STAGING CONNECTIONS GROUP LIMITED
ABN 69 083 269 701

and its Controlled Entities

ANNUAL FINANCIAL REPORT

30 JUNE 2011

Corporate Directory

Staging Connections Group Limited
ABN 69 083 269 701
(referred to in this report as STG or the Company)

Directors

Bryan Waters	Chairman, Non-executive Director
Tony Chamberlain	Managing Director
John Murphy	Non-executive Director
Greg Robertson	Non-executive Director

Company Secretary

Malcolm Craig

Registered Office

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Rozelle, NSW 2039
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Share Registrar

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Sydney South NSW 1235
Tel: 1300 554 474
Telephone outside of Australia: +61 2 8280 7111
Fax: 02 9287 0303
Web: www.linkmarketservices.com.au
Email: registrars@linkmarketservices.com.au

Stock Exchange Listing

The Company's shares are listed on the Australian Securities Exchange Limited under ASX Code 'STG'

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Chairman's Report

On behalf of the Board I would like to present the 2011 Annual Report of the Staging Connections Group.

After a strong first half, the results for the second half of the 2011 financial year were disappointing with the uncertainty in global and local economic conditions impacting on confidence.

Despite the continuing challenging and difficult market conditions, year on year revenue growth was achieved in the ANZPAC Staging Connections, Asia and Dubai operations. The Queensland floods and increased cost of delivery in Dubai impacted profitability in both of these regions.

The results for the Exhibition & Trade Fairs division had a significant impact on the Group's overall profitability during this period. ETF experienced a $5.6m decline in revenue and $3.8m decline in EBITA over the previous year as it had no major international events and some of its local and UK events performing below expectations.

Support functions were restructured during the year to further reduce overhead costs. We expect the full benefit of this restructure will be achieved in the 2012 financial year.

The Company continues to focus on building our customer base, delivering the highest standards of customer service and sales management support to drive organic growth.

Debt and Working Capital

Net bank debt was reduced during the year to $66.8 (prior year $70.3m) reflecting an overall decrease of 32% since FY2008. The sale of Bytecraft Entertainment was finalised during the year, enabling the Company to focus on its core event and exhibition business.

The Company has complied with all of its banking covenants. Subsequent to year end the National Australia Bank extended the Group's banking facilities from August 2012 to August 2013, demonstrating their continuing support for the Company.

Dividends

Given the financial performance, the Board has determined not to declare a dividend for the 2011 financial year.

Corporate Governance

Details of the Company's policies with regard to the management of Corporate Governance are contained on pages 30 to 37 of the Annual Report.

The remuneration policy for directors and senior executives is detailed in the Remuneration Report on pages 19 to 30 of the Annual Report.

Buyback of Minimum Holdings

On 29 August 2011 the Company instituted a buy-back of ordinary shares at 8.4 cents per share for holders of unmarketable parcels of shares (shareholdings valued at less than $500). The buy-back has been instituted to reduce the significant administrative and registry costs associated with the unmarketable parcels.

Delisting

After carefully considering various alternatives as to the best way forward for the company, the Board has determined to put a resolution to shareholders at the Annual General Meeting, which is to be held on 3 November 2011,to delist the Company's securities from quotation on the ASX.

In summary the reasons for delisting include:

- the low level of liquidity in the Company's shares and its tightly held register
- the likelihood of the Company being unable to raise further funds from existing shareholders and the capital markets
- the lack of institutional interest in the Company's shares
- the likely extended timeframe to achieve improvement in financial performance, and
- the cost of retaining the ASX Listing

Outlook

The Group has continued to focus on implementing measures required to deliver improved results in 2012. These measures have included a focus on organic growth, cost reduction from restructuring, the addition of new venues partners and the development of new revenue streams such as webcasting. If the Group is able to achieve the full benefit of these measures, and if the level of confidence and activity in the market is stabilised, the Group has the potential to achieve EBITDA in the range of $16 million to $20 million in the 2012 financial year. While the current year has started promisingly, with sound growth over the previous quarter, the confidence in the economy remains uncertain at present.

The 2011 results have not been as strong as desired, however, the commitment and ongoing contribution from our hard working employees is in no better way acknowledged than by the frequent commendations we receive from our venue partners and clients. Throughout all levels of the Company we have dedicated and passionate employees. I would like to thank them all for their continued tireless work and commitment.

Bryan Waters

Chairman and Non-executive Director

Managing Director’s Report

Overview

The 2011 financial year has been a challenging one for the Company. Our focus has been on sales management to drive organic growth, crew trainee intakes to improve our event delivery capacity, restructuring support functions to reduce overhead costs and continuing to foster the already strong relationships with our venue partners. Despite success in these areas, the challenging market conditions have produced a disappointing result for the 2011 financial year.

2011 Full Year Results

The Company’s results for the year to 30 June 2011 saw EBITA from continuing operations of $1.8m (2010 $5.3m) on revenues from continuing operations of $115.6m (2010 $115.9m).

Results Detail

$m’s	Jun-11	Jun-10
Revenue	115.6	115.9
EBITDA (1)	10.7	14.3
EBITA (1)	1.8	5.3
Intangible impairment	(0.3)	-
Amortisation	(2.0)	(2.5)
Finance costs	(5.9)	(5.9)
Loss before tax from continuing operations	(6.4)	(3.1)
Taxation	(0.6)	(0.9)
Loss after tax from continuing operations	(7.0)	(4.0)
Profit (loss) from discontinued operations	(9.1)	0.7
Profit attributable to Minority Interests	(1.1)	(1.3)
Loss attributable to Members	(17.2)	(4.6)
Adjusted loss attributable to Members (2)	(7.1)	(6.2)

Note 1. The FY2010 H1 results from continuing operations included a $1.2m fair value gain in the increase from 50% to 100% of STG’s interest in the National Tradesman Expo events.

Note 2 Adjusted loss attributable to Members excludes loss on sale of investments, impairments and fair value adjustments.

Summary by Half Years

Continuing	HI			H2			Total		
Operations	**FY11**	**FY10**	**Mvt**	**FY11**	**FY10**	**Mvt**	**FY11**	**FY10**	**Mvt**
Revenue	64.5	58.9	5.6	51.1	57.0	(5.9)	115.6	115.9	(0.3)
EBITDA	9.0	8.5	0.5	1.7	5.8	(4.2)	10.7	14.3	(3.7)
EBITA	4.5	3.9	0.6	(2.7)	1.4	(4.2)	1.8	5.3	(3.6)

Despite the challenging market conditions, revenue growth was achieved in the ANZPAC SC, Asia and Dubai operations. The impact of major weather events in Australia and increased cost of delivery in Dubai reduced the contribution from the increased revenue.

The major contributor to the decline in profit in 2011 was a disappointing performance of the Exhibition & Trade Fairs ("ETF") operation which saw revenue decline by $5.6m and EBITA by $3.8m against the prior year due to the absence of any of its major international events in the 2011 financial year and softer market conditions in the second half.

Support functions were restructured during the year to reduce overhead costs, with the full benefit of these measures to be realised in the 2012 financial year.

There has been an increased focus on sales management during the year, with our sales teams increasing their knowledge of their customers' businesses and improving visibility of their event calendars. A proactive sales culture has been developed which has led to new leads and improved sales conversions.

The Company conducted a number of crew trainee intakes during the year. The training provided is the best in the industry and the intakes will help ensure the capacity to continue to deliver quality events into the future.

Financial Position

As at 30 June 2011 total assets were $148.4 million (2010 $193.4 million), equity was $56.4 million (2010 $81.9 million) and net bank debt was $66.8 million (2010 $70.3 million). The sale of Bytecraft Entertainment was finalised during the year, enabling the Company to reduce debt and focus on its core event and exhibition business.

The Company's cash flow from operations was $10.2 million (2010 $13.2 million). The Company's expenditure on new equipment for the year was $13.4 million (2010 $8.4 million). This includes capital expenditure relating to Bytecraft Entertainment.

Business Update

ANZPAC

The strength of the Company's core Integrated Event and Services business was demonstrated with a 4.4% increase in revenue despite challenging market conditions.

New venue partnerships, including Sydney Showground, Park Hyatt Sydney, RACV Royal Pines and Adelaide Oval, were established during the year. These helped offset the impact of the closure of Star City for renovations and the loss of the Langham Melbourne venue partnership.

Staging Connections continued to develop its Digital Events Services to open new revenue streams. Webcasting continues to grow, venue.com has been launched to generate leads for our venue partners and a new smart phone application for events will be launched in the second half of the 2012 financial year.

The consolidation of the Brisbane and Gold Coast operations in Longonholme will provide operational efficiencies.

As foreshadowed in the December 2010 market announcement, the floods and cyclones had a negative impact on Staging Connections' Queensland operations in the second half of the 2011 financial year.

The high quality of service provided was recognised with Staging Connections' operations in Queensland, Victoria and New South Wales all winning their respective state MEA Products and Services Award for Technical and Creative Production for Branch Turnover over $5 million. Our Queensland branch went on to win the National award. This was in addition to the leading Australian event magazine, micenet Australia announcing Staging Connections was voted the Best AV/Production/Staging/Exhibition Company in their annual Readers' Choice Awards for the second consecutive year.

ETF

ETF had a disappointing year with revenue down $5.6m and EBITA down $3.8m. A major contributor to this poor year on year ETF result was the bi-annual/tri-annual event cycle that meant EFT did not have a major international event in the 2011 financial year.

The RSVP shows in the United Kingdom performed poorly with the depressed market conditions particularly impacting the event industry. Given the difficulty of managing the UK business remotely and the likely continued depressed conditions in that market, , a decision was made to exit the United Kingdom market.

During the year ETF was appointed to manage the exhibition at World Gas in 2015 and as professional exhibition organiser for the Liquefied Natural Gas Conference in Perth in 2016. ETF now has confirmed major international events in 2012, 2013, 2015 and 2016. This, combined with ETF's ability to launch new shows as demonstrated by Motorclassica (named World Event of 2010 by UK classic car enthusiast magazine Octane), provides a strong show profile to support future growth for ETF.

Dubai

Gearhouse Staging Connections ("GSC") in Dubai managed to increase revenue despite difficult market conditions and aggressive competition. Margins were impacted by the increased competition and cost of sourcing event delivery resources.

GSC renewed the venue partnership with the Atlantis the Palm Jumeiah with an expanded service offering including outdoor events. The Grand Hyatt has also become a new venue partner with services to commence in September 2011. High levels of interest from other venues in the region should underpin future growth.

Asia

Asia posted modest gains in both revenue and EBITA.

New leadership in The Event Company Staging Connections ("TECSC") in the 2010 financial year has brought stability to the Singapore operations. As well as the traditional large scale events, TECSC is developing business plans to target smaller recurring events to provide an improved base level of operations. With the competitive event market in Singapore, a challenge for TECSC is securing the required specialised staff.

ETG Staging Connections' ("ETGSC") operations in China suffered from changes in leadership and staff turnover for much of the 2011 financial year. New leadership has brought stability and the rebuilding of the operations has been demonstrated by some recent major event wins. ETGSC added to its venue partners with the signing of the Hilton Hongqiao as a venue partner in Shanghai.

Head Office

STG has continued to rationalise support functions with further decreases in headcount during the year, and the full benefits of these reductions will be realised in the 2012 financial year.

Delisting

The financial performance and the share price of the Company is not near where any of us would like to see them. For the reasons detailed in the Chairman's Report, I believe that the decision to delist is correct and will enable the senior management to fully focus on improving the results of the Company.

Summary

I would like to thank the Board for the continuing guidance provided. I would also like to thank our dedicated and talented employees who work tirelessly to provide outstanding results for our customers.

Tony Chamberlain

Managing Director

DIRECTORS' REPORT

Your Directors submit their 2011 Report on the operations of the Company and the consolidated group for the year ended 30 June 2011.

DIRECTORS

The names and details of the Company's Directors in office during the financial period and until the date of this Report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Bryan Waters *Chairman and Non-executive Director*

Mr Waters was appointed Chairman on 5 November 2009 and has been a Director of the Company since October 2002 when the businesses of AAV Australia and ISIS Communications merged. He was previously a Director and Chairman of ISIS Communications Limited.

Mr Waters has extensive local and international business experience in human resources, banking and governance following a successful career as an executive director of the Bank of Melbourne and prior to that as a senior executive with National Australia Bank both in Australia and internationally.

He holds several non executive directorships in privately held companies, is an executive director of a successful export SME and consults to a leading global career management and leadership company. He has held no other listed company directorships during the last three years.

Mr Waters is Chairman of the Company's Nomination and Remuneration Committee and a member of the Finance, Audit and Risk Committee.

Mr Waters holds a Diploma of Business and is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors and is a Governor of the American Chamber of Commerce in Australia.

Tony Chamberlain *Managing Director*

Mr Chamberlain was appointed Managing Director on 15 September 2008. He is an experienced senior executive whose previous role from 2003 was as President of Chubb Australasia, an organisation with a turnover of $1.2b and more than 12,000 employees. In that role he was responsible for the profitability, growth and development of seven business units including Security Guarding, Mobile Patrols, Cash in Transit, Electronic Security, Fire, Residential Security and New Zealand operations. Prior to that role he was Managing Director of Chubb Fire Australia and General Manager of Brambles Australia Limited's Wreckair business.

The qualifications of Mr Chamberlain include a Bachelor of Business degree from the University of Technology, Sydney and membership of the Australian Institute of Company Directors. He has held no other listed company directorships during the last three years.

John Murphy *Non-executive Director*

Mr Murphy has over twenty seven years accounting experience with a global accounting firm; fifteen years of which were at partner level with regional responsibilities. In 2002 he joined Investec Wentworth Private Equity Limited (IWPE) as Managing Director and is currently a director of a number of the companies in which the private equity funds managed by IWPE have invested. He is a director of Investec Bank (Australia) Limited and the chairman of the bank's investment committee.

Mr Murphy has been a Director of the Company since October 2002 and serves on the Company's Nomination and Remuneration Committee. He was formerly the Chairman of the

Company between October 2002 and December 2003 and served on the Finance, Audit and Risk Committee from October 2002 until 28 February 2006.

Mr Murphy's listed company directorships over the last three years have included:

- Ariadne Australia Limited*
- Gale Pacific Limited *
- Specialty Fashion Group Limited
- Vocus Communications Limited*
- Clearview Health Limited*

*denotes current directorship

Mr Murphy holds Bachelor and Master degrees in Commerce and Fellowships in the Institute of Chartered Accountants in Australia and the Society of Certified Practicing Accountants.

Gregory Robertson *Non-executive Director*

Mr Robertson has extensive experience in business reconstruction and turnaround projects, private equity investments, accounting and law. Mr Robertson spent the first seventeen years of his career with an international accounting firm, eight of these as a partner, and two years as Chief Operating Officer of an electronic commerce services company, before joining Investec Wentworth Private Equity Limited (IWPE) in 2002 as an Executive Director. He is a director and chairman of a number of the companies in which the private equity funds managed by IWPE have invested.

Mr Robertson has been a Director of the Company since October 2002 and is Chairman of the Company's Finance, Audit and Risk Committee. He has held no other listed company directorships during the last three years.

Mr Robertson holds Bachelor degrees in Economics and Law and a Masters degree in Business Administration. He is also a Solicitor of the Supreme Court in NSW and the ACT and a Member of the Institute of Chartered Accountants in Australia.

COMPANY SECRETARY

Malcolm Craig

Mr Craig was appointed Chief Financial Officer and Company Secretary on 14 January 2011, having held the role of Group Financial Controller since November 2008 when he first joined the Company. His previous roles were as Group Finance Manager of APN News & Media Limited, Group Financial Controller of Australian Radio Network Pty Limited and Network Chief Accountant of Network Ten Pty Limited, having commenced his career in 1989 with KPMG Chartered Accountants Sydney. Mr Craig holds a Bachelor of Commerce degree from University of New South Wales and is a Member of the Institute of Chartered Accountants.

Jeffrey Watson

Mr Watson resigned as Chief Financial Officer and Company Secretary on 14 January 2011.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this Report, the interests of the persons who were Directors during the period in the shares and options of STG were:

Director	Ordinary Shares	Options over Ordinary Shares
Bryan Waters	100,000	-
Tony Chamberlain	151,650	1,500,000
John Murphy	102,600	-
Gregory Robertson	321,300	-

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2011 and the number of meetings attended by each Director was as follows:

	Directors' Meetings*		**Finance, Audit and Risk Committee meetings**		**Nomination and Remuneration Committee meetings**	
	A	B	A	B	A	B
B Waters	14	14	5	5	1	1
T Chamberlain	14	14				
J Murphy	14	14			1	1
G Robertson	14	14	5	5		

A Number of meetings attended B Number of meetings held during the time the Director held office during the year

*Note: Of the 14 meetings, 12 were the regular scheduled meetings and 2 were special meetings

Committee membership

As at the date of this Report, the Company had two standing committees of the Board; a Finance, Audit and Risk Committee and a Nomination and Remuneration Committee. .

Members of the Committees of the Board during the year ended 30 June 2011 and to date were:

Finance, Audit and Risk Committee: Gregory Robertson (Chairman) & Bryan Waters
Nomination and Remuneration Committee: Bryan Waters (Chairman) & John Murphy

EARNINGS PER SHARE

	Cents
Basic earnings per share from continuing operations	(10.4)
Diluted earnings per share from continuing operations	(10.4)

DIVIDENDS

There have been no dividends paid or declared in respect of the 2010/11 financial year

CORPORATE INFORMATION

Corporate Overview

Staging Connections Group Limited is a company limited by shares that is incorporated and domiciled in Australia. It has no ultimate parent entity. The Company was first listed on the Australian Stock Exchange in 1999 as ISIS Communications Limited and changed its name to AAV Limited following a merger in late 2002. On 14 December 2006 the Company changed its name to Staging Connections Group Limited. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial period to 30 June 2011.

Employees
The consolidated entity employed 901 employees (full time equivalents) as at 30 June 2011 (30 June 2010: 1,000 employees).

Principal activities

STG delivers a range of integrated event services in Australia and internationally. STG's businesses operate in three regions: Australia, New Zealand and Fiji (ANZPAC); Asia and Dubai. The Company delivers services for events of any scale and size, from business events and annual general meetings to large scale entertainment and sporting events and trade and consumer exhibitions. Through its successful venue services model STG delivers event and audio visual services onsite at over 70 leading five-star hotels and convention centres in ANZPAC, Asia and Dubai.

Investment activities

In the second half of FY2011;

- STG acquired the remaining 50% of the joint venture relating to RSVP North Limited (a company incorporated in the United Kingdom).
- STG divested the Bytecraft Entertainment business from its operations.

Performance Indicators

On a monthly basis the Board of Directors monitors company and divisional performances against the annual strategic plan and financial budgets. The strategic plan and financial budgets are set annually and carefully monitored for consistency with current business performance and forecasts are adjusted when considered appropriate to account for changing conditions and their effects on fiscal projections.

The Board has a policy to conduct a bi-annual review of its effectiveness, composition and performance, and engages in an annual strategy planning process with the senior management group. The annual strategic planning process commences at the business unit manager level to ensure their familiarity, ownership and acceptance of the strategic plan and expected financial performance.

Operating Results for the Year

After a strong first half year, the second half of the financial year provided disappointing results with ongoing challenging market conditions.

Cost containment continued to be a focus with further restructuring of support functions.

Staging Connection's ANZPAC business produced a small improvement in earnings from increased revenues.

The Exhibition and Trade Fairs division produced disappointing results. A decision has been made to exit the UK market, which does not make a material contribution to ETF's revenues and has been loss making. ETF's year on year result was adversely impacted by a lack of a major international event of FY2011.

China's results were adversely impacted by changes in leadership during the year.

Singapore's results were on plan for the year while the results of Dubai were impacted by adverse market conditions.

The divestment of the Bytecraft operation was part of the strategy to realign the business and focus on STG's operations, while simultaneously reducing debt.

STG recorded EBITA from continuing operations of $1.8 million (2010: $5.3 million) on revenues of $116.2 million (2010: $117.5 million). STG's capital expenditure on new equipment for the year of $13.4 million (2010 $8.4 million) was directed to upgrading existing venue equipment, new venue fitouts and maintaining and building equipment inventory in the Company's base warehouse facilities.

Net bank debt reduced to $66.8 million (2010: $70.3 million).

Dividends

The following table shows STG's dividend history (including the current period) for the past five years

Date Paid	Cents per ordinary share
No dividends have been paid or declared for the 2009 to 2011 financial years	
28.09.07	2.5
26.03.07	2.5

Share Price Performance

The following table shows the Company's opening and closing share price history (including the current period) for the past five years

	12 months ended 30 June 2007	12 months ended 30 June 2008	12 months ended 30 June 2009	12 months ended 30 June 2010	12 months ended 30 June 2011*
Opening share price	$1.08	$1.58	$0.230	$0.036	$0.210
Closing share price	$1.58	$0.230	$0.036	$0.021	$0.081

**post consolidation of shares on a 1 for 10 basis in November 2010*

Historical Performance

Over the past five years, the Company has continued to undergo significant changes in its structure and operations. On this basis, comparisons between individual years over a five year period are not considered to be meaningful.

