

Financial Report

Independent Audit Report

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Sirius Corporation Limited

This financial report covers both Sirius Corporation Limited as an individual entity and the consolidated entity consisting of Sirius Corporation Limited and its controlled entities.

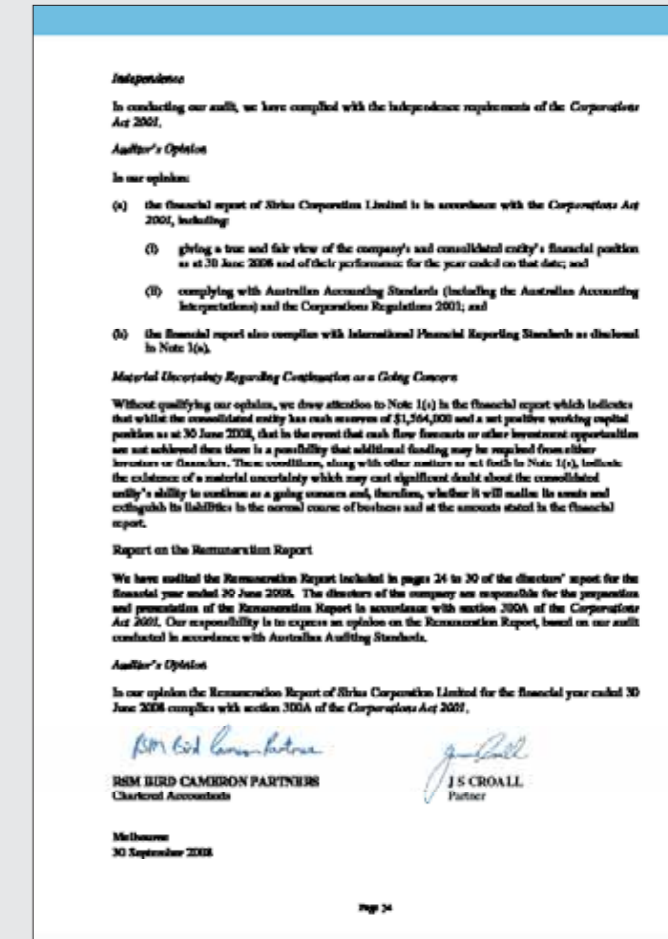
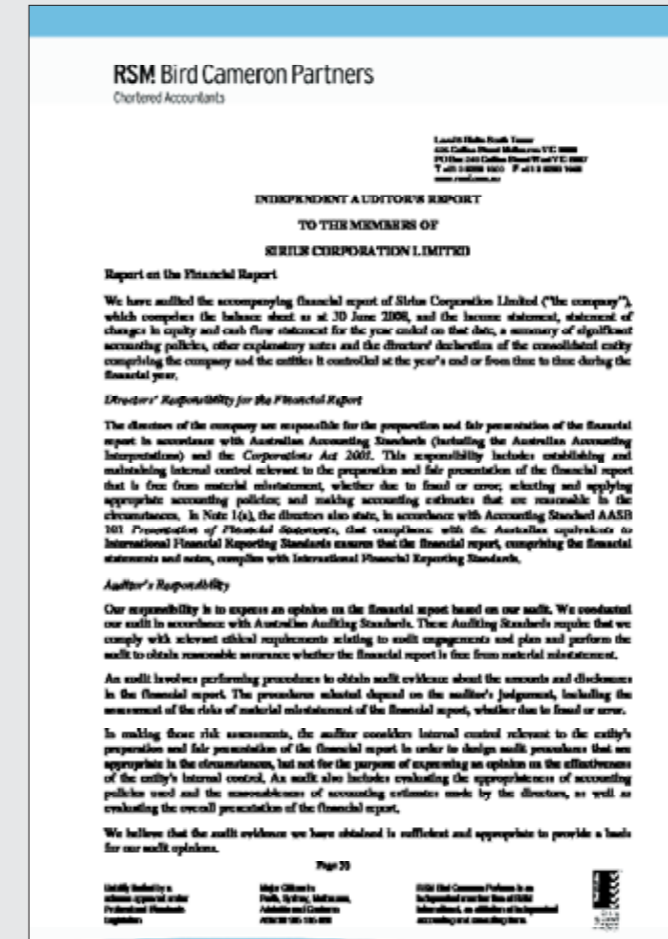
Sirius Corporation Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Sirius Corporation Limited

Suite 4, Level 8, 616 St Kilda Road Melbourne Victoria 3004 Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 to 13 and in the Directors' report on pages 22 to 30.



