individual directors.	The performance evaluation of board members occurs by way of an informal review by the full board (in the absence of the relevant Board member)	Not applicable.
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of the Annual Report. The name of the Independent Directors are disclosed above. The directors are entitled to take independent professional advice at the expense of the company. The period of office held by each director is disclosed in the Directors' Report which forms part of this Annual Report.	Not applicable
3.1	Establish a code of conduct and disclose the code for a summary of the code as to: • the practise necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company has adopted a Board Code of Conduct and a Company Code of Conduct, both of which can be accessed at www.futurecorp.com.au.	Not applicable
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Company has adopted a Trading Policy which can be accessed at www.futurecorp.com.au.	Not applicable.
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	The information has been disclosed in the Annual Report.	Not applicable.
4.1	The board should establish an audit committee.	The board does not have an audit committee.	It is not a company policy to have an audit committee, given the size and scale of Future Corporation Australia Limited. The role of an audit committee is carried out by the full Board. All items that would normally be dealt with by an Audit Committee are dealt with at Board meetings. The Board meets with the Company auditors when necessary.

			The Board is monitoring the need for an audit committee and will establish one should the size and scale of its operations change.
4.2	The audit committee should be structured so that it: consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at lease three members	See 4.1 above	Not applicable.
4.3	The audit committee should have a formal charter.	See 4.1 above	Not applicable.
4.4	Provide the information in the Guide to reporting on Principle 4.	See 4.1 above	Not applicable.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a Disclosure Policy which can be accessed at www.futurecorp.com.au	Not applicable.
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	The information has been disclosed in the Annual Report.	Not applicable.
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy	The Company has adopted a Disclosure of Information Policy which can be accessed at www.futurecorp.com.au.	Not applicable.
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report	Not applicable.
7.1	Establish policies for the oversight and management of material business risk and disclose a summary of those policies.	Given the size and scale of Future Corporation Australia Limited it does not have a Risk sub-committee or Internal Audit function. The Company has no executives and has outsourced its accounting and compliance functions to reputable service providers.	Not applicable.
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material	The Board believes the risk management and internal control systems designed and implemented by the Directors are adequate given the size and nature of the	The company will develop the risk reporting framework into a detailed policy as its operations continue to grow.

	business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	company's activities. The board informally reviews and requests external service providers to report on risk management and internal control.	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial office (or equivalent) that the declaration provided in accordance with section 295A is the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board receives assurance from Mr Winton Willesee (Director) and the chief financial officer in the form of a declaration, prior to approving financial statement.	Not applicable.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The information has been disclosed in the Annual Report.	Not applicable.
8.1	The board should establish a remuneration committee.	The company does not have an established remuneration committee.	It is not a company policy to have a nomination committee, given the size and scale of Future Corporation Australia Limited. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new directors, on an informal basis. The Board's policy for the appointment of new directors to the Board can be accessed at www.futurecorp.com.au.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives, as described in the Directors' Report which forms part of this Annual Report.	Not applicable.
8.3	Companies should provide the information indicated in the guide to reporting on Principle 8.	The information has been disclosed in the Annual Report.	Not applicable.