Information on the Company's financial performance and operations is available on the Company's website www.stagingconnections.com where previous annual reports can also be accessed.

Shareholder Returns

On a post November 2010 consolidation basis the price of the Company's shares has moved in the range of $0.210 to $0.081 per share during the year. No dividends have been declared in respect of the 2011 financial year.

Review of financial condition

Capital Structure

During the period under review, STG's capital structure was affected by the following:

- A total of 799,720 (pre-consolidation) Restricted Securities was released from escrow as follows: 676,055 on 4 October 2010 and 123,665 on 31 October 2010.
- At the 4 November 2010 Annual General Meeting the shareholders approved a 1 for 10 consolidation of shares, which was effected on 16 November 2010.

The numbers shown below are on an adjusted post consolidation basis

- 2,645,000 options were granted on 1 July 2010 under the Company's Options and Performance Shares Plan at a (post-consolidation) exercise price of 20 cents per option

- 500,000 options were approved by Shareholders at the 2010 Annual General Meeting for allocation to Mr T Chamberlain, the Managing Director, with a Reference Date for Grant of 1 July 2010 under the Company's Options and Performance Shares Plan at a (post-consolidation) exercise price of 20 cents per option
- 2,777,500 options were forfeited during the year and 10,000 options expired

Treasury Policy

The Board of Directors through the Finance, Audit and Risk Committee formulates the Treasury Policy of the Company. The Board of Directors receives reports on Treasury activities and STG's debt position.

STG's net bank debt at 30 June 2011 was $66.8 million (30 June 2010 $70.3 million).

STG maintains a strong positive working relationship with its bankers.

Cash from operations

Net cash flows from operating activities for the year ended 30 June 2011 were $3.9 million, (prior year $13.2 million).

Trade receivables at 30 June 2011 were $12.8 million compared with $16.5 million at 30 June 2010. At 30 June 2011, the Company booked provisions for doubtful debts of $460,000 (prior year $642,000).

Liquidity and funding

STG has a primary funding facility established with National Australia Bank in Australia. This facility comprises long term debt, a hire purchase facility and a short term overdraft facility. STG works closely with its bankers to maintain facilities that support day to day operations and enables STG to meet business opportunities and unforseen/unbudgeted expenditures as they arise from time to time. In international locations, each of STG's operations maintains working current account bank facilities.

Risk Management

Consistent with ASX Principle 7 STG is committed to ongoing business risk awareness, assurance and control culture which enables continuous improvement of business processes.

STG has a risk management policy through its corporate governance framework which requires adherence to effective risk management practices. The Company continues to develop and improve an integrated business risk management and compliance framework.

The Board of Directors through its Finance, Audit and Risk Committee is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company maintains a policy that Directors must be included in the risk management process through the deliberations of the Finance, Audit and Risk Committee. From time to time, the Board will form a special Committee of Directors who have particular skills and/or experience to review an issue or project and to recommend action to the full Board.

The Company pays active attention to risk mitigation. A range of policies and procedures and management protocols is in place throughout the organisation to manage risk.

The Managing Director, Chief Financial Officer, Chief Information Officer and General Manager Human Resources are responsible and accountable for ensuring that policies, procedures and controls are in place so that risks are managed. There are regular business reviews and frequent site visits to all operations.

STG's Board and the senior management are committed to the proactive management of all risks systematically.

During the 2011 financial year, STG took steps to enhance risk management across the business through:

- OH&S risk management review
- Enhancement of standardised policy and procedures across the Group and a continuing review of authority delegations; and
- Board approved operating plans and budgets with monthly reporting against key performance indicators, both financial and operational.

The Board has a policy of a bi-annual self evaluation process to ensure that it is operating effectively and that it is made up of members with a mix of skills and experience appropriate for the organisation.

Statement of Compliance

This Directors' Report is based on the guidelines in The Group of 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

The 2011 financial results were disappointing in challenging market conditions. STG continued to focus on organic growth, restructuring the cost base and debt reduction.

During the year the Bytecraft operations were sold resulting in reduction of net debt to $66.8 million (2010: $70.3 million).

There have been no changes to the Board during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26 August 2011 the National Bank in Australia extended the STG banking facilities from August 2012 to August 2013.

On 29 August 2011 STG announced the buyback of unmarketable share parcels.

On 29 August 2011 STG announced its intention to delist from the Australian Securities Exchange subject to shareholder and ASX approval.

Since 30 June 2011 there have been no other significant events.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Market conditions in the 2011/12 financial year are expected to continue to be challenging. However, STG anticipates that FY 2012 be one of growth in most markets. Sales growth, debt reduction, and continued business stabilisation will be the key areas of focus. If STG achieves its objectives in these areas, 2011/12 is expected to see growth in profitability and shareholder value.

The Company is committed to timely and full disclosure to shareholders and the investment community. Any opportunities identified by the Company for acquisitions, investments and/or divestments will be advised to the market in accordance with the continuous disclosure obligations of the Australian Securities Exchange's Listing Rules.

On 29 August 2011 STG announced the buyback of unmarketable share parcels. The Minimum Holding BuyBack will enable STG to reduce the administrative and registry costs incurred in managing small holdings, while providing holders of unmarketable parcels the opportunity to exit their investment without incurring brokerage costs.

On 29 August 2011 STG announced its intention to delist from the Australian Securities Exchange subject to shareholder and ASX approval. The reasons for this decision include the following:

- The low level of liquidity in STG's shares and the tightly held register;
- The likely inability to be able to raise further funds from existing shareholders;
- The lack of institutional interest in the company's shares;
- The likely time frame to achieve improved financial results;
- The costs of retaining public listing; and
- STG competes against many private companies who do not have similar disclosure requirements.

Other than the above comments and comments on likely developments included in the Chairman's Report, further information on likely developments in the operations of the Group and the expected results of those operations in future financial periods has been omitted as the Directors believe it would be likely to result in unreasonable prejudice to the Group's interests if such further information was included.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is not subject to any particular or significant environmental regulation. To its knowledge, the consolidated entity has not breached, nor received any notices under any environment regulation.

Environmental Consideration

STG has a number of programs to address its impact on the environment including:

- Paper, cardboard and toner recycling systems;
- Adoption of LED technology for lighting;
- Continuing introduction of automated timing systems for installed lighting systems in venues;
- Disposal of chemicals in accordance with established standards; and
- Continuing introduction of energy efficient lighting in our offices.

To ensure environmentally responsible behaviour is accepted as an integral part of its operations, STG undertakes to:

- Continue the development of environmental programs in order to help systematically reduce the impact on the environment;
- Educate employees and contractors on their environmental responsibilities and ensure this is integrated into their work practices, training and decision making;
- Work with suppliers to ensure that they give consideration to the impact of their processes and products on the environment;
- Work closely with customers to identify ways to improve awareness of, and impact on, the environment;
- Establish programs for the recycling of products, and reducing energy consumption in products and operations; and
- Continuously improve the environmental performance of STG's businesses.

The Company seeks to minimise its delivery vehicle fleet emissions through effective transport planning to and from event venues.

SHARE OPTIONS

Unissued shares

As at the date of this Report, there were options in place over 3,027,500 unissued ordinary shares (3,027,500 at reporting date). Refer to Note 26 of the Financial Report for further details of options outstanding.

Option holders do not have any rights, by virtue of the options, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Shares issued as a result of the exercise of options

During the year ended 30 June 2011, no vested options were exercised.

In the period since balance date and at the date of this Report, no vested options have been exercised.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has in place an agreement to indemnify the Directors and officers for any liability arising out of the conduct of the business or in the discharge of their duties as a director or officer of the consolidated entity.

The Company maintains a contract of insurance for the Directors and officers of the Company and its controlled entities. In accordance with commercial practices the insurance policy prohibits disclosure of the terms of the policy including the amount of the premium.

The Company has entered into a Deed of Indemnity and Access with each Director, the Company Secretary and certain Company Officers holding office as directors of subsidiaries. The Deed requires that Directors' and Officers' Insurance and access to certain records of the Company be provided both during the term of office and for a period of fifteen years post cessation in that role. The Company's current D&O policy provides cover for Directors and Officers for a period of 84 months after termination and non replacement of the D&O policy.

ROUNDING

The amounts contained in this Report and in the Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

TAX CONSOLIDATION

On 1 November 2002, for the purposes of income taxation in Australia, the Company and its 100% owned Australian subsidiaries became a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidation group is Staging Connections Group Limited.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors have received a declaration from the Company's Auditor, PricewaterhouseCoopers in respect of auditor independence. The declaration is appended as Annexure A to this Report.

Note 31 of the Financial Report provides details of non-audit services provided by PricewaterhouseCoopers. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The performance of the Company is dependent upon the skills and quality of its directors and executives. The Company maintains a policy of paying competitive remuneration in line with market forces sufficient to attract, motivate and retain highly skilled and dedicated directors and key management personnel (executives).

The following principles have been embodied into the Company's remuneration policies:

- Provide competitive remuneration to attract and retain high calibre executives;
- Shareholder value to be a key driver for executive rewards;
- Each executive is to have an agreed percentage of total remuneration at risk and dependent upon achievement of agreed pre-determined performance hurdles;
- Each executive is to be entitled to participate in the Company's Options and Performance Shares Plan (Plan) on terms and conditions consistent with the Plan's Rules, the Corporations Act 2001 and ASX Listing Rule requirements; and
- Each executive is to be subject to an annual performance review process.

Nomination and Remuneration Committee

The Board has a Nomination and Remuneration Committee for the purposes of determining and reviewing compensation arrangements for the Directors, the Managing Director (MD) and the executive team and making recommendations to the Board. In addition, the Committee has responsibilities for the selection of Directors, and reviewing the performance of the MD, the Board and each Director. The Committee Charter is set out in the Corporate Governance Statement which forms the last section of the Directors' Report.

The Nomination and Remuneration Committee reviews the appropriateness of the nature and amount of remuneration of Directors, the MD and those senior managers who report directly to the MD. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. The Committee makes reference on a periodic basis to relevant employment market conditions to assess the appropriateness of remuneration and to ensure alignment to maximising shareholder value from the retention of high calibre board members and senior executives.

Remuneration Structure

The structure of Non-executive Director and senior executive remuneration is separate and distinct, in accordance with good practice corporate governance.

Non-executive Director Remuneration

Objective

The Board has set the aggregate remuneration of the Non-executive Directors after reviewing market trends, economic conditions and comparable companies listed on the Australian Securities Exchange as well as taking into consideration the various committee responsibilities and number of meetings. The remuneration is set at a level to ensure that Directors of the highest calibre are attracted and retained by the Company.

Structure

The aggregate remuneration of the Non-executive Directors of the Company is set in accordance with the Company's Constitution and the ASX Listing Rules. The aggregate remuneration is approved from time to time in General Meeting by the shareholders of the Company and divided between Directors in accordance with a resolution of Directors. The most recent determination of the level of aggregate Directors' fees was at the Annual General Meeting held on 5 November 2007 when shareholders approved an aggregate remuneration of $500,000 per year, which remains the current level.

The amount of the aggregate remuneration as approved by shareholders and the manner in which it is apportioned between Directors is reviewed periodically. The Board considers advice from external consultants and the level of fees paid by peer group companies when undertaking the periodic review of Non-executive Directors' fees.

Fees paid to Directors during this period are shown in Table 1 of this Report.

Non-executive Directors receive a fee for sitting on the Board of the Company plus a fee for any board committee involvement. In exceptional circumstances, additional fees may be payable where a Director has provided significant additional time commitment, provided that these fees sit within the aggregate cap of Directors' fees as approved by shareholders from time to time.

The Board holds a view that it is a personal decision for Non-executive Directors to maintain a shareholding in the Company; however Non-executive Directors are not eligible to participate in the Company's share option plan.

Senior Manager and Executive Remuneration

Objective

The Company aims to remunerate executives with a level and mix of remuneration commensurate with their responsibilities and accountabilities within the Company. The remuneration philosophy is designed to:

- Reward executives for performance at the Company, business unit and personal level measured against agreed and pre-set benchmarks;
- Align the interests of shareholders and executives;
- Link reward with achievement of strategic goals and Company performance;
- Ensure that total remuneration is competitively based by market standards; and
- Total remuneration is based on a "Total Remuneration Package" approach to the Company.

Structure

The Nomination and Remuneration Committee is charged with formulating recommendations for the Board and reviewing the level of remuneration to be paid to the Company's executives. The Chairman of the Committee consults external market advisers as to market developments and trends for consideration by the Committee in its deliberations.

The Company enters into service agreements with each executive in a standard format as set by the Committee. The provisions of the service agreement for the Managing Director and the Key Management Personnel appear in Section C of this Remuneration Report.

The remuneration of executives is fixed within a capped "Total Remuneration Package" (TRP) comprised of the following base and 'at risk' components:

- Fixed remuneration
- Variable remuneration, divided between:
  - (i) Short term incentive (STI); and
  - (ii) Long term incentive (LTI).

The proportion of fixed remuneration and variable remuneration is established for each executive by the MD in consultation with the Chairman of the Nomination and Remuneration Committee. The proportion of fixed and variable remuneration for the MD is recommended by the Committee to the Board of the Company. Tables 1 and 2 set out the components of remuneration for key management personnel of the Company and the consolidated entity.

Fixed Remuneration

Objective

The level of fixed remuneration is set to provide a base level of remuneration appropriate to the position and which is competitive in the market.

Structure

The Company undertakes an annual review of fixed remuneration through the Nomination and Remuneration Committee which assesses market movements, company, business unit and personal performance and seeks independent external market advice, where appropriate, to ensure that it has access to the latest trends in remuneration planning and structuring.

Executives are capable of structuring their fixed remuneration in a number of forms to optimal effect without creating any increased cost to the Company. Executives may 'salary sacrifice' their fixed remuneration into motor vehicles and expense payment plans within the overarching fringe benefits taxation legislation.

Variable Remuneration – Short Term Incentive (STI)

Objective

The aim of the STI component of remuneration is to align the achievement of the Company's operational targets with the remuneration received by the executives charged with the achievement of those targets. The level of STI is set so as to provide sufficient incentive to executives to achieve the operational targets but constraining the level of remuneration within the reasonable bounds of TRP to the Company.

Structure

The amount of STI payments due to each executive depends upon the extent to which the executive achieves specific operational targets as set and agreed at the commencement of each financial year. The operational targets consist of principally financial and may include non-financial measures generically regarded as key performance indicators (KPIs), and can include such items as business unit financial contribution to profit (EBITA), customer service, risk management, business development, strategic growth initiatives, etc. The Board sets pre-determined bench-marks which must be met to trigger the payment of STI.

Consideration for the payment of STI is undertaken annually. The Nomination and Remuneration Committee is responsible for the determination of the STI payment to the MD and for reviewing and approving the STI payment recommendation of the MD in respect of the performance of his direct reports. The Board approves the payment of the STI payment to the MD. STI payments are paid in cash with the ability for the executive to nominate that any STI due, or part thereof, in the future may be directed into the superannuation fund of the executive concerned. The election to direct any future STI payment into superannuation must be made prior to the end of May in the Plan year.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The main element behind LTI as a reward for executives is the alignment of the creation and/or increase of shareholder wealth with the remuneration of executives.

As a result, the granting of LTI benefits to executives is restricted to those executives who have a material influence on the Company's performance in achieving long term performance objectives.

Structure

LTI benefits are currently in the form of options over ordinary shares in the Company under the Staging Connections Group Options and Performance Shares Plan (OPSP).

The Directors considered the basis of measurement of performance for the purposes of the Company's remuneration policy and agreed that it is appropriate for the remuneration of the executives to be linked to Company performance and in particular growth in shareholder value using an increase in calculated equity value per share over the testing periods.

In the event that the measures within the testing criteria were not achieved for a performance measurement period, the entitlement to vesting of options under the Company's Share Option Plan would be either:

1. all options will be held over and performance retested at the end of the next performance measurement period and subsequent performance measurement periods until the option expiry date; or

2. a proportion of the options will vest with the executive and the remaining unvested options will be held over and retested in accordance with (1) above.

Options will lapse on the first to occur of the following:

(a) the 5th anniversary of the date of grant (or such other date as set out in each grant – refer Note 26 in the Financial Report);

(b) the expiry of the option term;

(c) the cessation of employment by the optionholder; or

(d) termination of employment of the optionholder by the Company for misconduct, fraud or similar reason.

Under the Company's Share Trading Policy, hedging or the taking out of margin loans in respect of vested or unvested options is prohibited.

Under the Rules of the OPSP, the Directors have discretion to amend the terms of an offer for options in the Company provided that strict compliance with ASX Listing Rules and the Corporations Act 2001 is maintained.

B DETAILS OF REMUNERATION

(a) Directors

The following persons were Directors of Staging Connections Group Limited during the financial year and up to the date of this report, unless otherwise stated:

(i) Chairman – non-executive	B. Waters
(ii) Executive Director	T. Chamberlain – Managing Director
(iii) Non-executive Directors	J. Murphy and G. Robertson

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	**Position**	**Employer**
M. Craig*	Chief Financial Officer and Company Secretary *(appointed 14.1.11)*	Staging Connections Group Limited
J. Watson	Chief Financial Officer and Company Secretary *(resigned 14.1.11)*	Staging Connections Group Limited
P. Gardner	Chief Information Officer	Staging Connections Group Limited
V. Porter*	General Manager Human Resources *(appointed 28.2.11)*	Staging Connections Group Limited
R. Blissett	General Manager, People *(resigned 11.2.11)*	Staging Connections Group Limited

** M. Craig and V. Porter were not key management persons during the year ended 30 June 2010.*

Table 1: Key Management Personnel and other executives of the Company and the Group remuneration for the year ended 30 June 2011.

Name	Year	Short term employee benefits			Post employment benefits		Share based payments	Total
		Salary and fees	Bonus	Other	Severance	Superannuation	Options	
Directors								
B. Waters#	2010	45,920	-	-	-	50,000	-	95,920
	2011	103,846	-	-	-	9,346	-	113,192
T. Chamberlain	2010	422,194	150,000	-	-	27,805	78,504	678,503
	2011	432,271	-			50,000	96,965	579,236
J. Murphy#	2010	65,400	-	-	-	-	-	65,400
	2011	65,400	-	-	-	-	-	65,400
G. Robertson#	2010	76,300	-	-	-	-	-	76,300
	2011	76,300	-	-	-	-	-	76,300
J. Churchill (resigned 5.11.09)	2010	56,000	-	-	-	5,040	-	61,040
Total Directors	**2010**	**665,814**	**150,000**	**-**	**-**	**82,845**	**78,504**	**977,163**
	2011	**677,817**	**-**	**-**	**-**	**59,346**	**96,965**	**834,128**

includes Board Committee fees

Name	Year	Short term employee benefits			Post employment benefits		Share based payments	Total
		Salary and fees	Bonus	Other	Severance	Superannuation	Options	
Key Management Personnel								
M. Craig (appointed 14.1.11)	2011	251,812	-	-	-	22,663	4,845	279,320
J. Watson (resigned 14.1.11)	2010	389,908	90,000	-	-	35,092	82,734	597,734
	2011	232,445	-	22,033	-	29,020	(74,584)	208,914
P. Gardner	2010	285,000	40,000	-	-	25,650	7,865	358,515
	2011	304,492	-	-	-	31,004	9,690	345,186
V. Porter (appointed 28.2.11)	2011	81,731	-	-	-	7,356	-	89,087
R. Blissett (resigned 11.2.11)	2010	215,226	-	-	-	20,351	5,244	240,821
	2011	147,993	-	-	-	13,396	(5,244)	156,145
Total Key Management Personnel	**2010**	**890,134**	**130,000**	**-**	**-**	**81,093**	**95,843**	**1,197,070**
	2011	**1,018,473**	**-**	**22,033**	**-**	**103,439**	**(65,293)**	**1,078,652**
Other Executives								
P. McCann+	2010	414,702	97,174	24,191	-	-	-	536,067
	2011	368,560	-	21,499	-	-	-	390,059
N. Pinto+	2010	367,556	64,783	21,441	-	-	-	453,780
	2011	326,660	-	19,055	-	-	-	345,715
T. Amey# (resigned 31.12.10)	2010	236,238	-	-	-	21,262	42,865	300,365
	2011	131,748	-	25,129	125,000	12,262	(7,865)	286,274
R. Lim**+ (resigned 10.3.10)	2010	216,869	-	45,563	155,874	11,476	-	429,782
I. Terry**	2010	237,985	-	-	-	14,461	7,000	259,446
D. Ritchie*+ (resigned 31.3.11)	2011	173,804	152,030	-	-	29,325	(7,865)	347,294

* not a specified executive for the year ended 30 June 2010 ** not a specified executive for the year ended 30 June 2011

\+ denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the Corporations Act

\# denotes one of the 5 highest paid executives of the Company, as required to be disclosed under the Corporations Act

Table 2: The table below confirms the percentage of annual remuneration of disclosable key management personnel and other executives of the Company and the Group which is At Risk versus Fixed, the percentage of the value of their remuneration for 2011 that consists of share options, and the percentage of total bonus paid and forfeited.