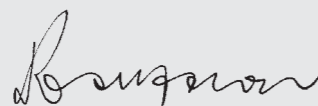
Directors' Declaration

The Directors declare that:

1. the financial statements and notes set out on pages 35 to 70, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the financial year ended on that date of the company and consolidated entity;
2. as indicated in Note 1 (s) 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
3. the audited remuneration disclosures set out on pages 24 to 30 of the Directors' Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The Directors' have been given the declarations by the Chief Executive Officer (and Chief Financial Officer) required by section 295A of the Corporations Act 2001.

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



Roger Mason,
Non-Executive Chairman
Melbourne 30 September 2008



Francesco (Frank) Licciardello,
Managing Director and CEO
Melbourne 30 September 2008

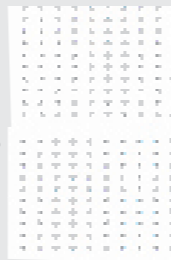
Income Statement

Income Statement for the year ended 30 June 2008

Notes	Consolidated		Parent entity		
	2008	2007	2008	2007	
	\$	\$	\$	\$	
Revenue from continuing operations	5	5,919,021	4,899,882	2,173,656	4,898,504
Other Income – Gain on acquisition	5	1,626,436	-	-	-
Cost of goods sold		(297,645)	(519,051)	(7,924)	(1,494,945)
Facilities management operational leases		(195,030)	(297,840)	(182,296)	(202,428)
Telecommunication carrier costs		(112,431)	(84,987)	(138,680)	(223,149)
Employee benefits and related expenses		(3,811,962)	(3,139,750)	(2,098,183)	(2,354,124)
Occupancy expenses		(424,120)	(385,552)	(153,428)	(451,594)
Travel, accommodation & entertainment		(313,868)	(161,221)	(99,641)	(79,447)
Professional Fees – (non Director related)		(195,335)	(137,218)	(179,445)	(202,853)
Insurance		(138,259)	(68,985)	(132,277)	(143,985)
Finance costs	6	(34,750)	(29,070)	(32,426)	(13,539)
Other expenses from operating activities	6	(294,101)	(168,071)	(224,544)	(333,245)
Marketing		(141,783)	(81,920)	(20,005)	(16,735)
Depreciation and amortisation expenses	6	(1,477,649)	(355,426)	(343,711)	(364,426)
Impairment		(498,087)	-	-	-
Profit (loss) from continuing operations before income tax expense		(389,562)	(529,209)	(1,438,904)	(981,966)
Income tax expense/(benefit)	7	822,099	(820,243)	820,243	(820,243)
Profit (loss) from continuing operations		(1,211,661)	291,034	(2,259,147)	(161,723)
Profit (loss) from discontinued operations	28	1,221,692	731,911	-	730,578
Net profit (loss) attributable to members of Sirius Corporation Limited		10,031	1,022,945	(2,259,147)	568,855
Total changes in equity other than those resulting from transactions with owners as owners	22	10,031	1,022,945	(2,259,147)	568,855
Basic earnings per share		¢	¢		
Basic earnings per share from continuing operations		(1.21)	0.62		
Basic earnings per share from discontinuing operations		1.22	1.59		
Total		0.01	2.22		
Diluted earnings per share		(i)	(i)		

(i) Not materially different to basic earnings per share
The above income statement should be read in conjunction with the accompanying notes

Balance Sheet



Balance Sheet as at 30 June 2008

	Notes	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current Assets					
Cash and Cash Equivalents	8	1,564,791	166,424	810,810	64,944
Trade and Other Receivables	9	1,275,125	1,192,672	189,698	341,714
Inventories	10	-	83,332	-	-
Other	11	837,226	210,984	88,958	103,991
Total Current Assets		3,677,142	1,653,412	1,089,466	510,649
Non Current Assets					
Investments	12	240,000	-	3,537,764	-
Tax Assets	13	-	820,189	-	820,189
Property Plant & Equipment	14	615,363	824,365	330,679	668,388
Intangible Assets	15	4,449,348	513,522	-	369,549
Total Non Current Assets		5,304,711	2,158,076	3,868,443	1,858,126
TOTAL ASSETS		8,981,853	3,811,488	4,957,909	2,368,775
Current Liabilities					
Trade and Other Payables	16	1,888,537	1,343,964	481,278	969,037
Other	17	1,606,832	775,250	312,480	12,000
Total Current Liabilities		3,495,369	2,119,214	793,758	981,037
Non Current Liabilities					
Other	19	560,504	-	2,563,598	-
Provisions	20	128,861	172,959	87,622	159,698
Deferred Tax Liabilities	18	723,652	-	-	-
Total Non Current Liabilities		1,413,017	172,959	2,651,220	159,698
TOTAL LIABILITIES		4,908,386	2,292,173	3,444,978	1,140,735
NET ASSETS		4,073,467	1,519,315	1,512,931	1,228,040
Equity					
Contributed Equity	21	10,337,947	7,779,253	10,337,947	7,779,253
Accumulated Losses	22	(6,264,480)	(6,274,511)	(8,825,016)	(6,565,786)
Reserves		-	14,573	-	14,573
TOTAL EQUITY		4,073,467	1,519,315	1,512,931	1,228,040