	Fixed Remuneration	At Risk Remuneration – Bonus	At Risk Remuneration – Share options as % of total remuneration		% of bonus payable	% of bonus forfeited
Directors						
B. Waters	100%	—	—		N/A	N/A
T. Chamberlain	55%	33%	12%		0%	100%
J. Murphy	100%	—	—		N/A	N/A
G. Robertson	100%	—	—		N/A	N/A

	Fixed Remuneration	At Risk Remuneration – Bonus	At Risk Remuneration – Share options as % of total remuneration		% of bonus payable	% of bonus forfeited
Key Management Personnel						
M. Craig (appointed 14.1.11)	66%	33%	1%		0%	100%
J. Watson (resigned 14.1.11)	56%	34%	10%		0%	100%
P. Gardner	75%	23%	2%		0%	100%
V. Porter (appointed 28.2.11)	80%	20%	0%		0%	100%
R. Blissett (resigned 11.2.11)	79%	20%	1%		0%	100%

C SERVICE AGREEMENTS

Executives are employed under service agreements which are open ended as to period of service. Service Agreements contain the following provisions:

- statement of duties and reporting structure;
- salary packaging arrangements and components (including Fixed remuneration, STI, LTI and superannuation);
- entitlements to sick, long service and annual leave;
- confidentiality agreement;
- restraint and non-interference clauses following termination of service;
- termination period; and
- dispute resolution.

Tony Chamberlain was appointed as Managing Director on 15 September 2008.

The services of Tony Chamberlain are secured under a service agreement.

The terms of the service agreement are:

- Term of Agreement – no specified term;
- Total Remuneration Package (TRP), inclusive of superannuation, for the year ended 30 June 2011, of $450,000 to be reviewed annually by the Board;
- A bonus of up to 60% of TRP, payable at 30 June 2011 subject to the achievement of measures detailed in the STI;
- During employment the MD is restrained from participating in any similar business to the business of the Company or its associated businesses;
- The Company may terminate the services of the MD (without cause) by the giving of three months' written notice or by paying three months' TRP and the payment of an additional three months TRP;
- The Company may immediately terminate the services of the MD in the event of serious misconduct, dishonesty, fraud or breach of duty. In this event, the MD is only entitled to that proportion of remuneration which is due up to and including the date of termination and his statutory entitlements;
- The MD may terminate his services by providing three months' written notice; and
- The MD will remain under confidentiality, non-compete and non-interference obligations for a period of 6 months following cessation of employment.

Other Key Management Personnel Service Agreements

Malcolm Craig, Chief Financial Officer (CFO and Company Secretary), Staging Connections Group Limited

- Term of agreement – unspecified, commencing 14 January 2011;
- Total Remuneration Package (TRP), inclusive of superannuation, for the year ended 30 June 2011 of $300,000 (pa), to be reviewed annually by the Nomination and Remuneration Committee;
- A bonus of up to 50% of TRP, payable at 30 June 2011 subject to the achievement of measures detailed in the STI;
- The Company may terminate the services of the CFO (without cause) by the giving of three months' written notice or by paying three months' TRP in lieu of notice; an additional one week's notice applies if the CFO is 45 or over and has 2 years' continuous service;
- The CFO may terminate his services by providing three months' notice; and
- The CFO will remain under confidentiality, non-compete and non-interference obligations for a period of 6 months following cessation of employment.

Philip Gardner, Chief Information Officer (CIO), Staging Connections Group Limited

- Term of agreement – unspecified, commencing 17 November 2008;
- Total Remuneration Package (TRP), inclusive of superannuation, for the year ended 30 June 2011 of $322,000 to be reviewed annually by the Nomination and Remuneration Committee;
- A bonus of up to 30% of TRP, payable at 30 June 2011 subject to the achievement of measures detailed in the STI;
- The Company may terminate the services of the CIO (without cause) by the giving of three months' written notice or by paying three months' TRP in lieu of notice;
- The CIO may terminate his services by providing three months' notice; and.

- The CIO will remain under confidentiality, non-compete and non-interference obligations for a period of 6 months following cessation of employment.

Vanessa Porter, General Manager Human Resources (GMHR), Staging Connections Group Limited

- Term of agreement – unspecified, commencing 28 February 2011;
- Total Remuneration Package (TRP), inclusive of superannuation, for the year ended 30 June 2011 of $272,500 (pa) to be reviewed annually by the Nomination and Remuneration Committee;
- A bonus of up to 25% of TRP, payable at 30 June 2011 subject to the achievement of measures detailed in the STI;
- The Company may terminate the services of the GMHR (without cause) by the giving of three months' written notice or by paying three months' TRP in lieu of notice;
- The GMHR may terminate her services by providing three months' written notice; and
- The GMHR will remain under confidentiality, non-compete and non-interference obligations for a period of 3 months following cessation of employment.

Jeff Watson, Chief Financial Officer (CFO and Company Secretary), Staging Connections Group Limited – resigned 14 January 2011

Robert Blissett, General Manager, People (GMP), Staging Connections Group Limited – resigned 11 February 2011

No other employment agreements have been entered into with key management personnel.

D SHARE-BASED COMPENSATION

Table 3: Remuneration options: granted, forfeited and vested during the year

During the financial year options were granted as equity compensation benefits to the specified executive Directors and certain other specified executives as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at a pre-determined exercise price. Each option on exercise becomes one ordinary share. Other specific details on options include vesting period and expiry dates (refer Note 26 of the Financial Report). Following approval by the Shareholders at the 4 November 2010 Annual General Meeting, the Company's shares were consolidated on the basis of 1 ordinary share for every 10 ordinary shares, the options on issue being consolidated on the same basis. For clarity, all holdings and terms of options are shown on the post consolidation basis.

Directors	Vested Number	Forfeited/ Expired Number	Granted Number	Grant Date	Weighted Exercise price per share	First Exercise Date	Last Exercise Date
The Non-executive Directors – B Waters, J Murphy and G Robertson - are not eligible to participate in the Company's Option plan							
T. Chamberlain	—	—	500,000	1.7.10	$0.20	30.09.13	30.09.15
Total: (Executive) Directors	—	—	500,000	—	—	—	—
Specified Executives of the Group							
M. Craig	—	—	25,000	1.7.10	$0.20	30.09.13	30.09.15
J. Watson	—	1,225,000	400,000	1.7.10	$0.20	30.09.13	30.09.15

Specified Executives	Vested Number	Forfeited/ Expired Number	Granted Number	Grant Date	Weighted Exercise price per share	First Exercise Date	Last Exercise Date
P. Gardner	—	—	50,000	1.7.10	$0.20	30.09.13	30.09.15
V. Porter	—	—	—	—	—	—	—
R. Blissett	—	150,000	50,000	1.7.10	$0.20	30.09.13	30.09.15
P. McCann	—	—	—	—	—	—	—
N. Pinto	—	—	—	—	—	—	—
T. Amey	—	185,000	50,000	1.7.10	$0.20	30.09.13	30.09.15
D. Ritchie	—	185,000	50,000	1.7.10	$0.20	30.09.13	30.09.15
Total: Specified executives	—	1,745,000	625,000	—	—	—	—

All of the above executives were specified executives of both the group and/or Company.

Table 4: Option holdings of Directors and specified executives at 30 June 2011

	Balance at beginning of period	Granted as remuneration	Options Exercised	Options Forfeited/ Expired	Balance at end of period	Vested at 30 June 2011			Share Based Payment expense calculated on these options
	1 July 2010				30 June 2011	Total	Not exerciseable	Exercisable	2011 $
Directors									
The Non-executive Directors – B Waters, J Murphy and G Robertson - are not eligible to participate in the Company's Option plan									
T. Chamberlain	1,000,000	500,000	—	—	1,500,000	—	—	—	96,965
Total (Executive) Directors	1,000,000	500,000	—	—	1,500,000	—	—	—	96,965
Specified Executives									
M. Craig	50,000	25,000	—	—	75,000	—	—	—	4,845
J. Watson	825,000	400,000	—	1,225,000	—	—	—	—	(74,584)
P. Gardner	100,000	50,000	—	—	150,000	—	—	—	9,690
V. Porter	—	—	—	—	—	—	—	—	—
R. Blissett	100,000	50,000	—	150,000	—	—	—	—	(5,244)
P. McCann	—	—	—	—	—	—	—	—	—
N. Pinto	—	—	—	—	—	—	—	—	—
T. Amey	135,000	50,000	—	185,000	—	—	—	—	(7,865)
D. Ritchie	135,000	50,000	—	185,000	—	—	—	—	(7,865)
Total: Specified Executives	1,345,000	625,000	—	1,745,000	225,000	—	—	—	(81,023)

Fair value of options

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying shares. The following weighted average assumptions used for grants made in the years 2007 to 2011:

	2011	**2010**	**2009**	**2008**	**2007**
Dividend yield	0%	0%	0%	0%	5.00%
Volatility	50% - 80%	50% - 80%	50% - 80%	36.9% - 42.4%	38.43%
Risk free interest rate	4.93%	4.99%	4.99%	6.4%	5.85%
Expected life of options	5.25 years	5.25 years	5.25 years	4.33 years to 5.0 years	5.33 years

The resulting average fair values per option for those options vesting after 1 July 2010 are:

Number of options	Grant date	Vesting date	Value per option ($)
15,000	1.7.07	30.6.10	4.200
250,000	30.6.09	30.9.12	0.256
130,000	27.7.09	30.9.12	0.256
1,000,000	5.11.09*	30.9.12	0.256
1,132,500	1.7.10	30.9.13	0.119
500,000	4.11.10#	30.9.13	0.119

* Reference date of grant is 1.7.09 #Reference date of grant is 1.7.10

These fair values are recognised as an expense in the financial statements accompanying this Report. The amount recognised as an expense in the financial statements is $48,123 (prior year $263,196).

The minimum value of options yet to vest is nil. The maximum value of options yet to vest has been determined as the amount of the grant date fair value of options that is yet to be expensed. For the current specified executives, the maximum amount is: T. Chamberlain $140,031, M. Craig, $6,997 and P. Gardner $13,995.

E ADDITIONAL INFORMATION

Performance of Staging Connections Group Limited

The table below shows the reported performance of the Group over the past five years, during which time the structure of the Group has changed significantly. The decline in equity arises from the net loss after tax incurred for the current year and the other factors set out elsewhere in the Directors' report.

$000 where applicable	**30-Jun 2011**	**30-Jun 2010**	**30-Jun 2009**	**30-Jun 2008**	**30-Jun 2007**
NPAT	($16,130)	($3,240)	($27,411)	($1,311)	$11,612
Dividend Paid	$0	$0	$0	$0	$2,177
EPS (Basic) (cents)	(10.4)	(0.7)	(11.2)	(4.0)	8.5
Return on Equity	(28.6%)	(4.0)%	(32.5)%	(1.3)%	10.9%
Equity	$56,429	$81,935	$84,477	$98,468	$106,669
Share price at end of year	$0.081	$0.021	$0.036	$0.230	$1.58

Loans to directors and executives
There are and have been no loans to Directors of STG and key management personnel at year end or during the year.

Shares issued on the exercise of options

There were no ordinary shares of Staging Connections Group Limited issued during the year ended 30 June 2011 on the exercise of options granted under the Staging Connections option plan. No further shares have been issued since that date.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

In February 2004, the Directors adopted the Australian Securities Exchange (ASX) Corporate Governance Council's "Principles of Good Corporate Governance" as the basis for the Company's ongoing Corporate Governance practices. The revised ASX Corporate Governance Council's Corporate Governance Principles that came into effect on 1 January 2009 were also reviewed and adopted. The Board regularly reviews the Company's Corporate Governance practices to ensure that they meet the standards expected of a publicly listed company. The Corporate Governance practices were in place throughout the year ended 30 June 2011, except where otherwise indicated.

The Board remains committed to the highest standards of ethical, responsible and accountable behaviour, and maintains a watching brief on the latest developments in Corporate Governance practices. The Board has a Corporate Code of Conduct which can be accessed on the Company's web-site under *www.stagingconnections.com* and is committed to continue the development of a risk management program.

For the purposes of reporting the Company's compliance with each of the ASX Corporate Governance Council's recommendations, the following information is provided:

Principle 1 - Lay Solid Foundations for Management and Oversight by the Board.

The Board's responsibilities to its shareholders and the community are set out in the Corporate Governance Policy, details of which are accessible on the Company's web-site.

These responsibilities include:

1. Set the strategic direction of the Company in a long-term strategic and annual business plan, and to monitor management's performance against measurable targets;
2. Establish the level of the Company's capital structure and set its dividend policy;
3. Approve the annual and half-year financial statements;
4. Ensure compliance with applicable laws, and that effective compliance and risk management systems are in place;
5. Ensure adequate delegations and appropriate policies are in place sufficient to effectively govern the Company;
6. Approve the appointment (and removal if appropriate) of the Managing Director (MD) and evaluate his/her ongoing performance and remuneration;
7. Approve the appointments (and removal if appropriate) of the Chief Financial Officer (CFO) and Company Secretary, and evaluate their performance and remuneration;

8. Ensure that remuneration and performance policies, and an appropriate succession plan for senior management, are in place;

9. Adoption of an entity structure supportive of best practice in Corporate Governance, which is aligned to the Company's mission, vision, values, strategies, ethical standards and regulatory environment;

10. Ensure that all shareholders are treated equally;

11. Through the Finance, Audit and Risk Committee, maintain close liaison with the Company's auditors.

The Board has two standing Committees to assist it in carrying on its responsibilities. The Committees of the Board are:

- Finance, Audit and Risk Committee; and
- Nomination and Remuneration Committee.

The Chairman's role is to provide leadership and to manage the Board so that it operates efficiently and effectively, and to facilitate interaction between the Managing Director and the Board.

The Board recognises that the performance of its members and the MD is critical to the Company's ongoing success. The Board has approved and implemented a process to evaluate its performance and those of its members, and to consider the performance reports (through the Nomination and Remuneration Committee) of the MD and the senior executives at least annually.

The review of performance of the MD is undertaken by the Nomination and Remuneration Committee, which recommends to the Board on any remuneration adjustment or incentive payment.

The review of the performance of senior management is undertaken by the MD, who provides a recommendation to the Nomination and Remuneration Committee on any remuneration adjustments or incentive payments. After deliberation, the Committee provides its recommendation to the Board for decision.

The Company has provided each Non-executive/independent Director with a letter of appointment setting out the terms of a Director's engagement and the duties, responsibilities and expectations attaching to that position. The Board provides each Non-executive Director with a formal induction protocol. The protocol encapsulates all details on the Company's policies, operations, financial performance, risk management, corporate governance and related codes of conduct, Directors' duties, access to independent professional advice, access to the Company Secretary and senior management, and any additional information considered necessary for informed decision making. Directors and senior management are expected to adhere to a process of continuing education in matters relevant to the Company's industry and its legal and regulatory environment.

The day to day operations of the Company and the day to day financial management of the Company are managed by the key management personnel comprising the MD, the CFO, the Chief Information Officer (CIO) and the General Manager Human Resources.

The Company Secretary is responsible to the Board on all Corporate Governance matters.

Principle 2 - Structure the Board to Add Value

The Company's Constitution provides that the Board will have a minimum of three Directors, and a maximum of ten.

The Board currently is comprised of four Directors, with three Directors being Non-executive Directors and the MD being an executive Director. The Board considers that this mix is appropriate for the effective size and operation of the Company.

As a principle, a majority of the Board are to be independent directors; free from business or other relationships, which could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their independent judgement. In the context of director independence, "materiality" is considered from both a company and a director perspective. The determination of materiality requires both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is greater than 5% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty. Independent directors are also independent of management.

In accordance with the definition of independence above, and the materiality thresholds set, Bryan Waters, the Chairman and Non-executive Director is considered to be independent.

The remaining Non-executive Directors (Messrs Murphy and Robertson) are associates of Investec Wentworth Private Equity Limited, which manages funds which are substantial shareholders in the Company, currently collectively holding 47,982,001 ordinary shares (61.27% of total issued capital). The Board, whilst recognising the principle that Non-executive Directors should also be independent, considers that the current structure is in the best interest of the Company and for the benefit of shareholders given the level of experience the Directors bring to the Board and the current stage of development of the Company.

As at the date of this Report, the term in office for each Director is as follows:

Bryan Waters	13 years
John Murphy	8 years 10 months
Gregory Robertson	8 years 10 months
Tony Chamberlain	2 years 11 months

The Constitution of the Company requires that at each Annual General Meeting, one-third of the number of Directors must retire by rotation. Any Directors appointed by the Board to fill a casual vacancy since the last Annual General Meeting or General Meeting of shareholders, must stand down and seek re-election at the next Annual General Meeting.

The Board has determined that it should be made up of members with an appropriate mix of skills and judgements, and that the collective performance and that of each Director is to be reviewed annually. The Board last undertook a self evaluation process of the Board and its operation during June 2009. It was agreed in May 2010 to undertake this review a bi-annual basis. The review of the Board performance and that of its committees is currently in progress.

The Board is committed to having appropriate diversity on the Board and in the consolidated entity's senior executive positions. The Board is in the process of developing a policy regarding gender, age, ethnic and cultural diversity.

To assist it effectively managing its responsibilities, the Board has appointed two standing Committees; details of which are contained in Principle 1 above.

The Board may appoint other Committees from time-to-time as required, but cannot delegate major decisions to Committees. Committees of the Board make recommendations to the Board, but in certain circumstances, they may be authorised to decide an issue by the Board.

The Nomination and Remuneration Committee is comprised of two Non-executive Directors, Messrs Waters (Chairman) and Murphy; the MD attends by invitation. The Charter of the Committee includes the following responsibilities:

- Review of the composition of the Board at least annually to ensure that it maintains an appropriate mix of expertise and experience;
- Proposal of suitable nominees to the Board should a vacancy occur;
- Establish the terms of employment of Non-executive Directors and form of letters of appointment thereof;
- Review the Company's incentive, superannuation, retirement, termination and other benefits policies;
- Bi-annually review the performance of the Committee. This review last took place in June 2009 as part of the review of the Board. The review of the Committee is currently in progress;
- Ensure that a system for appropriate succession planning is in place and is regularly reviewed;
- Recommend to the Board, remuneration policies and programmes, including incentive strategies and performance targets; and
- Recommend to the Board, the remuneration for Non-executive and executive Directors, and senior executives who report directly to an executive Director; and manage succession planning for the senior executive and key corporate positions.

The Committee seeks the advice of experienced external consultants where necessary.

The composition and responsibilities of the other standing committee, being the Finance, Audit and Risk Committee, is outlined below under Principle 4.

Principle 3 - Promote Ethical and Responsible Decision Making

The Company has a Code of Conduct, which is applicable to all directors and employees. The Code is based on the premise that all dealings with employees, stakeholders, the community and regulatory authorities are to be conducted fairly, diligently, honestly and lawfully.

The Company values diversity and recognises the benefits it can bring to its ability to achieve its goals. Accordingly the Company is developing a diversity policy which will outline the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It will include requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives and the Company's progress in achieving them.

The Board has approved a Share Trading Policy for dealing in the Company's shares. Trading in the shares of the Company will be permitted for Directors and staff during the following periods:

- the eight week period following release of the Company's full year and half year announcement of trading results;
- the four week period following the date of the Company's Annual General Meeting;
- the offer period under any prospectus issued by the Company; and
- any authorised trading window approved by Directors at other times.

Notwithstanding the existence of the approved trading windows, trading in the shares of the Company is prohibited by any person who is in receipt of or who has knowledge of any price sensitive information not in the public domain.

Hedging of unvested or vested Options granted under employee share and option plans is strictly prohibited. The taking out of a margin loan for the purchase of shares in the Company is also prohibited.

Any Directors or staff members trading in the shares of the Company are required to promptly advise the office of the Company Secretary details of the number of shares bought or sold, the date of trade and the price per share.

Directors are also subject to the specific ASX Listing Rules regarding trading in shares.

From time to time, any staff member who is assigned to projects, which have the potential to be price sensitive, shall be subject to this Policy for the duration of the assignment or until it is announced publicly.

Principle 4 - Safeguard Integrity of Financial Reporting

The Board has a Finance, Audit and Risk Committee, composed of two Non-executive Directors; Messrs Robertson (Chairman) and Waters; the MD attends by invitation. As a principle, it is accepted that the Chairman of the Committee must be an independent Non-executive Director who is not the Chairman of the Company. The Chairman of the Committee is Mr Robertson who is an associate of Investec Wentworth Private Equity Limited, a substantial shareholder in the Company. Mr Robertson's suitability, qualifications and experience to act as Chairman appear below.

The Committee Charter includes the following responsibilities:

- Review the quality of the reporting process and accounting policies, and monitor compliance with current laws, regulations, accounting standards and other professional reporting standards;
- Review the effectiveness of the external audit function, including review and approval of the audit plan;
- Review and report to the Board on the effectiveness of the management information, risk management and internal controls systems in safeguarding the Company's assets;
- Review management's recommendation for the appointment of the external auditor and to recommend to the Board the appointment of the external auditor and an appropriate audit fee. The Board last conducted an audit tender process during May 2009 and concluded that the current auditors would be retained;
- Convey to the Board, independent of management, the concerns of the external auditors;
- Review the financial information provided to the Board and shareholders, and ensure that the accounting records are properly maintained in accordance with statutory requirements;
- Review and recommend to the Board the half year and annual financial statements and to review the management letter of the external auditors relating thereto;
- Undertake any investigations relating to financial matters and risks it deems appropriate;
- Promulgate an appropriate policy on ethical standards of behaviour and business conduct; and
- Regularly review the external auditor's performance and ensure that any non-audit services performed do not compromise the auditor's independence.

The Chairman of the Committee provides a report to the next meeting of the Board on the proceedings at each Committee meeting.

The members of the Finance, Audit and Risk Committee during the year were:

Gregory Robertson (Chairman)
Bryan Waters

The Board believes that due to the size of the Company, that for the time being, there will be only two members of the Committee.

Qualifications of Finance, Audit and Risk Committee members:

Gregory Robertson – has been a Non-executive Director of the Company since October 2002 and has served as the Chairman of the Finance, Audit and Risk Committee from that date. He is a director of a number of companies, including Investec Wentworth Private Equity Limited and spent 17 years with a global accounting firm, 8 of which were as a partner. He holds Bachelors degrees in Economics and Law and a Masters degree in Business Administration. He is a solicitor of the Supreme Court in NSW and the ACT and is a member of the Institute of Chartered Accountants in Australia.

Bryan Waters - has been a Director of the Company (then ISIS Communications Limited) since July 1998, serving as Chairman from that date until October 2002. He has extensive local and international business experience in human resources, banking and governance and holds several non executive directorships in privately held companies; is an executive director of a successful export SME and consults to a leading global career management and leadership company. He is Chairman of the Company's Nomination and Remuneration Committee and holds a Diploma of Business and a Fellowship of the Financial Services Institute of Australasia. He is also a Member of the Australian Institute of Company Directors and is a Governor of the American Chamber of Commerce in Australia.

Principle 5 - Make Timely and Balanced Disclosure

The Board has in place a comprehensive "Continuous and Market Disclosure Policy" which governs the release of disclosable information. This Policy is accessible on the Company's website.

The Company Secretary has been nominated as the Continuous Disclosure Officer. Directors are given the opportunity to comment and to approve all announcements prior to their release. Directors receive copies of all releases immediately after they are announced.

Principle 6 - Respect the Rights of Shareholders

Central to the Board's responsibilities, is the equitable treatment of the Company's shareholders.

The Board is committed to ensuring that shareholders are fully informed of matters affecting their Company.

The Company has a comprehensive website on its history, activities, policies and performance. The Company's "Investor Relations Policy" is accessible on the website.

Following the review of Corporate Governance practices conducted in February 2004, the Board adopted the Business Council of Australia Chairman's Panel "Code for the running of general meetings of shareholders", to ensure that meetings are effectively run and that shareholders have adequate time to ask questions of Directors, the MD and the Company's auditors at those meetings.

Principle 7 - Recognise and Manage Risk

Consistent with ASX Principle 7 Staging Connections Group Limited is committed to ongoing business risk awareness, assurance and control culture which enables continuous improvement of business processes.

Staging Connections Group Limited has a risk management policy through its corporate governance framework which requires adherence to effective risk management. The Company continues to develop and improve an integrated business risk management and compliance framework.

The policy requires that the Board, through the Finance, Audit and Risk Committee is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The ASX recommendations require that the declaration provided in accordance with section 295A of the Corporations Act by the sign-off from the MD and CFO 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 Company has a formal sign-off by the MD and the CFO in a form which is compliant with the ASX recommendations.

Principle 8 - Remunerate Fairly and Responsibly

The performance of the Company is dependent upon the skills and quality of its Directors and executives. The Company maintains a policy of paying competitive remuneration in line with market forces sufficient to attract, motivate and retain highly skilled and dedicated Directors and executives.

The following principles have been embodied into the Company's remuneration policies:

- Provide competitive rewards to attract and retain high calibre executives;
- Performance effectiveness appraisals are conducted at regular intervals;
- Each executive is to have an agreed percentage of total remuneration at risk and dependent upon achievement of agreed pre-determined performance hurdles;
- Total Fixed Remuneration (TFR) is reviewed annually by the Nomination and Remuneration Committee and includes salary and superannuation. To ensure TFR remains competitive for salaried executives the Committee uses broader market salary information. Any short term incentives (STIs) are therefore referenced to the TFR rather than just the base component of the executive's remuneration; and
- Each executive is to be entitled to participate in the Company's Options and Performance Shares Plan on terms and conditions consistent with the Plan's Rules, the Corporations Act and ASX Listing Rule requirements.

Further details on the Company's remuneration philosophy and framework can be found in the Remuneration Report forming part of the Directors' Report.

The Board has established the Nomination and Remuneration Committee (see Principle 2 above), to assist it address the many issues in this area. The Committee meets at least twice per year to discuss performance, remuneration, incentives, and other matters. The MD attends Committee meetings by invitation.

Non-executive Directors are paid fees in accordance with a determination of the Board, but within an aggregate limit of $500,000 as most recently approved by shareholders in general meeting on 5 November 2007. The Board has access to external professional advice to ensure the level of fees payable to Non-executive Directors is comparable to other listed companies. The remuneration of the Non-executive Chairman was determined after accessing external comparables. Details of Directors' remuneration appear in the Remuneration Report.

Non-executive Directors are not entitled to any incentive payment or termination benefit (other than accrued earnings and statutory superannuation contributions).

Senior managers of the Company receive a fixed salary plus an "at risk" component, which is linked to personal and Company performances. The "at risk" component is comprised of a bonus payment (STI) and the ability to participate in the Staging Connections Group Options and Performance Shares (LTI). Details of the levels of participation and Rules of the Plan appear in Note 26 of the Financial Report. The Board has access to and annually consults external professional advice on senior management's remuneration and incentive levels. The Nomination and Remuneration Committee considers the recommendation of the MD and the external advice before making a recommendation to the Board on any adjustments or incentive payments. Further details on the Company's Remuneration Policies are located in the Remuneration Report.

Senior managers of the Company have entered into service agreements governing their terms of employment, termination payments, etc. The terms of the service agreements for the MD and senior managers are detailed in the Remuneration Report.

The financial report was authorised for issue by Directors on 29 August 2011. The Company has the power to amend and reissue the financial report.

Signed in accordance with a resolution of Directors

B Waters	T Chamberlain
Director	Director

Date: 29 August 2011

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Staging Connections Group Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Staging Connections Group Limited and the entities it controlled during the period.

David Kelly
Partner
PricewaterhouseCoopers

Sydney
29 August 2011

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENT

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	2010 $'000
REVENUE FROM CONTINUING OPERATIONS	5(a)	**115,553**	115,897
Other income	5(b)	**695**	1,574
Employee benefits	6(c)	**(56,815)**	(56,513)
Costs of services rendered		**(30,369)**	(27,486)
Depreciation and amortisation expenses	6(a)	**(10,928)**	(11,490)
Finance costs	6(a)	**(6,214)**	(5,919)
Impairment of goodwill and intangibles	15	**(300)**	-
Other expenses from ordinary activities	6(b)	**(18,071)**	(20,315)
Fair value adjustment gain recognised upon acquisition of remaining interest in equity investment	13	-	1,227
Profit / (loss) before income tax		**(6,449)**	(3,025)
Income tax (expense) / benefit	7	**(622)**	(876)
Profit / (loss) for the year from continuing operations		**(7,071)**	(3,901)
Profit / (Loss) for the year from discontinued operations	33	**(9,059)**	661
Profit / (loss) for the year		**(16,130)**	(3,240)
Loss is attributable to:			
Minority interest		**1,054**	1,337
Members of Staging Connections Group Limited		**(17,185)**	(4,577)
		(16,130)	(3,240)

	Note	cents per share	cents per share
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	29	**(10.4)**	(7.0)
Diluted earnings per share	29	**(10.4)**	(7.0)
Earnings per share for loss from discontinued operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	29	**(11.6)**	1.0
Diluted earnings per share	29	**(11.6)**	1.0

The above Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

		Consolidated	
		2011	2010
	Note	**$'000**	$'000
Loss for the year		**(16,130)**	(3,240)
Other comprehensive income			
Exchange differences on translation of foreign operations	22(a)	**(8,482)**	(3,353)
Other comprehensive profit / (loss) for the year, net of tax		**(8,482)**	(3,353)
Total comprehensive profit / (loss) for the year		**(24,612)**	(6,593)
Comprehensive profit (loss) is attributable to:			
Minority interest		**1,054**	1,337
Members of Staging Connections Group Limited		**(25,667)**	(7,930)
		(24,612)	(6,593)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET
at 30 June 2011

		Consolidated	
		2011	2010
	Note	**$'000**	$'000
CURRENT ASSETS			
Cash and cash equivalents	24(b)	**4,053**	11,877
Trade and other receivables	9	**17,873**	22,305
Current tax receivables	7(c)	**77**	1,859
Inventories	10	**128**	1,627
Non-current assets classified as held for sale	33	**36**	-
TOTAL CURRENT ASSETS		**22,167**	37,668
NON-CURRENT ASSETS			
Investments accounted for using the equity method	12	**-**	438
Property, plant and equipment	14	**22,401**	41,451
Intangible assets	15	**100,253**	109,661
Deferred tax assets	16	**3,553**	4,148
TOTAL NON-CURRENT ASSETS		**126,206**	155,698
TOTAL ASSETS		**148,374**	193,366
CURRENT LIABILITIES			
Trade and other payables	17	**17,660**	24,110
Borrowings	18	**11,221**	8,346
Current tax liabilities	7(c)	**469**	652
Provisions	19	**2,394**	3,591
TOTAL CURRENT LIABILITIES		**31,744**	36,699
NON-CURRENT LIABILITIES			
Borrowings	20	**59,624**	74,193
Provisions	19	**450**	324
Deferred tax liabilities	16	**127**	215
TOTAL NON-CURRENT LIABILITIES		**60,201**	74,732
TOTAL LIABILITIES		**91,945**	111,431
NET ASSETS		**56,429**	81,935
EQUITY			
Contributed equity	21	**199,310**	198,436
Reserves	22	**(9,967)**	(525)
Accumulated losses		**(139,940)**	(122,755)
Parent entity interest		**49,404**	75,156
Minority Interest	23	**7,025**	6,779
TOTAL EQUITY		**56,429**	81,935

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2011

		Attributable to members of Staging Connections Group Limited					
Consolidated	**Note**	**Contributed Equity**	**Reserves**	**Accumulated Losses**	**Total**	**Minority Interest**	**Total Equity**
Balance at 1 July 2009		191,514	4,053	(118,178)	77,389	7,088	84,477
Loss for the year		-	-	(4,577)	(4,577)	1,337	(3,240)
Other comprehensive profit/ (loss) for the year		-	(3,353)	-	(3,353)	-	(3,353)
Total comprehensive profit / (loss) for the year		-	(3,353)	(4,577)	(7,930)	1,337	(6,593)
Transactions with owners in their capacity as owners:							
Rights issue	21	5,225	-	-	5,225	-	5,225
Transaction costs for Rights issue	21	(214)	-	-	(214)	-	(214)
Deferred tax liability on transaction costs	21	84	-	-	84	-	84
Employee share options and restricted shares	22	-	(1,225)	-	(1,225)	-	(1,225)
Restricted shares released from escrow during the year	21	1,827	-	-	1,827	-	1,827
Minority interest movement		-	-	-	-	(1,646)	(1,646)
		6,922	(1,225)	-	5,697	(1,646)	4,051
Balance at 30 June 2010		198,436	(525)	(122,755)	75,156	6,779	81,935
Loss for the year		-	-	(17,185)	(17,185)	1,054	(16,130)
Other comprehensive profit/ (loss) for the year		-	(8,482)	-	(8,482)	-	(8,482)
Total comprehensive profit / (loss) for the year		-	(8,482)	(17,185)	(25,666)	1,054	(24,612)
Transactions with owners in their capacity as owners:							
Deferred tax liability on rights issue costs	21	**(226)**	**-**	-	**(226)**	-	**(226)**
Employee share options and restricted shares	22	**-**	**(960)**	-	**(960)**	**-**	**(960)**
Restricted shares released from escrow during the year	21	**1,100**	**-**	-	**1,100**	**-**	**1,100**
Minority interest movement		**-**	**-**	**-**	**-**	**(808)**	**(808)**
		874	**(960)**	-	**(86)**	**(808)**	**(894)**
Balance at 30 June 2011		**199,310**	**(9,967)**	**(139,940)**	**49,404**	**7,025**	**56,429**

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

CASH FLOW STATEMENT

For the year ended 30 June 2011

	Note	Consolidated 2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**140,210**	152,704
Payments to suppliers and employees (inclusive of GST)		**(131,682)**	(133,362)
Interest received		**302**	25
Interest paid		**(6,538)**	(6,326)
Income tax (paid) / refunded		**1,544**	(621)
Insurance recovery		**54**	792
NET CASH INFLOW FROM OPERATING ACTIVITIES	24(a)	**3,890**	13,211
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(13,425)**	(8,409)
Payments for capitalised software		**(255)**	(381)
Payments for intangible assets		**(14)**	(262)
Proceeds from disposal of non current assets		**56**	184
Gross proceeds from disposal of business operations	33	**15,000**	650
Payment of deferred settlements		**-**	(432)
Payment for purchase of controlled entities	13	**-**	(1,392)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		**1,362**	(10,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		**(14,785)**	(9,183)
Dividend paid to minority interests in subsidiaries		**(808)**	(1,646)
Net proceeds from rights issue	21	**-**	5,011
Conversion of overdraft facility into bank bill facility		**-**	5,000
Proceeds from borrowings - finance leases		**4,506**	4,458
Repayment of finance lease principal		**(4,136)**	(3,595)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**(15,223)**	45
NET INCREASE IN CASH HELD		**(9,971)**	3,214
Cash at beginning of year		**11,877**	9,200
Effect of exchange rates		**(1,073)**	(537)
CASH AND CASH EQUIVALENTS AT END OF YEAR	24 (b)	**833**	11,877

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
30 June 2011

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS **NOTE**

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Staging Connections Group Limited and its subsidiaries.

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100, issued by the Australian Securities and Investments Commission. The company is an entity to which the class order applies.

Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern
The Group's bank bill facilities currently expire on 31 August 2012. The Group's banker continues to provide its support to the company and the Board have no reason to believe that this facility will not be extended beyond the current due date.

The total current liabilities as at 30 June 2011 are $9.6m higher than the current assets. Current liabilities include $11.2m of borrowings which will be funded from cash flows throughout the 2012 financial year. The cash flow projections support the ability to meet required borrowing repayments.

The financial report for the Group has therefore been prepared on a going concern basis.

(b) Statement of compliance with IFRS

The financial report complies with Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the consolidated financial statement and notes of Staging Connections Group Limited comply with International Financial Reporting Standards (IFRS).

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – adopted early by Staging Connections Group Limited in the 2011 financial report
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Staging Connections Group Limited (the Parent entity) and all entities which Staging Connections Group Limited controlled from time to time during the year and at balance date.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

The acquisition method of accounting is used to account for business combinations by the Group.

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Summary of Significant Accounting Policies (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Staging Connections Group Limited.

All transactions with non-controlling interests are recorded in equity if there is no change in control.

In situations where control is lost, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss.

Dividends received from investments in subsidiaries, jointly controlled entities or associates are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment.

(d) Investment in associates

The consolidated entity's investment in its associates is accounted for under the equity method of accounting in the consolidated financial statements. Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and which are neither subsidiaries nor joint ventures.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

(e) Interest in joint ventures

Jointly controlled assets:

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(f) Investments and other financial assets

The Group classifies its investments into loans and receivables or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet and are subsequently measured at amortised cost using the effective interest rate method.

(g) Cash and cash equivalents

Cash and short term deposits in the Balance Sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, which represents fair value, and subsequently measured at amortised cost, less a provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Receivables from related parties are recognised and carried at amortised cost.

1. Summary of Significant Accounting Policies (continued)

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Raw materials – purchase cost on a first-in-first-out basis; and

Finished goods and work-in-progress – cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(j) Property, plant and equipment

Cost and valuation
Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Depreciation and Amortisation
Depreciation and amortisation is provided on a straight-line basis over their estimated useful lives on all property, plant and equipment.

Major depreciation / amortisation periods are as follows:

Leasehold improvements:	7 years
Property, plant and equipment:	2.5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the period of the lease.

Finance leases
Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the consolidated entity are capitalised at the inception of the lease at the fair value of the leased equipment or, if lower, at the present value of the minimum lease payments. Capitalised lease assets are initially disclosed as property, plant and equipment under lease with a corresponding lease liability of equal value recognised. The corresponding rental obligations, net of finance charges, are included in long term lease liabilities.

Capitalised lease assets are depreciated over the estimated useful life of the assets. Lease payments are allocated between finance charges and reduction of the lease liability with the finance charges calculated using the interest rate implicit in the lease and charged directly to the Income Statement.

The cost of improvements to leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the term of the lease.

(l) Intangibles

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Instead goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill or asset relates, being the lowest levels for which there are separately identifiable cash inflows which are largely independent. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Brand Name
Brand names acquired as part of a business combination are measured at fair value and are considered to have indefinite lives and are therefore not amortised. Instead, brand names are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at fair value at date of acquisition less accumulated impairment losses.

1. Summary of Significant Accounting Policies (continued)

Trademarks
Trademarks are valued at cost of acquisition and are amortised on a straight line basis over the period in which the benefits are expected to be realised.

Trademarks are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employee's time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 7 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Customer relationships and contracts
Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of the projected cash flows of the contracts over their useful lives.

Customer relationships comprise various identifiable assets that have an indefinite life as follows:

- Owned, Licensed and Joint Venture Assets are not amortised, however, a review is performed annually for impairment using the impairment model.
- Managed Assets are amortised over the useful life of the relationship / contract. The life of the contract is determined using cash flows generated from the contracts.

Restrictive Covenant
Restrictive covenant acquired as part of a business combination are measured at fair value and amortised on a straight line basis over the period of the restrictive covenant which currently vary from 3 to 5 years.

(m) Impairment of assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired, distinguishing between goodwill and other assets, refer note 1(l). Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The policy for determining the valuation of the ownership of assets with a infinite life are as follows:

- Owned, Licensed and Joint Venture Assets are not amortized, however, a review is performed annually for impairment using the impairment model.
- Managed Assets are amortised over the useful life of the relationship / contract. The life of the contract is determined using cash generated from the contracts.

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

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

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement.

1. Summary of Significant Accounting Policies (continued)

For a business combination acquired in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss, if any, in the profit and loss account during the period the additional stage is acquired.

Acquisition-related costs are expensed as incurred.

Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised:

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

Rendering of services
Revenue is recognised in accordance with the stage of completion method. Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract or by matching specific tasks completed as part of the contract and the revenue associated with those tasks, which ever is the most appropriate in the circumstances. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of costs recognised that are recoverable.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend revenue
Revenue is recognised when the shareholders' right to receive payment is established.

Exhibitions and Trade Fairs events revenue
Revenues are recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. Costs incurred are calculated as a percentage of the total estimated costs on a job by job basis (and not on a labour hour's basis as above in rendering of services). This percent is applied to estimated revenues and costs for each event.

(q) Finance costs

Finance costs are recognised as an expense when incurred.

(r) Taxes

Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax losses of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

1. Summary of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

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

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

Tax consolidation legislation
Staging Connections Group Limited and its wholly-owned Australian controlled entities have entered into the tax consolidation legislation as of 1 November 2002.

The head entity, Staging Connections Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Staging Connections Group Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(s) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the parent entity.

Any transaction costs arising on the issue of new ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

On the exercise of employee share options, the cumulative share based payments for the options exercised remains in the share based payments reserve.

(t) Employee benefits

Provisions are made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of the future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used. Consideration is also given to expected future wage and salary levels, experience of employee departures and periods of service. Employee benefits expenses and revenues arise in respect of the following categories:

- wages and salaries;
- non-monetary benefits;
- annual leave;
- long service leave and other leave benefits;
- other types of employee benefits are charged against profits on a net basis in their respective category; and
- The group contributes to defined contribution schemes for all employees. Contributions to the defined contribution fund are recognised as an expense as they become payable.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

1. Summary of Significant Accounting Policies (continued)

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

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

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements in ordinary shares issued during the year.