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

Statement of Changes in Equity



Statement of changes in equity for the year ended 30 June 2008

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total equity at the beginning of the financial year	1,519,315	481,797	1,228,040	644,612
Profit/(Loss) for the financial year	10,031	1,022,945	(2,259,147)	568,855
Issued capital	2,558,697	-	2,558,697	-
Movement in share options reserves	(14,573)	14,573	(14,573)	14,573
Total equity at the end of the financial year	4,073,470	1,519,315	1,512,931	1,228,040

The above statements of changes in equity should be read in conjunction with the accompanying notes

Cash Flow Statement

Cash Flow Statement for the year ended 30 June 2008

	Notes	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		9,877,767	10,243,564	2,179,424	6,468,000
Payments to suppliers and employees (inclusive of GST)		(9,872,041)		(4,135,564)	(7,219,575)
		5,726	(634,436)	(1,956,140)	(751,575)
Interest received	5	30,517	17,149	15,772	15,772
Finance costs	6	(34,750)	(29,070)	(32,426)	(13,539)
Income taxes paid		-	-	-	-
Net cash inflow from operating activities	32	1,493	(646,357)	(1,972,794)	(749,342)
Cash flows from investing activities					
Payment of pre-acquisition costs		-	(310,564)	-	(310,564)
Payments for purchase of subsidiary, net of cash acquired		(2,762,551)	-	(3,127,200)	-
Proceeds from sale of discontinued operations		1,363,381	1,119,113	-	1,119,113
Payments for development costs		(539,204)	(135,436)	-	-
Payments for property plant and equipment		(29,444)	(74,601)	(12,629)	(55,238)
Net cash inflow/(outflow) from investing activities		(1,967,818)	598,512	(3,139,829)	753,311
Cash flows from financing activities					
Repayment of borrowings		(275,000)	-	(354,381)	-
Proceeds from borrowings		1,081,000	-	1,081,000	-
Loans from related parties		-	-	2,573,178	-
Proceeds from rights issue (net of transaction costs)		2,558,692	-	2,558,692	-
Net cash inflow/(outflow) from financing activities		3,364,692	-	5,858,489	-
Net increase/(decrease) in cash held		1,398,367	(47,845)	745,866	3,969
Cash at the beginning of the financial year		166,424	214,269	64,944	60,975
Cash at the end of the financial year	8	1,564,791	166,424	810,810	64,944

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

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Sirius Corporation Limited as an individual entity and the consolidated entity consisting of all entities that Sirius Corporation Limited controlled from time to time during the year and at balance date.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Standards Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards, (AIFRS). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Sirius Corporation Limited comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sirius Corporation Limited ("Company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Sirius Corporation Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de consolidated from the date that control ceases.

Transactions eliminated on consolidation

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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Sirius Corporation Limited.

(c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the financial statements



(c) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future tax profits will be available to utilise those temporary differences and losses.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Sirius Corporation Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The expected useful lives of plant and equipment ranges from 3 to 15 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements



(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(g) Impairment of Assets

The group reviews the carrying values of its tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This assessment is carried out at least annually. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(h) Intangibles

(i) IT development

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 employees' time spent on the project. Amortisation is calculated on a straight-line basis over a 4 year period.

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.

(ii) Customer maintenance 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 projected cash flows of the contracts over their estimated useful lives, which at present are 7 years.

(iii) Software

Software acquired as part of a business combination is recognised separately from goodwill. The software acquired is carried at its fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which at present are 4 years.

(i) Employee Benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using

Notes to the financial statements



(i) Employee Benefits (continued)

market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to the employee superannuation plan are charged as expenses as the contributions are paid or become payable.

(iv) Share-based payments

Share based compensation benefits are provided to employees via the Sirius Corporation Limited Employee Option Plan and the information relating to this scheme is set out in note 34.

The fair value of options granted under the Sirius Corporation Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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

(j) Discontinued Operations

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 and is part of a single co-ordinated plan to dispose of such a line of business. The results of the discontinued operations are presented separately on the face of the income statement.

(k) Business Combinations

The purchase 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. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources will result and the amount can be reliably measured.