(v) Provisions

Provisions are recognised when the Group has a present legal, equitable, make good or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

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

Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(w) Borrowings

All borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

Borrowings are subsequently measured at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Staging Connections Group Limited has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Interest is charged as an expense as it accrues. Borrowing costs are expensed when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Finance lease liabilities are determined in accordance with the requirements of AASB 117 "Leases"

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

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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

(y) Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars, which is Staging Connections Group Limited's functional and presentation currency.

1. Summary of Significant Accounting Policies (continued)

(ii) Transactions and Balances

Transactions in foreign currencies are converted to functional currency at the rate of exchange ruling at the date of the transaction.

All differences in the consolidated financial report are taken to the Income Statement with the exception of differences in foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies

The functional currency of the overseas subsidiaries is the currency of the primary economic environment in which the subsidiaries operate.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Staging Connections Group Limited at the closing rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement, as part of the gain or loss on sale where applicable.

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

(z) Unearned revenue

Unearned revenue is recognised upon receipt of payment in the balance sheet where the service has not yet been performed.

Revenue is then recognised and brought to account over time in the Income Statement, as it is earned.

(aa) Derivative financial instruments

Forward exchange contracts

The consolidated entity may enter into forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a pre-determined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months.

Forward exchange contracts are recognised at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

At 30 June 2011 and 30 June 2010 there were no forward exchange contracts outstanding.

(ab) Share-based payment transactions

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares ('equity-settled payments').

The company's current share based benefit plan is known as the "Options and Performance Share Plan" (OPSP), which provides benefits to senior executives. Details of the plan and the various vesting conditions are explained further in Note 26.

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black -Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company ('market conditions').

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in the share based payment reserve over the period in which the performance conditions are fulfilled, ending on the date on which the participants become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects
(i) the extent to which the vesting period has expired and
(ii) the number of awards that in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest as a result of forfeiture, except for awards where vesting is conditional upon a market condition.

1. Summary of Significant Accounting Policies (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if there were modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ac) Segment Reporting
Segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Group's Board of Directors.

Goodwill is allocated by management to groups of cash-generating units on a segment level.

(ad) Dividends
Provision is made for the amount of any dividend declared, appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(ae) Parent entity financial information
The financial information for the parent entity, Staging Connections Group Limited, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Staging Connections Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation
Staging Connections Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Staging Connections Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Staging Connections Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Staging Connections Group Limited for any current tax payable assumed and are compensated by Staging Connections Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Staging Connections Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(af) New accounting standards and UIG interpretations
Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)
AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 and the Group is yet to assess its full impact. The Group has not yet decided when to adopt AASB9.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group has not yet adopted the revised standard. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However there will be no impact on any of the amounts recognised in the financial statements.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, and aging analysis for credit risk.

The Group has a risk management policy throughout its corporate governance framework which requires adherence to effective risk management.

Risk management is carried out by senior management under policies approved by the Board of Directors. Group Finance identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management, as well as directives covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The Group holds the following financial instruments:

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	**4,053**	11,877
Trade and other receivables	**17,873**	22,305
	21,926	34,182
Financial liabilities		
Trade and other payables	**17,660**	24,110
Loans from related companies	**-**	331
Finance lease liabilities	**5,298**	4,920
Bank overdraft	**3,220**	-
Bank bills and bank loans	**62,327**	77,287
	88,505	106,648

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally with all entities in the Group (including the parent entity) operating predominantly in their respective local functional currencies. As such, the various entities within the Group have minimal exposure to foreign currency fluctuations. On occasion, some entities within the Group may transact with foreign based customers or suppliers in currencies other than their local functional currency, however these transactions are typically based on COD terms and are immediately converted to their local functional currency avoiding any material exposure to currency fluctuations.

In some situations, foreign denominated bank loans are acquired to assist in financing the foreign based entity's capital requirements. In these situations all servicing and repayment of the loans are provided by the foreign entity's cash reserves which are generated from trading activities that are denominated in their functional currencies. As such, the Group has minimal exposure to foreign currency fluctuations of its foreign denominated loans.

Management has set up a policy requiring group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure (when considered material) arising from future commercial transactions and recognised assets and liabilities using forward contracts co-ordinated with Group Finance. At the reporting date there were nil (2010 nil) foreign denominated balances considered sufficient in value and exposure to warrant hedging instruments.

2. FINANCIAL RISK MANAGEMENT

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain components of both fixed and variable rate borrowings using separate bank bills established in fixed or variable terms as required. Fixed rate lease financing is also used where appropriate.

The Group's exposure to cash flow and fair value interest rate risks and the effective interest rates of financial assets and liabilities are as follows:

	Period that Financial Instrument is maturing in:								Weighted average effective interest rate	
	< 1 year >		> 1 - < 2 years		> 2 - < 5 years		Total		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		
Floating interest rate										
Financial assets										
Cash	4,053	11,877	-	-	-	-	4,053	11,877	4.65%	3.75%
	4,053	11,877	-	-	-	-	4,053	11,877		
Floating interest rate										
Financial liabilities										
Bank overdraft	3,220	-	-	-	-	-	3,220	-	14.25%	12.73%
Bank bills and bank loans	5,373	4,462	56,954	71,886	-	90	62,327	76,438	7.87%	7.73%
	8,593	4,462	56,954	71,886	-	90	65,547	76,438		
Fixed interest rate										
Financial liabilities										
Finance lease liability	2,627	2,703	1,957	1,614	714	603	5,298	4,920	9.47%	9.26%
Bank bills and bank loans	-	849	-	-	-	-	-	849	-	9.26%
	2,627	3,552	1,957	1,614	714	603	5,298	5,769		

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest bearing positions. The simulation is done on a periodic basis.

Based on the various scenarios, the Group manages its cash flow interest rate risk by splitting the available bank facility into a number of individual bank bills. Through the use of variable bank bills the Group has the flexibility to vary the fixed to variable ratio as considered necessary.

Group sensitivity

At 30 June 2011, if interest rates had changed by - /+ 50 basis points from the year end rates with all other variables held constant, post tax profit / (loss) for the year would have been $217,000 lower/higher (2010 change of 50bps: $227,000 lower/higher), mainly as a result of higher/lower interest charges from Bank bills and other financial liabilities.

(b) Credit risk

Credit risk is managed on an operational entity basis. Credit risk arises from cash on hand and short term deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

In the assessment of customers the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history subject to credit verification procedures. Payment terms are generally 30 days except where contracted otherwise and a risk assessment process is used for customers. Receivable balances are monitored on an ongoing basis resulting in the Group's exposure to bad debts being insignificant. The use of automated payment facilities, such as direct deposit from customers or credit cards to settle amounts due by retail customers, also helps to mitigate credit risk.

There are no significant concentrations of credit risk in the Group. See Note 9 for detailed analysis of impaired, and due but not impaired, trade receivables.

2. FINANCIAL RISK MANAGEMENT

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities as outlined in note 18 and 20. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available with two financial institutions. Surplus funds are generally held in bank trading accounts and occasionally invested in highly liquid short term money markets.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2011	2010
	$'000	$'000
Floating rate		
Expiring within one year (bank overdraft)	1,280	4,500
Expiring beyond one year (bill facility)	279	299
	1,559	4,799

The bank overdraft facilities may be drawn to limits agreed with the financial institution and is subject to review dates as agreed in the facility arrangement with the financial institution. The bank bill facility may be drawn at any time and is subject to review dates as agreed in the facility arrangement with the financial institution.

(ii) Maturities of financial liabilities

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

At 30 June 2011	**Less Than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets) / liabilities**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-interest bearing	17,660	-	-	-	17,660	17,660
Variable rate	10,604	75,542	-	-	86,146	65,547
Fixed rate	3,051	2,091	739	-	5,881	5,298
	31,315	77,633	739	-	109,687	88,505

At 30 June 2010	**Less Than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets) / liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-interest bearing	24,442	-	-	-	24,442	24,442
Variable rate	10,139	72,786	130	-	83,055	76,437
Fixed rate	3,887	1,742	622	-	6,251	5,769
	38,468	74,528	752	-	113,748	106,648

(d) Fair value estimation

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities.

The carrying value of cash, cash equivalents and short-term investments approximates fair value because of their short-term to maturity.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The carrying value of short term borrowings and finance lease liabilities approximates fair value because of their short-term to maturity.

The carrying value of long term borrowings approximate fair value due to the recent renegotiation of the facility.

3. Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and other intangibles
The Group tests annually whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(m). The recoverable amounts of cash-generating units have been determined based on fair value less cost of sales calculations. These calculations require the use of assumptions (See Note 15).

(ii) Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

4. SEGMENT INFORMATION

(a) The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2011 is as follows:

2011	ANZPAC		Asia	Dubai		
	Integrated Event & A/V services	ETF			All Other Segments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Total segment revenue from continuing operations	**69,298**	**9,644**	**25,478**	**10,852**	**638**	**115,910**
Adjusted EBITA from continuing operations	**3,406**	**(188)**	**803**	**2,169**	**(5,311)**	**879**
Depreciation expense	**6,277**	**23**	**672**	**1,698**	**229**	**8,899**
Amortisation expense	**1,373**	**21**	**474**	**161**	-	**2,029**
Impairment of goodwill and intangibles	-	**300**	-	-	-	**300**
Total Segment assets	**72,988**	**21,880**	**38,203**	**8,807**	**2,866**	**144,744**
Total segment assets includes:						
Acquisition of property, plant and equipment	**7,987**	**4**	**228**	**1,728**	-	**9,947**
Total Segment liabilities	**16,411**	**1,374**	**6,208**	**947**	**862**	**25,802**

2010	ANZPAC		Asia	Dubai		
	Integrated Event & A/V services	ETF			All Other Segments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Total segment revenue from continuing operations	66,417	15,279	25,199	10,576	-	117,471
Adjusted EBITA from continuing operations	4,169	3,637	594	2,779	(5,901)	5,278
Depreciation expense	6,058	54	822	1,740	365	9,039
Amortisation expense	1,440	344	487	181	-	2,452
Impairment of goodwill and intangibles	-	-	-	-	-	-
Shares of net profits or losses of associates accounted for using the equity method	-	-	-	-	(109)	(109)
Total Segment assets	72,776	27,998	43,435	13,375	3,586	161,170
Total segment assets includes:						
Investments in associates	-	-	-	-	438	438
Acquisition of property, plant and equipment	4,334	45	832	1,854	-	7,065
Total Segment liabilities	15,147	5,670	8,036	2,089	45	30,987

(b) Description of Segments

Management has determined the operating segments based on the reporting information required by the Group's Board of Directors to make informed strategic decisions. The Board considers the business from both a product and a geographic perspective and has identified four reportable segments. The ANZPAC geographic region is split into two distinct businesses due to their distinctly different business and economic characteristics. The two businesses are described as follows:

i) The Integrated Event and Audio Visual (A/V) Services business is the Staging Connections Group's core business and delivers event services for corporate presentations, product launches, promotions, conferences, gala dinners, television broadcasts and award ceremonies. AV Express provides audio visual equipment and dry hire equipment to three and four star venues.

ii) The Exhibition and Trade Fairs (ETF) segment is an events management business managing trade shows and large consumer exhibitions.

The remaining two reportable business segments are managed on a geographic basis. The Asia segment is predominantly a full service event production business delivering high profile experiential events to government and large corporate customers. Business locations are found in Singapore, Hong Kong, Malaysia and throughout China. The Dubai segment is also significantly involved in full service event production as well as providing full production services including producing, designing, lighting, sound, video projection, cameras, LED screens and set & stage for large government and corporate customers. Both Asia and Dubai also operate event and audio visual service businesses.

The "All Other Segments" group includes costs generated by the head office functions of Finance, IT, Legal and Personnel which are not allocated across the business segments.

Notes to the Financial Statements continued
30 June 2011

(c) Segment measurement

The Board assesses the performance of the operating segments based on a measure of EBITA. This measurement basis excludes the effects of non-recurring items. The measurement also excludes the effects of realised and unrealised foreign exchange gain/losses caused by variances between the exchange rate identified at the date of the transaction and the rate at the reporting date. Interest expenditure is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

Adjusted EBITA from continuing operations to operating (loss) before income tax is provided as follows:

	2011	2010
	$'000	$'000
Total Segment EBITA from continuing operations	**879**	5,278
Fair value adjustment gain recognised upon acquisition of remaining interest in equity investment	**-**	1,227
Interest income	**338**	41
Finance costs	**(6,214)**	(5,919)
Amortisation expense	**(2,029)**	(2,452)
Impairment of intangibles	**(300)**	-
Gain / (loss) of foreign exchange conversions	**877**	(1,200)
Loss before income tax from continuing operations	**(6,449)**	(3,025)

(d) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:	**2010**	2010
	$'000	$'000
Segment assets	**144,744**	161,170
Unallocated:		
Deferred tax assets	**3,553**	4,148
Current tax receivables	**77**	1,859
Discontinued Business assets	**-**	26,189
Total assets as per the balance sheet	**148,374**	193,366

(e) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.
The Group's Corporate bank debt is not considered to be segment liabilities as it is managed at a group level by the treasury function.

Reportable segments' liabilities are reconciled to total liabilities as follows:	**2011**	2010
	$'000	$'000
Segment liabilities	**25,802**	30,987
Unallocated:		
Deferred tax liabilities	**127**	215
Current tax liabilities	**469**	652
Current Bank Debt	**8,594**	5,337
Non-current Bank Debt	**56,953**	71,787
Discontinued Business liabilities	**-**	2,453
Total liabilities as per the balance sheet	**91,945**	111,431

5. REVENUE AND OTHER INCOME

	Note	Consolidated 2011 $'000	2010 $'000
From continuing operations			
(a) Revenue			
Sales revenue			
Revenue from services		**111,791**	112,566
Revenue from sale of goods		**3,424**	3,290
Other revenue			
Interest, other persons/corporations		**338**	41
Total revenue		**115,553**	115,897
(b) Other income			
Insurance claim proceeds		**54**	792
Other sundry income		**641**	782
Total other income		**695**	1,574
Revenue and other income		**116,248**	117,471
From discontinued operations			
Revenue from services	**33**	**15,796**	21,537

Insurance claim in 2010 relates to proceeds from insurers for damage caused by fire in the Melbourne operations in the 2008 financial year.

Notes to the Financial Statements continued

30 June 2011

6. EXPENSES AND LOSSES/(GAINS)

		Consolidated	
		2011	**2010**
	Note	**$'000**	**$'000**
Profit / (loss) before income tax includes the following specific expenses:			
(a) Expenses			
Amortisation			
Restrictive covenant	15	**167**	32
Customer relationships	15	**550**	1,141
Software	15	**1,300**	1,267
Trademarks	15	**12**	11
Total amortisation		**2,029**	2,451
Depreciatior			
Plant and equipment		**8,463**	8,740
Leasehold improvements		**436**	299
Total depreciation	14	**8,899**	9,039
Total depreciation and amortisation expenses		**10,928**	11,490
Finance costs			
Interest and finance charges paid/payable		**6,214**	5,919
Total finance costs expensed		**6,214**	5,919
(b) Other expenses			
Bad and doubtful debts – trade debtors	9	**(70)**	261
Operating lease rental		**3,681**	3,750
Insurance		**598**	674
Repairs and maintenance		**994**	987
Communications		**1,556**	1,560
Travel		**1,794**	1,576
Loss on disposal property, plant and equipment		**58**	44
Audit fees	31	**585**	599
Consulting fees		**810**	998
Net foreign exchange (gains) / losses		**(877)**	1,200
FBT and payroll taxes		**2,423**	2,306
Training & recruitment		**838**	377
Computer maintenance and support		**1,151**	1,389
Public relations, promotion		**2,244**	2,961
Bank fees		**166**	147
Other		**2,120**	1,485
Total other expenses		**18,071**	20,315
(c) Employee benefits expense			
Employee benefits, non share based expense		**52,944**	52,170
Defined contribution superannuation		**3,733**	3,520
Employee benefits, share based expenses		**138**	823
		56,815	56,513

7. INCOME TAX EXPENSE

	Note	Consolidated 2011 $'000	2010 $'000
(a) Income tax expense			
Current tax expense		**452**	362
Under / (over) provided in prior periods		**(343)**	(937)
Deferred tax expense		**507**	1,077
		616	502
Income tax expense / (benefit) is attributable to:			
Continuing operations		**622**	522
Discontinued operations		**(6)**	(20)
Income tax expense		**616**	502
Deferred tax expense included in income tax expense comprises:			
Decrease in deferred tax assets	16	**1,011**	1,450
(Decrease) / increase in deferred tax liabilities	16	**(504)**	(373)
		507	1,077

(b) Numerical reconciliation of income tax expense to prima facie tax payable

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the income tax rate is as follows:

	2011 $'000	2010 $'000
Loss before income tax from continuing operations	**(6,449)**	(2,843)
Profit / (Loss) before income tax from discontinued operations	**(9,065)**	105
	(15,514)	(2,738)
Tax at the Australian tax rate of 30% (2010: 30%)	**(4,654)**	(821)
Share based payment expense	**41**	184
Entertainment	**43**	42
Capital costs deductible for tax purposes	**-**	(49)
Impairment of investment in subsidiary	**155**	-
Fair value adjustment gain recognised upon acquisition of remaining interest in equity investment	**-**	(362)
Benefit of tax losses not recognised	**6,077**	2,590
Loss on divestment of business assets	**(809)**	-
Recognition of temporary differences	**418**	453
Amortisation of intangibles	**49**	200
Sundry items	**189**	2
	1,508	2,239
Under / (over) provision of taxes in prior year	**(343)**	(937)
Withholding tax receivable no longer available	**122**	-
	1,287	1,302
Difference in overseas tax rates	**(671)**	(800)
	616	502

7. INCOME TAX EXPENSE

	Consolidated	
	2011	2010
	$'000	$'000
(c) Tax liabilities / (receivables)		
Current tax receivables	**(77)**	(1,859)
Current tax liabilities	**469**	652
	392	(1,207)
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**63,368**	42,776
Potential tax benefit @ 30%	**19,010**	12,833

This future income tax benefit will only be obtained if;

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised

b) the conditions for deductibility imposed by tax legislation continue to be complied with ; and

c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The tax losses were incurred by Australian entities in the amount of $74.9 million (2010 - $56.6 million) and foreign entities $5.0 million (2010 - $2.7 million) totalling $79.9 million (2010 - $59.3 million). A deferred tax asset of $4.9 million (2010 - $4.9 million) which represents probable tax losses to be utilised of $16.5 million (2010 - $16.5 million) has been raised. The remaining tax losses of $63.4 million (2010 - $42.8 million) have not been recognised as their benefit is not regarded as probable. The unused tax losses before 2007 amounting to $29.7 million are subject to significant restrictions and are unlikely to be utilised.

(e) Tax consolidation

Effective 1 November 2002, for the purposes of Australian income tax, Staging Connections Group Limited and its 100% Australian owned subsidiaries became a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Staging Connections Group Limited. As a result of the revised tax legislation, there have been no material effects on the future income tax benefit or provision for deferred taxation. Staging Connections Group Limited has formally notified the Australian Taxation Office of its formation of a tax consolidated group.

The entities have also entered into a tax funding agreement as set out in note 1 (r)

8. DIVIDENDS

	Consolidated	
	2011	**2010**
	$'000	**$'000**
(a) Ordinary shares		
The directors have not declared an interim dividend for the year ended 30 June 2011 (2010 - nil).	-	-
(b) Dividends not recognised at year end		
The directors do not propose the payment of a final dividend to ordinary shareholders for the year ended 30 June 2011 (2010 - nil).	-	-
(c) Franked dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 - 30%)	**8,413**	10,162

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipts of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

9. CURRENT ASSETS - TRADE & OTHER RECEIVABLES

	Note	Consolidated 2011 $'000	2010 $'000
Trade debtors		**12,815**	16,538
Provision for doubtful debts		**(460)**	(642)
		12,355	15,896
Other receivables:			
Sundry debtors and prepayments		**4,792**	6,206
Related party receivables:			
Related party loans receivable	32	**726**	203
		17,873	22,305

(a) Terms and conditions relating to financial instruments:
Trade debtors are non-interest bearing and generally on 30 day terms. Other receivables are non-interest bearing and are predominantly prepayments to be charged against future revenues. They are not classified as financial instruments.

(b) Credit risk
The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

(c) Impaired trade receivables
As at 30 June 2011 current trade receivables of the Group with a nominal value of $460,000 (2010: $642,000) were impaired. The amount of the provision was $460,000 (2010: $642,000). The individually impaired receivables mainly relate to customers who are experiencing financial difficulties in paying their debts.

Movements in the provision for impairment of receivables are as follows:

	2011	2010
At 1 July	**642**	768
Provision for impairment recognised during the year	**223**	299
Receivables written off during the year as uncollectible	**(266)**	(425)
Sale of subsidiary receivables during the year	**(139)**	-
	460	642

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(d) Past due but not impaired
As of 30 June 2011, trade receivables of $5,272,000 (2010: $7,020,000) were past due but not impaired. These relate to debtors who were slow to pay but have subsequently largely settled these outstanding debts. The ageing analysis of these trade receivables on a past due date basis is as follows:

	2011	2010
30 Days	**4,134**	4,564
60 Days	**449**	672
90+ Days	**689**	1,784
	5,272	7,020

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(e) Foreign exchange and interest rate risk
Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(f) Fair value and credit risk
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

10. CURRENT ASSETS - INVENTORIES

	Consolidated	
	2011	2010
	$'000	$'000
Finished goods at cost	**128**	1,627

11. NON-CURRENT ASSETS-OTHER FINANCIAL ASSETS

(a) Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1 (c)

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity 2011 %	2010 %
Staging Connections Pty Limited (and its controlled entities)	Australia	**100**	100
SC1 Pty Limited	Australia	**100**	100
SC2 Pty Limited	Australia	**100**	100
SC3 Pty Limited	Australia	**100**	100
SC4 Pty Limited	Australia	**100**	100
SC5 Pty Limited	Australia	**100**	100
SC6 Pty Limited	Australia	**100**	100
Staging Connections (Investments) Pty Limited (and its controlled entities)	Australia	**100**	100
SC7 Pty Limited (formerly AV Express Pty Limited)	Australia	**100**	100
Themeworks Pty Limited	Australia	**100**	100
Captivation. Pty Limited	Australia	**100**	100
Gearhouse Pty Limited	Australia	**100**	100
Exhibitions and Trade Fairs Pty Limited	Australia	**100**	100
ETF National Pty Limited	Australia	**100**	100
A.C.N. 127 342 296 Pty Limited (formerly Point of View Design Pty Limited)	Australia	**100**	100
Staging Connections (Asia Pacific) Pty Limited (and its controlled entities)	Australia	**100**	100
Staging Connections (New Zealand) Limited	New Zealand	**100**	100
Staging Connections (Fiji) Ltd	Fiji	**100**	100
Staging Connections (Hong Kong) Ltd (and its controlled entities)	Hong Kong	**100**	100
ETG Staging Connections (HK) Ltd (and its subsidiary company)	Hong Kong	**100**	100
ETG Staging Connections (China) Co. Limited	China	**100**	100
TEC Staging Connections Pte Limited	Singapore	**100**	100
Techmex Staging Connections Pte Limited (and its subsidiary company)	Singapore	**100**	100
Techmex Event Production (M) Sdn Bhd	Malaysia	**100**	100
Techmex Event Production (China) Co. Limited	China	**100**	100
Gearhouse Staging Connections (Hong Kong) Limited	Hong Kong	**51**	51
Gearhouse Limited LLC	UAE	**51**	51
AAV Australia Pty Ltd (and its controlled entities)	Australia	**100**	100
AAV Pacific Ltd	New Zealand	**100**	100
Garner MacLennan Design Pty. Ltd	Australia	**100**	100
AAV Business Communications Pty. Ltd.	Australia	**100**	100
AAV Digital Pictures Network Pty. Ltd.	Australia	**100**	100
AAV USA Post Production & Outside Broadcast Inc	USA	**100**	100
ISIS Education & Training Pty Limited	Australia	**100**	100
ISIS Digital Broadcasting Pty Limited	Australia	**100**	100
ISIS Broadcast Media Pty Ltd	Australia	**100**	100
BE8 Holdings Pty Limited (and its controlled subsidiary) (formerly Bytecraft Entertainment Holdings Pty Limited)	Australia	**100**	100
BE8 Pty Limited (formerly Bytecraft Entertainment Pty Ltd)	Australia	**100**	100
SCGL Limited (and its controlled entities)	United Kingdom	**100**	100
ETF UK Limited (and its controlled entity)	United Kingdom	**100**	100
RSVP North Limited	United Kingdom	**100**	50

11. NON-CURRENT ASSETS-OTHER FINANCIAL ASSETS

(b) Deed of cross guarantee

Staging Connections Group Limited, Staging Connections Pty Limited, Staging Connections (Investments) Pty Limited, Staging Connections (Asia Pacific) Pty Limited, BE8 Pty Limited (formerly Bytecraft Entertainment Pty Limited), BE8 Holdings Pty Limited (formerly Bytecraft Entertainment Holdings Pty Limited), SC1 Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Staging Connections Group Limited, they also represent the 'Extended Closed Group'.

(i) Set out below is a consolidated income statement and a summary of movements in consolidated accumulated losses for the year ended 30 June 2011 of the Closed Group.

Consolidated Income Statement
Year ended 30 June 2011

	2011 $'000	2010 $'000
Revenue from continuing operations	**63,902**	74,148
Other income	**710**	1,200
Employee benefits	**(37,701)**	(39,137)
Costs of services rendered	**(8,785)**	(10,009)
Depreciation and amortisation expenses	**(9,342)**	(10,414)
Finance costs	**(6,339)**	(6,382)
Other expenses from ordinary activities	**(17,965)**	(11,210)
Impairment of investment in subsidiary	**(13,558)**	-
(Loss) before income tax	**(29,078)**	(1,804)
Income tax expense	**(1,617)**	(2,178)
(Loss) after income tax	**(30,695)**	(3,982)

Summary of movements in Consolidated Accumulated Losses
Year ended 30 June 2011

	2011	2010
Accumulated losses at the beginning of the financial year	**(135,260)**	(131,278)
Loss for the year	**(30,695)**	(3,982)
Accumulated losses at the end of the financial year	**(165,955)**	(135,260)

11. NON-CURRENT ASSETS-OTHER FINANCIAL ASSETS

ii) Set out below is a consolidated balance sheet as at 30 June 2011 of the Closed Group.

Consolidated Balance Sheet at 30 June 2011	**2011 $'000**	**2010 $'000**
Current assets		
Cash and cash equivalents	**21**	978
Trade and other receivables	**55,452**	62,359
Tax receivables	-	1,749
Inventories	**45**	1,544
Total current assets	**55,518**	66,630
Non-current assets		
Investments accounted for using the equity method	**43,880**	57,438
Property, plant and equipment	**9,503**	27,035
Intangible assets	**46,168**	49,651
Deferred tax assets	**3,923**	5,854
Total non-current assets	**103,474**	139,978
Total assets	**158,992**	206,608
Current liabilities		
Trade and other payables	**56,353**	60,324
Borrowings	**8,969**	6,926
Provisions	**1,777**	2,769
Total current liabilities	**67,099**	70,019
Non-current liabilities		
Borrowings	**58,665**	73,166
Provisions	**314**	60
Deferred tax liabilities	**768**	1,568
Total non-current liabilities	**59,747**	74,794
Total liabilities	**126,846**	144,813
Net assets	**32,146**	61,795
Equity		
Contributed equity	**199,309**	198,438
Reserves	**(1,208)**	(1,383)
Accumulated losses	**(165,955)**	(135,260)
Total equity	**32,146**	61,795

Notes to the Financial Statements continued
30 June 2011

12. INVESTMENTS IN ASSOCIATES

	Consolidated 2011 $'000	Consolidated 2010 $'000
Investments accounted for using the equity method		
Investments in associates	-	438

(a) Interest in Associate

Name of company	Country of incorporation	Balance date	Ownership interest 2011 %	Ownership interest 2010 %	Carrying value of associated entity 2011 $'000	Carrying value of associated entity 2010 $'000
RSVP North Limited	United Kingdom	31-May	100	50	-	438

The Group has for a number of years owned a 50% interest in the entity, RSVP North Limited, which owns the right to hold the RSVP trade show in Manchester, England. As a result of the limited success of the trade show over the past few years and the serious financial difficulty facing the other 50% joint owner of the company, it was determined to suspend operations of the show. To best facilitate the suspension of the show, it was decided that the Staging Connections Group would acquire the remaining 50% equity ownership of the company for a nominal amount bringing its total ownership level to 100%. The acquisition of the remaining 50% of RSVP North Limited was completed on 15 March 2011. The Group is currently in the process of selling the rights to the RSVP shows in the United Kingdom (including the show owned by RSVP North Limited) as outlined further in Note 33.

Principal activities

The principal activity of the associated entity is to own and manage the RSVP exhibition event held in Manchester U.K.

	Consolidated 2011 $'000	Consolidated 2010 $'000
(b) Share of associate's revenue and profits prior to acquisition of the remaining 50% of equity on 15 March 2011:		
Share of associate's:		
Revenue	37	88
Profit / (loss) before income tax	27	(109)
Income tax expense attributable to profit (loss)	-	-
Share of associate's net profit (loss) after income tax	27	(109)

The consolidated entity's share in the retained profits and reserves of the associated company is not available for payment of dividends to shareholders of Staging Connections Group Limited until such time as those profits and reserves are distributed by the associated company.

(c) Carrying amount of investment in associate prior to acquisition of remaining 50% of equity on 15 March 2011

	2011	2010
Balance at the beginning of the financial year	438	486
Movements in exchange rates	43	30
Additional amounts invested into associate	7	31
Share of associate's net profit / (loss) for the financial period	27	(109)
Provision for impairment	(515)	-
Carrying amount of investment in associate prior to the acquisition of the remaining 50% of equity on 15 March 2011.	-	438

(d) Share of associate's assets and liabilities	2011	2010
Current assets	-	20
Non-current assets	-	-
Current liabilities	-	(157)
Non-current liabilities	-	(137)
Net liabilities	-	(274)

There were no other commitments or contingent liabilities.

The consolidated entity's contingent liabilities are disclosed in note 27.

13. INTEREST IN JOINT VENTURES

Joint venture operations

ETF was previously involved in a corporate joint venture agreement for the National Tradesman Expo where the whole business was conducted through a separate company, ETF National Pty Ltd and the profit and loss was split 50/50. On 7 September 2009 the Company entered into an agreement to acquire the remaining 50% of the issued share capital of ETF National Pty Limited, taking the Company's ownership interest to 100%. The purchase price was cash consideration of $1,392,285. In accordance with accounting standard AASB 3 "Business combinations", the Company has revalued its existing 50% investment in ETF National Pty Limited to match the fair value of the 50% acquired on 7 September 2009, with the resulting gain of $1,227,285 being recognised in the income statement in 2010.

14. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2011 $'000	Consolidated 2010 $'000
Plant and equipment		
At cost	**79,693**	113,166
Accumulated depreciation	**(63,572)**	(78,249)
	16,121	34,917
Plant and equipment under lease		
At cost	**11,834**	11,438
Accumulated depreciation	**(6,540)**	(5,862)
	5,294	5,576
Leasehold improvements		
At cost	**2,836**	2,401
Accumulated depreciation	**(1,850)**	(1,443)
	986	958
Total property, plant and equipment		
At cost	**94,363**	127,005
Accumulated depreciation and amortisation	**(71,963)**	(85,554)
Total property, plant and equipment	**22,401**	41,451

(b) Reconciliations

	Consolidated 2011 $'000	Consolidated 2010 $'000
Plant and equipment		
Carrying amount at beginning	**34,917**	42,554
Additions	**13,131**	7,392
Reclassification to plant and equipment under lease and leasehold improvements	**(2,187)**	(3,274)
Disposals	**(18,679)**	(222)
Exchange differences	**(1,791)**	(747)
Depreciation expense	**(9,270)**	(10,786)
	16,121	34,917
Plant and equipment under lease		
Carrying amount at beginning	**5,576**	3,749
Additions	**78**	1,016
Reclassification from plant and equipment	**2,180**	3,274
Depreciation expense	**(2,540)**	(2,463)
	5,294	5,576
Leasehold Improvements		
Carrying amount at beginning	**958**	1,262
Additions	**448**	1
Reclassification from plant and equipment	**7**	-
Disposals	**-**	(2)
Exchange differences	**(8)**	(4)
Depreciation expense	**(419)**	(299)
	986	958
Total Property, plant & equipment		
Carrying amount at beginning	**41,451**	47,565
Additions	**13,657**	8,409
Disposals	**(18,679)**	(224)
Exchange differences	**(1,799)**	(751)
Depreciation expense	**(12,229)**	(13,548)
	22,401	41,451

Depreciation expense above includes $3,330,000 (2010: $2,000) relating to discontinued operations.

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Consolidated 2011 $'000	2010 $'000
Goodwill		
At cost	**109,426**	113,933
Accumulated amortisation and impairment	**(20,005)**	(19,997)
	89,421	93,936
Identifiable intangible assets		
Trademark		
Cost	**150**	136
Accumulated amortisation	**(71)**	(59)
	79	77
Customer relationships		
At cost	**7,969**	8,422
Accumulated amortisation and impairment	**(5,556)**	(4,309)
	2,413	4,113
Brand name		
At cost	**2,132**	4,068
Accumulated amortisation and impairment	**-**	-
	2,132	4,068
Restrictive Covenant		
At cost	**1,210**	1,296
Accumulated amortisation and impairment	**(1,030)**	(902)
	180	394
Software intangibles		
At cost	**8,981**	8,726
Accumulated amortisation and impairment	**(2,953)**	(1,653)
	6,028	7,073
Total Intangibles		
At cost	**129,868**	136,581
Accumulated amortisation and impairment	**(29,615)**	(26,920)
	100,253	109,661

A reconciliation of the carrying amount of intangible assets at the beginning and end of the current financial year is set out below:

	Consolidated 2011	2010
Goodwill		
Opening net book value amount as at 1 July	**93,936**	93,693
Purchase remaining 50% of ETF National Pty Ltd **	**-**	1,392
Uplift investment in EFT National Pty Ltd **	**-**	1,227
Divestment of Point of View business*	**-**	(508)
Exchange differences	**(4,515)**	(1,868)
Closing net book value amount at 30 June	**89,421**	93,936

* Point of View business sold during the prior year. See note 33 for further details.

** Acquired remaining 50% of entity during the prior year. See note 13 for further details of acquisition and uplift.

	Consolidated	
	2011	**2010**
Trademarks		
Opening net book value amount as at 1 July	**77**	73
Additions	**14**	15
Amortisation charge	**(12)**	(11)
Closing net value book amount at 30 June	**79**	77
Customer Contracts / relationships		
Opening net book value amount as at 1 July	**4,113**	5,463
Additions	**-**	246
Divestment of Point of View business	**-**	(137)
Impairment of RSVP London show included in Discontinued operations held for sale	**(500)**	-
Impairment of ETF shows	**(300)**	-
Transfer to Assets held for sale	**(36)**	-
Exchange differences	**(172)**	(99)
Amortisation charge	**(692)**	(1,360)
Closing net book value amount at 30 June	**2,413**	4,113
Brand name		
Opening net book value amount as at 1 July	**4,068**	3,879
Reversal of impairment of Bytecraft brand name	**-**	207
Divestment of Bytecraft brand name	**(1,850)**	-
Exchange differences	**(86)**	(18)
Closing net book value amount at 30 June	**2,132**	4,068
Restrictive Covenant		
Opening net book value amount as at 1 July	**394**	424
Exchange difference	**(47)**	2
Amortisation charge	**(167)**	(32)
Closing net book value amount at 30 June	**180**	394
Software intangibles		
Opening net book value amount as at 1 July	**7,073**	7,547
Additions	**255**	793
Amortisation charge	**(1,300)**	(1,267)
Closing net book value amount at 30 June	**6,028**	7,073
Total identifiable intangible assets	**10,832**	15,725
Total intangible assets	**100,253**	109,661

Amortisation expense above includes $142,000 (2010: $219,000) relating to discontinued operations.

(a) Impairment tests for non amortising intangibles

Goodwill and brand names are calculated and allocated to individual entities at the time of acquisition. A summary of the goodwill and brand names by cash generating unit is set out below:

	Goodwill		Brand Names	
Cash generating unit (CGU)	**2011**	**2010**	**2011**	**2010**
Staging Connections operations in Australia, New Zealand & Fiji	**43,833**	44,156	-	-
Exhibitions & Trade Fairs operations in Australia & United Kingdom	**20,338**	20,799	1,610	1,610
Bytecraft Entertainment operations in Australia	**-**	-	-	1,850
Operations in China	**3,802**	4,486	-	-
Operations in Singapore & Malaysia	**11,895**	12,818	317	354
Operations in Dubai	**9,553**	11,677	205	254
	89,421	93,936	**2,132**	4,068

In 2011, the recoverable amount of each CGU has been determined based on an assessment of their respective fair value less costs to sell. These calculations use cash flow projections over a 5 year period based on budgets and forecasts reflecting market fair values approved by Management and Board of Directors, and extrapolated over a further 10 year period using the average growth rates from the initial forecast period. After the 15 year forecast period a terminal growth rate is assumed and a fair value (less cost to sell) is calculated. The terminal growth rates do not exceed the average growth rates the industry has experienced and are lower than the short term growth rates assumed.

(b) Key assumptions used for fair value less cost to sell calculations:

Cash generating unit (CGU)

	Discount Rate *		Terminal Growth Rate **		EBITDA Margin ***	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Staging Connections operations in Australia, New Zealand & Fiji	**15%**	14%	**3%**	3%	**20%**	19%
Exhibitions & Trade Fairs operations in Australia & United Kingdom	**15%**	15%	**3%**	3%	**18%**	17%
Operations in China	**16%**	15%	**5%**	5%	**13%**	12%
Operations in Singapore & Malaysia	**12%**	12%	**3%**	3%	**9%**	8%
Operations in Dubai	**14%**	14%	**3%**	3%	**32%**	36%

* In performing the fair value less costs to sell models for each CGU, the Group has applied post tax discount rates to discount the value of forecast future attributable post tax cash flows. The discount rate reflects specific risks relating to those operating CGU environments. These rates have been disclosed above. The post-tax discount rates equate to a pre-tax range of 14% - 19% (2010: 14% - 19%).

** The terminal growth rate is used to extrapolate cash flows beyond the mid term forecast period. These reflect the long term inflation rate of the respective countries. This has been applied to cash flows after the mid term forecast period.

*** The EBITDA margin reflects average EBITDA divided by average revenue over the explicit 5 year cash flow forecast period.

The above assumptions have been used to assess the carrying value of assets held by each CGU. Management have considered industry reports in determining growth rate forecasts, together with past experience and expectations of future performance. A mid term forecast growth rate has been applied after the explicit 5 year cash flow forecasts before applying the terminal growth rate. This mid term has been included to reflect specific country and industry growth rates. The discount rates used reflect specific risks relating to the operating environment for each CGU.

(c) Impact of possible changes in key assumptions

A 0.6% decrease in the assumed EBITDA margin of the Staging Connections operations in Australia, New Zealand and Fiji CGU would have a $6.8m impact on carrying value and would result in an impairment of $0.1m.

A 1.2% decrease in the assumed EBITDA margin of the Exhibition and Trade Fair operations in Australia and the United Kingdom would have a $1.2m impact on carrying value and would result in an impairment of $0.1m.

Management does not consider that there is any reasonable possible change in any of the key assumptions that is likely to reduce the recoverable amount of a CGU to equal its carrying amount.

(d) Impairment charge

For the year ended 30 June 2011, the assessed fair value less cost to sell outcomes exceeded the carrying amounts of the goodwill by a comfortable margin. The impairment charge in 2011 relates to:

Impairment of ETF shows $300,000 and Impairment of RSVP London show included in Discontinued operations held for sale $500,000

In the prior year, there was no impairment charge. However, an impairment loss of $207,000 recognised in 2009 in relation to Bytecraft Entertainment's brand name intangible, was reversed in 2010 as the CGU's fair value had increased above carrying value.

16. NON CURRENT TAX ASSETS AND TAX LIABILITIES

	Consolidated 2011 $'000	Consolidated 2010 $'000
Non-current assets - Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	**723**	1,097
Accelerated depreciation for accounting purposes	**187**	197
Provisions deductible for tax in future	**572**	1,112
Losses available for offset against future taxable income	**4,953**	4,953
Provision for makegood on property leases	**43**	18
Capital raising costs	**114**	255
Unrealised foreign exchange	**-**	47
Other	**76**	-
Total deferred tax assets	**6,668**	7,679
Set-off deferred tax liabilities pursuant to set-off provisions	**(3,115)**	(3,531)
Net deferred tax assets	**3,553**	4,148
Movements in deferred tax assets		
Opening balance	**7,679**	9,129
Charged to the income statement - Unders/Overs	**(513)**	(619)
Credit (charged) to equity	**226**	(39)
(Charged) to the income statement	**(724)**	(792)
Closing balance	**6,668**	7,679
Deferred tax assets to be recovered within 12 months	**1,388**	2,542
Deferred tax assets to be recovered after more than 12 months	**5,280**	5,137
	6,668	7,679
Non-current liabilities - Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Accrued income	**(15)**	(84)
Accelerated depreciation for tax purposes	**(60)**	(94)
Interest	**(423)**	(28)
Intangibles	**(2,750)**	(3,496)
Other	**6**	(44)
Total deferred tax liabilities	**(3,242)**	(3,746)
Set-off deferred tax liabilities pursuant to set-off provisions	**3,115**	3,531
Net deferred tax liabilities	**(127)**	(215)
Movements in deferred tax liabilities		
Opening balance	**(3,746)**	(4,119)
Credited to the income statement - Unders/Overs	**98**	166
Credited to the income statement	**406**	207
Closing balance	**(3,242)**	(3,746)
Deferred tax liabilities to be recovered within 12 months	**(437)**	(113)
Deferred tax liabilities to be recovered after more than 12 months	**(2,805)**	(3,633)
	(3,242)	(3,746)
Net deferred tax assets	**3,426**	3,933

17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Trade creditors	(a)	**4,362**	4,663
Unearned income		**274**	1,387
Other creditors and accruals		**13,024**	18,060
		17,660	24,110

(a) Terms and conditions relating to financial instruments:
Trade creditors are non-interest bearing and are normally settled on 30 day terms. Other creditors are non-interest bearing and have an average term of less than 12 months.