Notes to the financial statements



(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Any funds received in advance of services being rendered is recorded as Income in Advance in the balance sheet.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Borrowing Costs

Borrowing costs are expensed in the income statement in the period in which they are incurred.

(p) Trade and Other Payables

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

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Going Concern

The financial report has been prepared on a going concern basis. At 30 June 2008 the Group had cash reserves of \$1,564,000 and a positive working capital position. The directors are of the view that the Group needs to pursue other investment opportunities in order to achieve a viable business model into the future. The directors have prepared cash flow forecasts for the next 12 months, which prime facie indicate that the Group will be cash positive. Should the forecast level of revenue not be achieved and other investment opportunities are also not achieved there is a possibility additional funding from either investors or financiers may be required. The directors are confident that this additional funding will not be required as they believe either the forecast level of revenue will be achieved or new investment options will be created. In the event that both forecast revenues and new investments are not achieved, there would be a significant uncertainty as to whether the Group would continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(t) New standards and interpretations issued but not yet effective

At the date of this financial report, revised AASB123, AASB2007-3, AASB2007-8, AASB2008-1, AASB2008-2, AASB 8, revised AASB 101, AASB 127, AASB2008-3, Interpretation 4, Interpretation 12, Interpretation 14 and Interpretation 129 which may impact the entity in the period of initial application, have been issued but are not yet effective. These new standards and interpretations have not been applied in the preparation of this financial report. Other than changes to disclosure formats, it is not expected that the initial application of these new standards and interpretations in the future will have any material impact.

Notes to the financial statements

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate 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.

Risk management is carried out by the Board of Directors under policies approved by them. The Board identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

(ii) Fair value interest rate risk

Refer to (d) below

(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. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods for each class of financial asset or liability is set out on the next page. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

Notes to the financial statements

2008	Floating interest rate	1 year or less	Over 1 to 5 years	Non Interest Bearing	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and deposits	1,564,791	-	-	-	1,564,791
Current receivables	-	-	-	1,306,125	1,306,125
	1,564,791	-	-	1,306,125	2,870,916
Weighted average interest rate	5.75%				
Financial liabilities					
Trade payables	-	-	-	1,207,685	1,207,685
Borrowings	-	300,000	-	531,000	831,000
	-	300,000	-	1,738,685	2,038,685
Weighted average interest rate					
Net financial assets (liabilities)	1,564,791	(300,000)	-	(432,560)	832,231

2007	Floating interest rate	1 year or less	Over 1 to 5 years	Non Interest Bearing	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and deposits	166,424	-	-	-	166,424
Current receivables	-	-	-	1,192,861	1,192,861
	166,424	-	-	1,192,861	1,359,285
Weighted average interest rate	6.25%				
Financial liabilities					
Trade payables	-	-	-	1,010,823	1,010,823
Borrowings	-	-	-	-	-
	-	-	-	1,010,823	1,010,823
Weighted average interest rate					
Net financial assets (liabilities)	166,424	-	-	182,038	348,462

Notes to the financial statements

Net fair value of financial assets and liabilities

On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value.

3. Critical Accounting Estimates and Judgements

Deferred software development costs

The Group applies AASB 138 Intangible Assets in determining the appropriateness of the carrying value of the deferred software development costs balance. This determination requires significant judgement. In making this judgement, the Group considers the probability that future economic benefits attributable to the asset will flow to the entity. In particular the entity considers the potential existence of a market for the product, future sales forecasts and changes in technology.

In the event that the carrying value is considered to exceed its recoverable amount, an impairment loss is recognised immediately.

Impairment testing of Intangible Assets

The directors have reviewed the recoverability of the intangible assets. The recoverable amount of the intangible assets has been based on value in use calculations. These calculations require the use of assumptions. The key assumptions used in the impairment testing model are:

- Customer retention of the maintenance revenue base of 95%
- Wage inflation rate to be maintained at 5%
- Annual CPI increase in maintenance revenue
- Annual expected growth rate of sales of 5%
- Number of tender responded to is in excess of \$3 million
- Tax rate of 30%

4. Segment information

The consolidated entity and all its controlled entities operate in the information technology industry and are considered by the Board to operate within a single segment of that industry, being the field of Software & Services.

The activities of the consolidated entity are carried out wholly from within the Australasian region, which is considered by the Board to represent one geographical market.

Notes to the financial statements

5. Revenue

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue				
Sales of goods	-	427,149	-	294,817
Services	5,888,504	4,455,584	2,153,299	4,587,915
	5,888,504	4,882,733	2,153,299	4,882,732
Other Revenue				
Interest received	30,517	17,149	20,357	15,772
Revenue from continuing operations	5,919,021	4,899,882	2,173,656	4,898,504
Other income				
Gain on acquisition	1,626,436	-	-	-
Revenue from discontinuing operations	2,401,784	5,164,844	-	1,356,545
Total Revenue	9,947,241	10,064,726	2,173,656	6,255,049

Notes to the financial statements

6. Operating profit (loss)

Net profit (loss) and expenses

Profit (loss) before income tax includes the following specific expenses:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Depreciation				
Plant and equipment	405,907	413,390	343,711	340,613
Impairment				
Intellectual Property – Software	223,424	-	-	-
Intellectual Property - Customer maintenance contracts	214,663	-	-	-
Investment	60,000	-	-	-
Total Impairment	498,087	-	-	-
Amortisation				
Leasehold improvements	-	5,024	-	4,024
Plant and equipment under finance lease	-	17,523	-	17,523
Deferred I.T. development	133,363	-	-	-
Customer maintenance contracts	155,193	-	-	-
Software	783,186	-	-	-
Total amortisation	1,071,742	22,547	-	21,547
Other charges against assets				
Bad and doubtful debts	1,000	15,457	-	-
	1,000	15,457	-	-
Net loss on disposal of fixed assets	25,817	107,511	952	107,511
Finance costs				
Interest and finance charges paid/payable	34,750	29,070	32,426	13,539
Rental expense relating to operating leases				
Minimum lease payments	424,120	385,552	297,717	195,279

Notes to the financial statements

7. Income Tax

a) The income tax expense for the financial year differs from the amount calculated on the profit (loss). The differences are reconciled as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Profit (loss) from ordinary activities before income tax expense	(389,562)	(529,209)	(1,438,904)	(981,966)
Profit (loss) from discontinuing operations before income tax expense	1,221,692	731,911	-	730,578
	832,130	202,702	(1,438,904)	(251,388)
Income tax calculated @ 30%	249,639	60,811	(431,671)	(75,416)
Deferred tax assets written off	572,460	-	1,251,914	-
Deferred tax asset on losses not previously brought to account	-	(691,000)	-	(691,000)
Deferred tax asset on temporary differences now brought to account	-	(190,000)	-	(53,773)
Income tax expense/(benefit)	822,099	(820,243)	820,243	(820,243)
b) Tax losses				
Approximate unused tax losses for which no deferred tax asset has been recognised	1,908,200	-	1,908,200	-
Potential tax benefit	572,460	-	572,460	-

Notes to the financial statements

8. Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and on hand	1,564,791	166,424	810,810	64,944

9. Current assets - Trade and other receivables

Trade debtors	1,306,125	1,212,672	189,698	341,714
Less Provision for doubtful debts	(31,000)	(20,000)	-	-
	1,275,125	1,192,672	189,698	341,714

10. Current assets - Inventories

Raw materials and stores - at cost	-	83,332	-	-
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11. Current assets - Other

Deposits	14,278	7,498	5,381	7,498
Prepayments	98,815	109,825	39,515	34,072
Accrued Income	102,576	54,158	4,559	22,918
Sundry Debtors	621,557	39,503	39,503	39,503
	837,226	210,984	88,958	103,991

The deposits are non-interest bearing.

12. Investments

Investment	240,00	-	3,537,784	-
	240,00	-	3,537,784	-

13. Non-current assets - Tax Assets

Deferred Tax Asset	-	820,189	-	820,189
	-	820,189	-	820,189

Notes to the financial statements

14. Non-current assets - Property, plant and equipment

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Leasehold improvements				
At cost	140,070	88,426	23,303	18,713
Less: Accumulated amortisation	(22,949)	(13,788)	(18,242)	(13,456)
Total leasehold improvements	117,121	74,638	5,061	5,257
Plant and equipment				
At cost	4,309,643	4,887,147	3,968,979	4,225,346
Less: Accumulated depreciation	(3,811,401)	(4,137,420)	(3,643,361)	(3,562,215)
	498,242	749,727	325,618	663,131
Plant and equipment under finance lease	-	310,642	-	310,642
Less: Accumulated amortisation	-	(310,642)	-	(310,642)
	-	-	-	-
Total plant and equipment	498,242	749,727	325,618	663,131
	615,363	824,365	330,679	668,388

Reconciliations

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

	Leasehold Improvements	Plant and equipment	Plant and equipment under lease	Total
	\$	\$	\$	\$
Consolidated				
Carrying amount at 1 July 2007	74,638	749,727	-	824,365
Net additions / (reductions)	66,637	251,483	-	318,120
Discontinued operations	-	(121,215)	-	(121,215)
Depreciation / amortisation expense	(24,155)	(381,752)	-	(405,907)
Carrying amount at 30 June 2008	117,121	498,242	-	615,363