Risk exposure
Information about the Group's exposure to foreign currency changes is provided in Note 2.

Notes to the Financial Statements continued
30 June 2011

18. CURRENT LIABILITIES - BORROWINGS

	Effective interest rate %	Consolidated 2011 $'000	Consolidated 2010 $'000
Bank Overdraft	14.25%	**3,220**	-
Obligations under assets finance facility (secured)	9.47%	**2,627**	2,703
Other loans (secured):			
$860,000 bank bill facility	9.26%	**-**	849
$62,160,000 bank bill facility	BBSY +3.00%	**5,000**	4,000
Bank loans AED 1,737,000	EIBOR + 1.75%	**374**	463
Loans from related companies (unsecured)		-	331
		11,221	8,346

Obligations under asset finance facility

The asset finance facility contracts have lease terms of between 3-5 years. The average interest rate implicit in the leases is 9.47% (2010: 9.26%). Obligations are secured by a charge over the leased assets.

Other loans - Bank Bills & Overdraft facility

The bank bills and overdraft facility are secured by a fixed and floating charge over the whole of the assets of Staging Connections Group Limited and its Australian controlled entities, including uncalled capital and called but unpaid capital.

Overdraft set-off facility

The overdraft facility is held in the name of Staging Connections Group Limited.

Bank Bills

$860,000 bank bill

The bill was held in the name of Staging Connections Group Limited and was fully repaid in December 2010.

$62,160,000 Bank Bill Facility

This represents the current portion of the total bill of $62,160,000 (for non-current portion refer to Note 20).
The bill is held in the name of Staging Connections Group Limited.

Bank Loan AED

Term loan from National Bank of Dubai AED 1,737,000 is in the name of Gearhouse Limited LLC.

Loans from related companies

All related company loans are non interest bearing and repayable on demand.

Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 2.

Fair value estimation

The carrying value of short term borrowings and finance lease liabilities approximates fair value because of their short-term to maturity.

19. PROVISIONS - CURRENT AND NON CURRENT

	Consolidated 2011 $'000	2010 $'000
Current liabilities - provisions		
Employee benefits	**2,394**	3,591
	2,394	3,591
Non-current liabilities - provisions		
Employee benefits	**194**	264
Provision for make good on property leases	**256**	60
	450	324

Movements in provisions

Movements in each class of provision during the financial year other than employee benefits, are set out below:

	2011	2010
Deferred cash consideration		
Carrying amount at the beginning of the year	**-**	411
Additional provision/foreign exchange movement	**-**	21
Amounts paid during the year	**-**	(432)
Carrying amount at the end of the year	**-**	-
Provision for make good on property leases		
<u>*Non-current*</u>		
Carrying amount at the beginning of the year	**60**	56
Additional provision	**196**	4
Carrying amount at the end of the year	**256**	60

Notes to the Financial Statements continued
30 June 2011

20. NON-CURRENT LIABILITIES - BORROWINGS

	Effective interest rate %	Maturity	Consolidated 2011 $'000	Consolidated 2010 $'000
Obligations under assets finance facility (secured)	9.47%	31-May-13	**2,671**	2,217
Other loans (secured):				
$62,160,000 bank bill facility	BBSY +3.00%	31-Aug-12	**56,881**	62,139
$9,320,000 bank bill facility	BBSY +3.00%	28-Aug-11	**-**	9,284
Bank loans AED 1,737,000	EIBOR + 1.75%	31-Jul-12	**72**	553
			59,624	74,193

Obligations under asset finance facility

The asset finance facility contracts have lease terms of between 3-5 years. The average interest rate implicit in the leases is 9.47% (2010: 9.26%). Obligations are secured by a charge over the leased assets.

Bank Bills

The bank bills are secured by a fixed and floating charge over the whole of the assets of Staging Connections Group Limited and its Australian controlled entities, including uncalled capital and called but unpaid capital.

$62,160,000 bank bill

The bill is held in the name of Staging Connections Group Limited.

$9,320,000 bank bill

The bill was held in the name of Staging Connections Pty Limited and was fully repaid in March 2011.

Bank Bills Maturity

The Group's bank bill facilities currently expire on 31 August 2012. Negotiations have commenced for the extension of these facilities and the Board have no reason to believe that this extension will not be finalised in the coming months.

Bank Loan AED

Term loan from National Bank of Dubai AED 1,737,000 is in the name of Gearhouse Limited LLC.

Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 2.

Fair value estimation

The carrying value of long term borrowings and finance lease liabilities approximates the fair value.

21. CONTRIBUTED EQUITY

	Consolidated 2011 $'000	Consolidated 2010 $'000
(a) Share capital		
Ordinary shares fully paid	**199,310**	198,436

(b) Movements in Ordinary Share Capital

	2011 Number of shares	2011 $'000	2010 Number of shares	2010 $'000
Beginning of the financial year	**78,317,726**	**198,436**	52,211,889	191,514
Issued during the year:				
Rights issue	-	-	26,105,838	5,225
Transaction costs related to 2009 rights issue	-	-	-	(17)
Transaction costs related to 2010 rights issue	-	-	-	(197)
Deferred tax liability on rights issue costs	-	(226)	-	84
Restricted shares released from escrow during the year	-	1,100	-	1,827
End of the financial year	**78,317,726**	**199,310**	78,317,726	198,436

(c) Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of the Company. Shares have no par value.

At the Annual General Meeting held on 4 November 2010, the shareholders voted to consolidate the issued capital of the Company on the basis that every 10 ordinary shares be consolidated into 1 ordinary share and where this consolidation resulted in a fraction of a share being held by a shareholder, the Directors were authorised to round that fraction up to the nearest whole share. As a result fully paid shares on issue prior to consolidation of 783,175,134 were reduced to fully paid shares of 78,317,726 following consolidation. For comparative purposes the number of fully paid shares at 30 June 2010 have been restated to reflect the impact of the share consolidation. This exercise had no impact to the monetary value of share capital.

Rights Issue

On 15 January 2010 the Company invited its shareholders to subscribe to an underwritten renounceable rights issue at an issue price of $0.02 ($0.20 post consolidation) per share on the basis of 1 share for every 2 fully paid ordinary shares held, with such shares to be issued on 19 February 2010, and rank equally with other shareholders. The Company received total acceptances for new shares to be issued of 231,095,730 (23,109,573 post consolidation shares) with the remaining unsubscribed shares of 29,962,648 (2,996,265 post consolidation shares) being placed by the underwriter in accordance with the terms of the Letter of Offer. Total funds of $5,225,109 were received from the rights offering with a total of 261,058,378 (26,105,838 post consolidation shares) new ordinary shares being issued.

Restricted Shares

Grants of restricted shares to vendors subject to service conditions are accounted for separately from business acquisitions as a share based payment expense over the vesting period. At each vesting point the fair value of these shares will be recognised. Share capital transactions during the year were as follows:

On 4 October 2007, the Company issued 2,028,165 shares valued at $1.365 per share (total consideration of $2,768,445) in relation to the acquisition of the 49% of the issued share capital of ETG Staging Connections (Hong Kong) Limited, taking the company's interest to 100%. The original agreement stated that the shares are restricted and will be released from escrow in three equal amounts of 676,055 on 4 October 2008, 4 October 2009 and 4 October 2010. A total of 676,055 shares was released during the year.

On 12 October 2007, the Company issued 814,038 shares valued at $1.382 per share (total consideration of $1,125,001) in relation to the acquisition of Point of View Design Pty Limited and Point of Delivery Pty Limited, based in Australia. The original agreement stated that these shares are restricted and will be released from escrow in three equal amounts of 271,346 on the 1 August 2008, 1 August 2009 and 1 August 2010. Subsequent to the release of the 2nd tranche of 271,346 shares during the current year, the Company sold its interest in the Point of View of business as further outlined in Note 33. As a consequence of this sale, the 3rd tranche of restricted shares, due for release on 1 August 2010, were returned to the Company by the original recipient. As the Company is prohibited from owning its own shares, the shares were transferred to an independent agent who sold the shares on the open market returning the proceeds to the Company.

On 31 October 2007, the Company issued 1,236,654 shares valued at $1.427 per share (total consideration of $1,764,705) in relation to acquiring the remaining 30% of the issued share capital of TEC Staging Connections Pte Limited, taking the Company's interest to 100%. The original agreement stated that the shares are restricted and will be released from escrow in the following three amounts, 741,993 shares on 31 October 2008, 370,996 shares on 31 October 2009 and 123,665 shares on 31 October 2010. A total of 123,665 shares was released during the year.

Options

Option plans are detailed at Note 26.

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

All covenants under the Group's banking facility were met for the year ended 30 June 2011.

22. RESERVES

	Note	Consolidated 2011 $'000	2010 $'000
Foreign currency translation	(a)	**(12,538)**	(4,056)
Share-based payments	(b)	**2,345**	3,305
Other reserves	(c)	**226**	226
		(9,967)	(525)

Movements:

(a) Foreign Currency Translation

(i) Nature and purpose of reserve

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

		2011 $'000	2010 $'000
Balance at beginning of year		**(4,056)**	(703)
Currency translation differences arising during the period on overseas controlled entities		**(8,482)**	(3,353)
Balance at end of year		**(12,538)**	(4,056)

(b) Share-based Payments

(i) Nature and purpose of reserve

The Option and Performance Share Plan (OPSP) reserve is used to record the value of equity benefits provided to executives and employees as part of their remuneration. Refer to note 26 for further details of this plan.

	Note	2011 $'000	2010 $'000
Balance at beginning of year		**3,305**	4,530
Share-based payment expense	26 (d)	**48**	263
Restricted shares		**(1,008)**	(1,488)
Balance at end of year		**2,345**	3,305

(c) Other Reserves

		2011 $'000	2010 $'000
Balance at beginning of year		**226**	226
Balance at end of year		**226**	226

23. MINORITY INTEREST

	Consolidated 2011 $'000	Consolidated 2010 $'000
Interest in:		
Share capital	**1,858**	1,858
Retained profits	**5,167**	4,921
	7,025	6,779

Notes to the Financial Statements continued
30 June 2011

24. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Note	Consolidated 2011 $'000	2010 $'000
(a) Reconciliation of (loss) after income tax to net cash inflow from operating activities			
(Loss) for the year		**(16,130)**	(3,240)
Depreciation and amortisation of non-current assets		**14,400**	16,218
Loss on disposal of business operations		**8,740**	-
Impairment of RSVP London show included in Discontinued operations held for sale	33	**500**	-
Fair value (gains) on other financial assets at fair value through profit & loss		**-**	(1,227)
Option and performance share plan expense		**48**	263
Loss on sale of controlled entities		**-**	(220)
Loss on sale of property, plant and equipment		**34**	9
(Reversal of impairment) / impairment of intangible asset		**300**	(207)
Impairment of Investment in Associate entity	12	**515**	-
Compensation paid through shares		**90**	593
Decrease in trade debtors and other receivables		**(1,270)**	5,135
Increase in inventories		**23**	132
(Decrease) in provision for employee benefits		**(275)**	131
Increase / (decrease) in provision for make good on property leases		**(35)**	5
(Decrease) in provision for doubtful debts		**(152)**	(121)
Loan forgiven		**(266)**	-
(Increase) / decrease in other assets		**381**	(288)
Increase in deferred tax assets		**507**	1,076
(Decrease) in trade and other creditors		**(3,520)**	(5,048)
Net cash inflow from operating activities		**3,890**	13,211
(b) Reconciliation of cash			
Cash balance comprises:			
Cash on hand		**3,741**	11,499
Short term deposits		**312**	378
		4,053	11,877
Bank overdraft		**(3,220)**	-
		833	11,877
(c) Financing facilities available			
At reporting date, the following financing facilities have been negotiated and were available:			
Facilities used		**70,845**	82,207
Facilities unused		**1,559**	4,799
Finance facilities available		**72,404**	87,006

Used facilities include bank overdraft, bank bills, bank loans and hire purchase contracts.

Unused facilities include bank overdraft and bank bills.

25. EXPENDITURE COMMITMENTS

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
(a) Lease expenditure commitments			
(i) Operating leases (non-cancellable):			
Minimum lease payments:			
Not later than one year		**3,657**	4,975
Later than one year and not later than five years		**4,204**	5,425
Later than five years		**1,328**	-
Aggregate lease expenditure contracted for at balance date		**9,189**	10,400

Operating leases have an average lease term of 5 years. Assets that are the subject of operating leases include office premises and equipment.

		2011 $'000	2010 $'000
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases		**-**	-
(ii) Finance leases:			
Not later than one year		**3,051**	3,009
Later than one year and not later than five years		**2,831**	2,364
Total minimum lease payments		**5,882**	5,373
Future finance charges		**(583)**	(453)
Lease liability		**5,298**	4,920
Current liability	18	**2,627**	2,703
Non-current liability	20	**2,671**	2,217
Total finance lease liability		**5,298**	4,920

Finance leases have an average lease term of 3 - 5 years. Assets that are the subject of finance leases include plant and equipment used in the generation of income, such as rental assets. The average rate implicit in the lease is 9.47% (2010: 9.26%).

(b) Capital expenditure commitments

		2011 $'000	2010 $'000
Estimated capital expenditure contracted for at reporting date, but not provided for:			
Not later than one year:		**4,467**	4,392
Later than one year		**1,810**	720
		6,277	5,112

26. SHARE BASED PAYMENTS

(a) Options and Performance Shares Plan (OPSP)

Options granted between February 2006 and November 2008

Options were granted between February 2006 and November 2008 to the Managing Director (with shareholder approval) and to certain senior executives and managers under the OPSP on the following terms and conditions:

(i) Exercise price – see Options Summary below
(ii) Options may not be transferred and are not listed on the Australian Securities Exchange.
(iii) Options lapse on the first to occur of the following:
- the 5th anniversary of the date of grant (or such other date as determined by the Board);
- the expiry of the option term;
- cessation of employment of the optionholder; or
- termination of employment of the optionholder by the Company for misconduct, fraud or similar reasons.
(iv) Options vesting date – see Options Summary below
(v) Options Performance Hurdle – vesting is subject to the level of achievement of the Company's Total Shareholder Return (TSR) measured against the performance of the S & P / ASX Small Ordinaries Index for the one year closest to the 2nd or 3rd year anniversary of the date of grant, with subsequent re-testing each year on the anniversary date of grant up to the expiry date using the TSR Performance Hurdle.

A separate grant of 900,000 options was approved in March 2007 for Stephen Found, Managing Director of Bytecraft Entertainment on the acquisition of the Bytecraft Entertainment business. These options were subject to allocation in 3 annual tranches of 300,000 each, with the 3rd tranche not accepted. There were no Performance Hurdles applicable to this grant of options.

Options granted 30 June 2009 and subsequently

During the 2009 financial year the Directors considered the basis of measurement of performance for the purposes of the Company's remuneration policy and, given the changes to the Company during that year, it was appropriate for the long term incentive portion of the remuneration policy for executives, through the OPSP, to be in future linked to company performance and in particular growth in shareholder value through an increase in equity value per share over the testing periods.

Options were granted between 30 June 2009 and 30 November 2009 to the Managing Director (with shareholder approval) and certain senior executives and managers under the OPSP on similar terms and conditions to the previous grants, but subject to a different performance hurdle.

(i) Performance Hurdle for options granted subsequent to 30 June 2009:

Vesting of the options is dependent on achievement of certain equity value per share targets. Equity value per share is determined by applying the following formula:

A = (B x C – D) / E

where:

A means the equity value per share.

B means EBITDA, i.e. Earnings Before Interest Taxation Depreciation and Amortisation, as set out in the Company's financial statements for the relevant financial year as announced to the ASX.

C means the earnings multiple, being 4.

D means debt, i.e. the Net Financial Debt (interest bearing debt) of the Company as shown on the Company's balance sheet as at the relevant 30 June, as announced to the ASX.

E means the number of shares issued as at the date of the offer. However, and to the extent applicable, the Plan Rules cover circumstances concerning capital reconstructions and new issues.

The annual assessment for vesting commences on the vesting date (see Options Summary below), up until the expiry date. Options cannot vest outside of the annual vesting dates. Once vested, options may be exercised at any time up to the expiry date.

(ii) Adjustment to performance hurdle as a result of the 1 for 2 Rights Issue in February 2010;

In February 2010 the Company increased its issued capital by a 1 for 2 Rights Issue. Under the OPSP Plan Rules, such adjustments as are necessary may be made to the terms of options currently on issue. The Board determined the adjustments necessary to the performance hurdle are to amend the earnings multiple per share from 4 to 5 times and to amend the equity value per share targets for the testing for vesting as follows:

Maximum proportion of options which will vest	Target equity value per share as set at the date of grant in 2009	Revised target equity value per share following the 1 for 2 Rights Issue in February 2010
One third of all options.	$1.00	$0.70
Two thirds of all options. That is, a maximum of two thirds of all options will vest on the first vesting date after the Company's equity value per share reaches $1.00, as measured on 30 June of the relevant financial year.	$1.50	$1.00
All options	$2.00	$1.30

iii) Adjustment to the number of options on issue and the respective exercise price as a result of the company's share consolidation in November 2010;

At the Annual General Meeting held on 4 November 2010, the shareholders voted to consolidate the issued capital of the Company on the basis that every 10 ordinary shares be consolidated into 1 ordinary share. Under the OPSP Plan Rules, such adjustments as are necessary may be made to the terms of options currently on issue. As a result of the share consolidation, the Board determined that all current options on issue would be similarly reduced on the basis that every 10 options were consolidated into 1 option. Similarly the option exercise price was multiplied by a factor of 10, representing the new exercise price to be utilised when exercising options in future. All other terms and conditions of the options remain unchanged. The number of options on issue at 30 June 2010 and the related fair value, exercise price, weighted average exercise price and share price at grant date have been restated through out all sections of this note to reflect the impact of the share consolidation. This exercise had no impact to the monetary value of options disclosed in the share premium reserve account.

(c) Options Summary

The number of options granted during the year was 2,645,000 (2010: 1,295,000) to eligible employees. Options forfeited during the year were 2,777,500 (2010: 64,500) and 10,000 (2010: 10,000) were capable of being exercised. Options expiring during the year were 10,000 (2010: 7,000).

(i) The terms of the OPSP grants of options are detailed below:

Year of grant	Date of grant	Exercise price	Vesting date	Expiry date
2006	28.02.06	$9.00	28.02.08	28.02.11
2008	01.07.07	$15.70	30.06.10	30.06.12
2009	30.06.09	$0.20	30.09.12	30.09.14
2010	01.07.09	$0.20	30.09.12	30.09.14
2010	30.11.09	$0.20	30.09.12	30.09.14
2011	01.07.10	$0.20	30.09.13	30.09.15

(ii) Options outstanding under OPSP at balance date:

	2011		**2010**	
	OPSP	**OPSP**	OPSP	OPSP
	Number of options '000	**Weighted average exercise price**	Number of options '000	Weighted average exercise price
Balance at start of year	**3,170**	**$1.3450**	2,527	$2.1340
Options granted during year	**2,645**	**$0.2000**	1,295	$0.2000
Options forfeited	**(2,778)**	**$1.3914**	(645)	$2.0543
Options cancelled	**-**	-	-	-
Options exercised during year	**-**	-	-	-
Options expired during year	**(10)**	**$9.0000**	(7)	$9.0000
Balance at end of year	**3,028**	**$0.2768**	3,170	$1.3450
Options exercisable at year end	-	-	10	$9.0000

(iii) Fair Value of Options Granted and Assumptions used:

The fair value of the options are estimated at the date of the grant using the Black Scholes option pricing model. The following table gives the fair value of the options granted and assumptions made in determining the fair value in the year to 30 June 2011.

OPSP	**2011**	2010		
	Tranche 1	Tranche 1	Tranche 2	Tranche 3
Fair value of options ($)	**$0.119**	$0.256	$0.256	$0.256
Assumptions:				
Dividend yield (%)	**nil**	nil	nil	nil
Expected volatility (%)	**65.00**	65.00	65.00	65.00
Risk-free interest rate (%)	**4.93**	4.99	4.99	4.99
Expected life of options (years)	**5.25**	5.25	5.17	4.83
Weighted average option exercise price ($)	**$0.20**	$0.20	$0.20	$0.20
Share price at grant date ($)	**$0.21**	$0.36	$0.28	$0.44

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

(iv) Share options issued and outstanding at the end of the year under the OPSP.