Notes to the financial statements

14. Non-current assets – Property, plant and equipment (continued)

	Leasehold Improvements	Plant and equipment	Plant and equipment under lease	Total
	\$	\$	\$	\$
Consolidated				
Carrying amount at 1 July 2006	9,347	547,117	18,000	574,464
Net additions / (reductions)	69,713	616,000	-	685,713
Discontinued operations				
Depreciation / amortisation expense	(4,422)	(413,390)	(18,000)	(435,812)
Carrying amount at 30 June 2007	74,638	749,727	-	824,365
Parent Entity				
Carrying amount at 1 July 2007	5,257	663,131	-	668,388
Net additions / (reductions)	4,590	1,413	-	6,002
Depreciation / amortisation expense	(4,786)	(338,925)	-	(343,711)
Carrying amount at 30 June 2008	5,061	325,618	-	330,679
Parent Entity				
Carrying amount at 1 July 2006	9,347	377,744	18,000	405,091
Net additions / (reductions)	-	626,000	-	626,000
Discontinued operations	-	-	-	-
Depreciation / amortisation expense	(4,090)	(340,613)	(18,000)	(362,703)
Carrying amount at 30 June 2007	5,257	663,131	-	668,388

Notes to the financial statements

15. Non-current assets - Intangible assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Capitalised Acquisition Costs	-	369,549	-	369,549
Less: Accumulated amortisation	-	-	-	-
	-	369,549	-	369,549
IT development	683,177	143,973	-	-
Less: Accumulated amortisation	(133,363)	-	-	-
	549,814	143,973	-	-
Customer maintenance contracts	2,773,917	-	-	-
Less: Accumulated amortisation	(369,856)	-	-	-
	2,404,061	-	-	-
Software	2,502,083	-	-	-
Less: Accumulated amortisation	(1,006,610)	-	-	-
	1,495,473	-	-	-
Total Intangible	4,449,348	513,522	-	369,549

16. Current liabilities - Trade and other payables

	2008	2007	2008	2007
	\$	\$	\$	\$
Trade payables	1,306,416	1,010,823	267,752	659,344
Other payables	582,121	333,141	213,526	309,693
	1,888,537	1,343,964	481,278	969,037

17. Current liabilities - Other

	2008	2007	2008	2007
	\$	\$	\$	\$
Income in advance	1,274,367	775,250	12,480	12,000
Lease Liability	32,465	-	-	-
Loans	300,000	-	300,000	-
	1,606,832	775,250	312,480	12,000

18. Current liabilities - Deferred Tax Liabilities

	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred Tax Liabilities	723,652	-	-	-

The total amount of the deferred tax liability relates to temporary difference attributable to the intangible assets.

Notes to the financial statements

19. Non-current liabilities - Interest Bearing Liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Lease Liability	48,158	-	-	-
Other	6,346	-	-	-
Loans	506,000	-	2,563,598	-
	560,504	-	2,563,598	-
	128,861	172,959	87,622	159,698

20. Non-current liabilities - Provisions

Employee benefits - long service leave

21. Contributed equity

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Fully paid	10,337,947	7,779,253	10,337,947	7,779,253

a) Ordinary Shares

Fully paid

b) Movements in ordinary share capital

Details	Date	Number of shares	Issue price	\$
Opening balance - issued shares	1 July 2007	45,907,500		7,779,253
Additions / Reductions		54,325,227	\$0.05	2,558,694
Balance - issued shares	30 June 2008	100,232,727		10,337,947

c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of an issued ordinary share present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As at 30 June 2008 there were 100,232,727 fully paid shares.

Notes to the financial statements

22. Accumulated losses

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	(6,274,511)	(7,297,456)	(6,565,869)	(7,134,724)
Net loss attributable to members of Sirius Corporation Limited	10,031	1,022,945	(2,259,147)	568,855
Accumulated losses at the end of the financial year	(6,264,480)	(6,274,511)	(8,825,016)	(6,565,869)

23. Franking credits

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	279,000	279,000	279,000	279,000

The above amounts represent the balances of the franking account as at the end of the financial period, adjusted for:

- franking credits that will arise from the payment of income tax payable as at the end of the period;
- franking debits that will arise from the payment of dividends proposed as at the end of the period; and
- franking credits that may be prevented from being distributed in the subsequent year.

24. Key management personnel disclosures

a) Directors

The following persons were directors of Sirius Corporation Limited during the financial year:

Name	Position
Roger Mason	Chairman - Non Executive
Frank Licciardello	Managing Director and Joint Company Secretary
Arthur Lagos	Non-executive director
Trevor Moyle*	Non-executive director
Keith Goss	Non-executive director

* Trevor Moyle resigned as non-executive director on 24 June 2008.

Notes to the financial statements

24. Key management personnel disclosures (continued)

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
Greg Eldred ^	General Manager - Phoneware
Geoff Reeves*	General Manager - IFMA Pty Ltd
Marie Eedy"	General Manager - IFMA Pty Ltd

^ Greg Eldred resigned as General Manager of Phoneware on 15 July 2008.

* Geoff Reeves was appointed General Manager of IFMA Pty Ltd on the 26 October 2007.

" Marie Eedy resigned from her position as General Manager of IFMA Pty Ltd on the 26 October 2007.

c) Key management personnel compensation

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	806,632	648,928	806,632	648,928
Termination benefits	21,700	116,518	21,700	116,518
Post-employment benefits	98,262	48,691	98,262	48,691
Share-based payments	36,500	14,572	36,500	14,572
	963,094	828,709	963,094	828,709

The company has taken advantage of the relief provided by Corporations Regulations 2M.6.04 and has transferred the detailed the remuneration disclosures to the Directors' Report. The relevant information can be found in the Remuneration Report within the Directors Report.

d) Equity instrument disclosures relating to the 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 the Remuneration Report within the Directors' Report.

(ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Sirius Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out on the next page:

Notes to the financial statements

24. Key management personnel disclosures (continued)

2008	Balance 1/7/07	Granted during the year as remuneration	Exercised during the year	Forfeited during the year *	Balance (Unvested) 30/6/08
Name					
<i>Directors of Sirius Corporation Limited</i>					
F Licciardello*	1,000,000	1,000,000	-	2,000,000	-
R Mason*	-	500,000	-	500,000	-
R Moore*	-	-	-	-	-
A Lagos*	200,000	250,000	-	450,000	-
T Moyle*	-	250,000	-	250,000	-
K Goss*	-	250,000	-	250,000	-
<i>Other Key Management Personnel of the Group</i>					
Greg Eldred^^	-	-	-	-	-
Geoff Reeves**	-	-	-	-	-
Marie Eedy"	-	-	-	-	-

* All options were forfeited at balance date as the non-market vesting conditions were not met.

^^Greg Eldred resigned as General Manager of Phoneware on 15 July 2008.

**Geoff Reeves was appointed General Manager of IFMA Pty Ltd on the 26 October 2007

" Marie Eedy resigned from her position as General Manager of IFMA Pty Ltd on the 26 October 2007.

2007	Balance 1/7/06	Granted during the year as remuneration	Exercised during the year	Other changes during the year **	Balance (Unvested) 30/6/07
Name					
<i>Directors of Sirius Corporation Limited</i>					
F Licciardello (from 14/3/07)	-	1,000,000	-	-	1,000,000
R.Mason	-	-	-	-	-
R Moore	-	-	-	-	-
A Lagos	-	200,000	-	-	200,000
T Currie (to 28/2/06)	1,341,518	-	-	(1,341,518)	-
<i>Other Key Management Personnel of the Group</i>					
B Hilton (to 04/04/07)	-	-	-	-	-
S Frankenfeld (to 28/3/06)	700,000	-	-	(700,000)	-
D Kucera (to 31/3/06)	300,000	-	-	(300,000)	-
J Rackham (to 22/5/06)	300,000	-	-	(300,000)	-

** These options were cancelled on 8 August 2006 as a result of the employee's termination from the Group.

Notes to the financial statements

24. Key management personnel disclosures (continued)

d) Equity instrument disclosures relating to the key management personnel (continued)

(iii) Share Holdings

The number of shares in the Group held during the financial year by each director of Sirius Corporation 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.

2008	Balance at the start of the year 01/07/2007	Received during the year on the exercise of options	Acquired (disposed) during the year	Balance at the end of the year 30/06/2008
Name				
<i>Directors of Sirius Corporation Limited</i>				
F Licciardello~	956,230	-	795,800	1,752,030
R Mason	20,766,688	-	10,800,000	31,566,688
R Moore+	210,000	-	290,000	500,000
A Lagos	1,644,000	-	1,844,000	3,488,000
T Moyle*	-	-	330,000	330,000
K Goss^^	4,971,358	-	19,477,429	24,448,787
<i>Other Key Management Personnel of the Group</i>				
Greg Eldred^	-	-	-	-
Geoff Reeves**	-	-	-	-
Marie Eedy"	-	-	-	-

~ 400,000 Shares were issued to F Licciardello as consideration as payment of bonus as per Appendix 3B, 2 November 2007. In addition, Mr F Licciardello acquired an additional 12,500 shares on the 18 September 2008.