All equity settled share based payments, have the following exercise prices.

	2011		2010	
Expiry Date	**Exercise Price**	**OPSP Number of Options**	Exercise Price	OPSP Number of Options
28.02.11	-	-	$9.00	10,000
01.03.12	-	-	$14.10	30,000
01.03.12	-	-	$15.30	75,000
30.06.12	$15.70	15,000	$15.70	95,000
01.03.13	-	-	$14.10	30,000
30.06.12	-	-	$6.30	12,500
30.06.13	-	-	$2.30	12,500
30.09.14	$0.20	1,380,000	$0.20	2,905,000
30.09.15	$0.20	1,632,500	-	-
Total		3,027,500		3,170,000

The weighted average contractual life for the OPSP share options outstanding as at 30 June 2011 is between 1 and 5 years (2010: 1-6 years)

(d) Expenses Arising from Share Based Payment Transactions

Total expenses arising from Share Based Payment Transactions recognised during the year as part of employee benefit expenses were as follows:

	Consolidated 2011 $000	**2010 $000**
Options and Performance Shares Plan (OPSP)	**48**	263
	48	263

27. CONTINGENCIES

AAV Duplication Services

As part of the sale of AAV Australia Pty Ltd's (AAV) interest in AAV Duplication Services in 2006, AAV provided an indemnity to the purchaser in relation to any unpaid royalties up to the date of sale. A claim has been made against the purchaser however AAV does not believe it has any liability under the indemnity.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 26 August 2011 the National Bank in Australia extended the Group's banking facilities from August 2012 to August 2013.

On 29 August 2011 Staging Connections Group Limited announced the buyback of unmarketable share parcels.

On 29 August 2011 Staging Connections Group Limited announced its intention to delist from the Australian Stock Exchange subject to shareholder and ASX approval.

Since 30 June 2011 there have been no other significant events.

29. EARNINGS PER SHARE

	Consolidated 2011 cents per share	Consolidated 2010 cents per share
(a) Basic earnings per share		
(Loss) attributable to equity holders from continuing operations	**(10.4)**	(7.0)
Profit (loss) from discontinued operations	**(11.6)**	1.0
(Loss) attributable to ordinary equity holders of the company	**(22.0)**	(6.0)
(b) Diluted earnings per share		
(Loss) attributable to equity holders from continuing operations	**(10.4)**	(7.0)
Profit/(loss) from discontinued operations	**(11.6)**	1.0
(Loss) attributable to ordinary equity holders of the company	**(22.0)**	(6.0)

	2011 $'000	2010 $'000
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Loss from continuing operations	**(7,071)**	(3,901)
Profit from continuing operations attributable to minority interests	**(1,054)**	(1,337)
Loss from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(8,125)**	(5,238)
Profit / (loss) from discontinued operations	**(9,059)**	661
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(17,185)**	(4,577)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(17,185)**	(4,577)
Profit impact of assumed conversions	**-**	-
Loss attributable to ordinary equity holders of the company used in calculating diluted earnings per share	**(17,185)**	(4,577)

(d) Weighted average number of shares calculation on basic EPS	2011 Number of shares	2010 Number of shares
Weighted average number of shares used as the denominator in calculating basic earnings per share	**78,295,777**	66,927,929
Adjustments for calculation of diluted earnings per share:		
Incremental shares from assumed conversions*	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**78,295,777**	66,927,929

* As at 30 June 2011, there were 3,027,500 options in place that are potentially dilutive. These have not been included as they would reduce the loss per share.

A total of 261,058,378 pre consolidation shares were issued on 19 February 2010 as part of a Rights Issue (refer to Note 21 for details). As a result, the prior period earnings per share and diluted earnings per share amounts have been restated to reflect the impact of the Rights Issue.

The total number of shares issued as at 30 June 2011 was 78,317,726 (June 2010: 78,317,726). See Note 21 for further details of movements during the year.

(e) Information concerning the classification of securities

Options granted to employees under the Options and Performance Shares Plan (OPSP) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

Since 30 June 2011 there have been no share options converted to ordinary shares up to the date of this report.

Details relating to the options are set out in Note 26.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

(a) Directors and other Key Management Personnel Compensation

	Consolidated 2011 $'000	Consolidated 2010 $'000
Short-term employee benefits:		
Directors	**678**	816
Other key management personnel	**1,041**	1,020
	1,719	1,836
Termination benefits:		
Directors	**-**	-
Other key management personnel	**-**	-
	-	-
Post-employment benefits:		
Directors	**59**	83
Other key management personnel	**103**	81
	162	164
Share-based payments:		
Directors	**97**	79
Other key management personnel	**(65)**	96
	32	175
	1,913	2,175

Directors' remuneration details include details relating to both executive and non-executive Directors.

(b) Option holdings of Directors and other key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options.

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section A - E of the remuneration report which forms part of the Directors' Report.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Staging Connections Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2011

Name	Balance at the beginning of the year	Granted as remuneration	Options exercised	Options forfeited/ expired	Balance at end of the year	Vested at 30 June 2011 Total	Vested at 30 June 2011 Not exercisable	Vested at 30 June 2011 Exercisable
Directors of Staging Connections Group Limited								
T. Chamberlain	1,000,000	500,000	-	-	1,500,000	-	-	-
Other key management personnel of the Group								
J. Watson (resigned 14.1.11)	825,000	400,000	-	(1,225,000)	-	-	-	-
M. Craig	50,000	25,000	-	-	75,000	-	-	-
P. Gardner	100,000	50,000	-	-	150,000	-	-	-
R. Blissett (resigned 11.2.11))	100,000	50,000	-	(150,000)	-	-	-	-

2010

Name	Balance at the beginning of the year	Granted as remuneration	Options exercised	Options forfeited/ expired	Balance at end of the year	Vested at 30 June 2010 Total	Vested at 30 June 2010 Not exercisable	Vested at 30 June 2010 Exercisable
Directors of Staging Connections Group Limited								
T. Chamberlain	-	1,000,000	-	-	1,000,000	-	-	-
Other key management personnel of the Group								
J. Watson (resigned 14.1.11)	825,000	-	-	-	825,000	-	-	-
B Shepherd	50,000	-	-	(50,000)	-	-	-	-
P. Gardner	100,000	-	-	-	100,000	-	-	-
R. Blissett (resigned 11.2.11)	-	100,000	-	-	100,000	-	-	-

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

(iii) Share holdings

The number of shares in the Company held during the financial year by each Director of Staging Connections Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	2011				2010			
Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Staging Connections Group Limited								
J. Murphy	102,600	-	-	102,600	68,400	-	34,200	102,600
G. Robertson	321,300	-	-	321,300	214,200	-	107,100	321,300
B. Waters	87,138	-	12,862	100,000	58,092	-	29,046	87,138
T. Chamberlain	151,650	-	-	151,650	101,100	-	50,550	151,650
Other key management personnel of the Group								
P. Gardner	15,000	-	-	15,000	10,000	-	5,000	15,000

(c) Other Transactions and Balances with Directors and other Key Management Personnel

Director-related Entity Transactions

Directors fees and committee fees for J Murphy and G Robertson of $65,400 (2010 - $65,400) and $76,300 (2010 - $76,300) respectively were paid to Investec Wentworth Private Equity Limited, a company associated with J Murphy and G Robertson. Underwriting fees were also paid to Investec Wentworth Pty Ltd during the year ended 30 June 2010 regarding the 2010 Rights issue in the amount of $119,359.

Sponsorship and consultancy fees of $87,848 (2010 - $109,059) were paid to Tamra Group, a company associated with Gearhouse Ltd, Dubai.

31. REMUNERATION OF AUDITORS

	Consolidated 2011 $	Consolidated 2010 $
(a) Audit Services		
PricewaterhouseCoopers Australian firm:		
Audit or review of the financial reports - Group and Australia entities	**437,272**	440,904
Audit or review of the financial reports - Overseas subsidiaries	**116,090**	54,173
Other audit work under the *Corporations Act 2001*	**-**	10,000
PricewaterhouseCoopers Non-Australian firms:		
Related practices of PricewaterhouseCoopers Australian firm	**-**	41,240
Non-PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	**31,980**	86,331
Total remuneration for audit services	**585,342**	632,648
(b) Non-audit Services		
Taxation services		
PricewaterhouseCoopers Australian firm:		
International tax consulting and taxation advice	**88,600**	85,075
PricewaterhouseCoopers Non-Australian firms:		
International tax consulting and taxation advice	**15,438**	22,677
Advice on mergers and acquisitions	**15,274**	-
Total remuneration for taxation services	**119,311**	107,752
Total remuneration for non-audit services	**119,311**	107,752

June 2010 audit fees of $34,000 relate to discontinued operations.

32. RELATED PARTY TRANSACTIONS

The parent entity within the Group is Staging Connections Group Limited.

(a) Subsidiaries

Interest in subsidiaries are set out in Note 11 (a).

(b) Key management personnel

Disclosures relating to key management personnel are set out in Note 30.

(c) Transactions with related parties

	Consolidated	
	2011	2010
	$'000	$'000
The following transactions occurred with related parties.		
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	**3,733**	3,520
Other transactions		
Remuneration paid to directors of ultimate Australian parent entity		
Executive Directors	**579**	679
Non-executive Directors	**255**	299
	834	978

(d) Loans to related parties

	2011	2010
Loans to employees		
Beginning of year	**203**	-
Loans advanced	**487**	203
Interest charged	**36**	-
Loan repayments received	**-**	-
End of year	**726**	203
Loans from related parties other than subsidiaries		
Beginning of year	**331**	356
Exchange differences	-	(25)
Loan written back	**(331)**	-
End of year	**-**	331

(e) Guarantees

Disclosures relating to guarantees are included in Note 34.

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The terms and conditions of the tax funding agreement are set out in Note 7.

All other transactions were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of loans between the parties and the loans were interest free.

Outstanding balances are unsecured and are repayable in cash.

33. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

a) Current period disposal - Bytecraft Entertainment

i) Description

On the 31st of March 2011 the sale of the Bytecraft Entertainment operations to PRG was completed. Bytecraft Entertainment is a supplier of lighting and LED superscreens to the entertainment, major outdoor events and theatrical markets.

ii) Financial performance

The financial performance information presented is for the nine months ended 31 March 2011 and the twelve months ended 30 June 2010.

	2011	2010
	$'000	$'000
Revenue	**15,796**	20,656
Expenses	**(14,500)**	(20,090)
Profit before income tax	**1,296**	566
Income tax benefit	**-**	372
Profit after income tax	**1,296**	938
Sale of discontinued operations		
Loss on sale of business before income tax	**(8,740)**	-
Income tax expense	-	-
Loss on sale of business after income tax	**(8,740)**	-
Loss from discontinued operations	**(7,444)**	938
Net cash inflow (outflow) from operating activities	**1,129**	2,560
Net cash inflow (outflow) from investing activities	**(3,687)**	(1,226)
Net cash inflow (outflow) from financing activities	**(861)**	640
Net increase / (decrease) in cash generated by the division	**(3,419)**	1,974

33. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

a) Current period disposal - Bytecraft Entertainment continued

iii) Carrying amounts of assets and liabilities

The carrying amount of the assets sold as at the date of sale (31 March 2011) and 30 June 2010 are:

	31-Mar 2011 $'000	30 June 2010 $'000
Assets		
Receivables and other assets	**2,698**	2,037
Property, plant and equipment	**18,711**	19,704
Inventory	**1,471**	1,482
Intangible assets	**1,850**	1,992
Total assets	**24,730**	25,215
Liabilities		
Trade and other creditors	**1,424**	1,482
Provisions	**952**	971
Total Liabilities	**2,376**	2,453
Net assets attributable to discontinued operations	**22,354**	22,762

iv) Details of the sale of the business

	2011 $'000
Net consideration received or receivable:	**14,135**
Selling costs	**(521)**
Total consideration received	**13,614**
Carrying amount of net assets sold	**22,354**
Loss on sale before income tax	**(8,740)**
Income tax expense	-
Loss on sale after income tax	**(8,740)**

33. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

b) Discontinued operations held for sale - RSVP

i) Description

The company has entered into advanced discussions with an interested party for the sale of the RSVP London and Manchester trade show business which includes the right to the RSVP name and the acquired data base of exhibitors and visitors. The sale is intended to be concluded before the end of the 2011 calendar year.

ii) Financial performance

The financial performance information presented is for the years ended 30 June 2011 and 30 June 2010.

	2011 $'000	2010 $'000
Revenue	**190**	653
Expenses	**(823)**	(928)
Impairment of intangible asset	**(500)**	-
Impairment of investment	**(515)**	-
Shares of net profits or losses of associates accounted for using the equity method	**27**	(109)
Loss before income tax	**(1,621)**	(384)
Income tax (expense) benefit	**6**	(18)
Loss from discontinued operation held for sale	**(1,615)**	(402)
Net cash inflow (outflow) from operating activities	**(118)**	**16**
Net cash inflow (outflow) from investing activities	-	-
Net cash inflow (outflow) from financing activities	-	-
Net increase / (decrease) in cash generated by the division	**(118)**	16

iii) Carrying amounts of assets and liabilities

The carrying amount of the assets held for sale at 30 June 2011 and 30 June 2010 are:

	30 June 2011 $'000	30 June 2010 $'000
Assets		
Intangible assets	**36**	536
Investment in RSVP North Limited	-	438
Total assets	**36**	974
Total Liabilities	-	-
Net assets attributable to discontinued operations	**36**	974

33. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

b) Discontinued operations held for sale - RSVP continued

iv) Details of the intended sale of business

	2011
	$'000
Consideration received or receivable:	
Total consideration to be received	**36**
Carrying amount of net assets sold	**36**
Net gain on intended sale of business	-

c) Prior period disposal - Point of View

i) Description

On 31 August 2009, the Company sold its boutique architectural lighting and Audio Visual business, Point of View (POV) to a private company owned by one of the original principals of POV.

ii) Financial performance

The financial performance information presented is for the two months ended 31 August 2009.

	2010
	$'000
Revenue	228
Expenses	(343)
Loss before income tax	(115)
Income tax benefit	20
Loss after income tax	(95)
Sale of discontinued operations	
Profit on sale of the business before income tax	220
Income tax expense	-
Profit on sale of the business after income tax	220
Profit from discontinued operations	125
iii) Details of the sale of the company	
Consideration received or receivable:	
Total consideration received	650
Carrying amount of net assets sold	(670)
Gain resulting as a result of unvested shares held in escrow that were cancelled as part of the sale of the POV business	240
Profit on sale before income tax	220
Income tax expense	-
Profit on sale after income tax	220

34. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

		2011	2010
Balance Sheet		**$'000**	$'000
Current assets		**77,385**	76,052
Total assets		**138,760**	180,707
Current liabilities		**85,210**	65,356
Total liabilities		**142,897**	128,375
Shareholders Equity			
Share capital		**199,311**	198,436
Retained earnings		**(205,894)**	(149,443)
Reserves			
Share based payments		**2,446**	3,339
		(4,137)	52,332
Loss for the year	*	**(56,451)**	(7,096)
Total comprehensive loss for the year		**(56,451)**	(7,096)

* As a result of the sale of the Bytecraft business during the year and of the limited existence of the former AAV businesses, the existing investment value of these businesses were written down to nil, resulting in an impairment charge to the parent entity of $42.9 million.

(b) Guarantees entered into by the parent entity

The Parent has guaranteed commercial asset finance facility agreements for the controlled entities in the amount of $5.2 million (2010 - $4.9 million).

The Parent has also guarantees on behalf of the Group in relation to leasing of properties in the amount of $718,000 (2010 - $1,008,000) and has provided a Stand-by Letter of Credit to a Malaysian bank of US$230,000 (A$217,000, 2010: Nil) to enable them to provide a guarantee on behalf of the Group.

These guarantees may give rise to liabilities in the Parent entity if the subsidiaries do not meet their obligations under the terms of the leases and other liabilities subject to the guarantees. No material losses are anticipated in respect to any of these contingencies.

(c) Contingent liabilities of the parent entity
The parent entity has no contingent liabilities as at 30 June 2011.

(d) Contractual commitments of the parent entity

The parent entity has committed to non-cancellable operating leases with the following minimum lease payments:

	2011	2010
	$'000	$'000
Not later than one year	**5**	6
Later than one year and not later than five years	**18**	1
Aggregate lease expenditure contracted for at balance date	**23**	7

Directors' Declaration

30 June 2011

In the directors' opinion:

(a) the financial statements and notes set out on pages 39 to 101 are in accordance with the *Corporations Act*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 11 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 11.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board

Bryan Waters
Chairman
Sydney 29 August 2011

Tony Chamberlain
Director
Sydney 29 August 2011

Independent auditor's report to the members of Staging Connections Group Limited

Report on the financial report

We have audited the accompanying financial report of Staging Connections Group Limited (the company), which comprises the balance sheet as at 30 June 2011, and the income statement, 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, other explanatory notes and the directors' declaration for the Staging Connections Group (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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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Independent auditor's report to the members of Staging Connections Group Limited (continued)

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Staging Connections Group 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 2011 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Staging Connections Group Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

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Independent auditor's report to the members of Staging Connections Group Limited (continued)

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Staging Connections Group Limited (the company) for the year ended 30 June 2011 included on Staging Connections Group Limited's web site. The company's directors are responsible for the integrity of the Staging Connections Group Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Kelly
Partner

Sydney
29 August 2011

SUPPLEMENTARY INFORMATION
Additional information required by the Australian Stock Exchange and not shown elsewhere in this Report.

The information is current as at 26 August 2011

TOP 20 SHAREHOLDERS

Ranking	Name	Shares	%
1	MGB Equity Growth Pty Ltd (MGB Beneficiaries A/c)	26,370,113	33.67
2	IWPE Nominees Pty Ltd (IWPE Fund 2 A/c)	10,805,947	13.80
3	Ponite Pty Limited	7,347,251	9.38
4	IWPE Nominees Pty Ltd (MG 1 A/c)	6,945,939	8.87
5	MGB Equity Growth Pty Ltd (MGB Equity Growth Fund 2 A/c)	3,860,002	4.93
6	Mr Christopher Ian Wallin	2,340,000	2.99
7	National Australia Trustees Ltd (Propacific (Asia) Ltd)	1,216,899	1.55
8	W Donnelly Services Pty Ltd (the Donnelly Super Fund A/c)	988,204	1.26
9	JP Morgan Nominees Australia Limited	895,500	1.14
10	PMB Family Super Pty Limited (PMB Superannuation Fund A/c)	778,250	0.99
11	National Australia Trustees Ltd (Ronnie & Sons Pte Ltd)	741,993	0.95
12	Jamber Investments Pty Ltd (The Amber Schwartz Fam A/c)	658,871	0.83
13	HSBC Custody Nominees (Australia) Limited	571,845	0.73
14	Mr Christopher Ian Wallin & Ms Fiona Kay Wallin (Chris Wallin Superfund A/c)	457,500	0.58
15	EGL Investment & Development Corporation Pty Ltd	452,275	0.58
16	Mr Peter Howells	450,000	0.57
17	Mr Michael John Costin	356,593	0.46
18	JP Morgan Nominees Australia Limited	301,065	0.38
19	Mr Peter John Stirling & Mrs Rosalind Verena Stirling	300,000	0.38
19	Willona Australia Pty Ltd (Josephine Strutt Family A/c)	300,000	0.38
19	Goldberg Super Pty Ltd (Goldberg Super A/c)	300,000	0.38
20	Gernis Holdings Pty Limited	284,413	0.36
Total		**66,720,660**	**85.19**

The voting rights attaching to the ordinary shares set out in the Company's Constitution are on a show of hands, every member present has one vote, and on a poll, every member present has one vote for each fully paid share held by the member and in respect of which the member is entitled to vote.

SUBSTANTIAL SHAREHOLDINGS

Substantial Shareholder Notices received up to 26 August 2011

Notice given by	Ordinary Shares	Extent of Interest	Date of Last Notification
Ponite Pty Limited	7,243,074	9.25%	21 April 2011
Investec Wentworth Private Equity Limited and MGB Equity Growth Pty Limited and related parties (Investec Group)	47,982,001	61.27%	3 July 2011

RANGE OF FULLY PAID ORDINARY SHARES HELD AT 26 August 2011

Range	Holders	Shares	%
1 – 1,000	2,202	318,642	0.41
1,001 – 5,000	289	716,962	0.92
5,001 – 10,000	96	745,781	0.95
10,001 – 100,000	173	5,070,715	6.47
100,001 – over	52	71,465,626	91.25
Total	2,812	78,317,726	100.00

The number of shareholders holding an unmarketable parcel of shares (5,555 shares) is 2,500 holding 1,082,313 shares (based on a share price of $0.09 on 26 August 2011**)**.

DIVIDEND HISTORY

Date paid	Cents per ordinary share
2008 to 2011	no dividends paid or declared
28.09.07	2.5
26.03.07	2.5
22.09.06	2.5