+ Mr R Moore resigned from his position from Non-Executive Director on the 31 October 2007.

*Shares issued to T Moyle as consideration for services rendered as per Appendix 3B on 11 September 2007. Mr T Moyle resigned from his position as Non-Executive Director on the 25 June 2008. ^^Keith Goss held 4,971,358 shares prior to becoming appointed a Non-Executive Director on 16 August 2007

^Greg Eldred resigned as General Manager of Phoneware on 15 July 2008.

**Geoff Reeves was appointed General Manager of IFMA Pty Ltd on the 26 October 2007.

"Marie Eedy resigned from her position as General Manager of IFMA Pty Ltd on the 26 October 2007.

Notes to the financial statements

24. Key management personnel disclosures (continued)

d) Equity instrument disclosures relating to the key management personnel (continued)

2007	Balance at the start of the year 01/07/2006	Received during the year on the exercise of options	Acquired (disposed) during the year	Balance at the end of the year 30/06/2007
Name				
<i>Directors of Sirius Corporation Limited</i>				
F Licciardello (from 14/3/07)	-	-	956,230	956,230
R Mason	20,566,688	-	200,000	20,766,688
R Moore	10,000	-	200,000	210,000
A Lagos	1,644,000	-	-	1,644,000
D Abraham (to 28/2/06)	124,035	-	-	124,035
G.Ward (to 28/2/06)	200,000	-	-	200,000
T Currie (to 28/2/06)	3,427,767	-	(3,427,767)	-
<i>Other Key Management Personnel of the Group</i>				
S Frankenfeld (to 28/3/06)	69,800	-	-	69,800

* Shareholding was held prior to appointment as a Director.

e) Loans and other transactions with key management personnel

There were no loans or other transactions made with directors of Sirius Corporation Limited or other key management personnel of the Group.

Notes to the financial statements

25. Remuneration of Auditors

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
a) Assurance services				
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of the consolidated and parent entity - RSM Bird Cameron Partners	61,050	54,373	61,050	54,373
	61,050	54,373	61,050	54,373
b) Taxation services				
Auditor of the consolidated and parent entity - RSM Bird Cameron	52,030	28,655	52,030	28,655
c) Due Diligence/consulting services				
Due diligence services for acquisition purposes - RSM Bird Cameron	46,400	92,840	-	-

26. Commitments for expenditure

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Lease commitments				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	451,305	606,782	113,968	381,804
Later than one year but not later than 5 years	836,584	2,243,206	299,689	1,343,295
	1,287,889	2,849,987	413,658	1,725,098
Representing:				
Non-cancellable operating leases	1,287,889	2,849,987	413,658	1,725,098

Operating leases

The Group leases vary from offices premises and office equipment under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the agreement are renegotiated.

Notes to the financial statements

27. Related parties

a) Wholly owned group

The wholly-owned group consists of Sirius Corporation Limited, IFMA Pty Ltd, 076 565 341 Pty Ltd, 006 970 887 Pty Ltd, Sirius Managed Services Pty Ltd, and Phoneware Asia Pte Limited.

Transactions between Sirius Corporation Limited and other entities in the wholly-owned group during the year ended 30 June 2008 consisted of non-interest bearing advances to fund working capital requirements.

There were no amounts receivable from, and payable to, other related parties at balance date.

b) Controlling entities

The ultimate parent entity in the wholly owned group is Sirius Corporation Limited, a company incorporated in Australia.

c) Subsidiaries

Interests in subsidiaries are set out in note 30.

d) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Notes to the financial statements

28. Discontinued operations

28 a) Discontinued operations - Asset Sale of Phoneware Communication Systems Pty Ltd

i) Description

On 1 May 2008, Sirius Corporation Limited executed an asset sale agreement for its subsidiary company, Phoneware Communication Systems Pty Ltd, which provided Telecom Expense Management (TEM) services to large enterprises.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period 1 July 2007 to 30 April 2008, being the date of disposal and the year ended 30 June 2007.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue	2,401,784	3,808,299	-	-
Expenses	(3,266,235)	(3,806,966)	-	-
Profit/(loss) before income tax	(864,451)	1,333	-	-
Income tax expense	-	-	-	-
Profit/(loss) after income tax of discontinued operations	(864,451)	1,333	-	-
Gain on sale of division before income tax	2,086,143	-	-	-
Income tax expense	-	-	-	-
Gain on sale of division after income tax	2,086,143	-	-	-
Profit/(loss) after income tax of discontinued operations	1,221,692	1,333	-	-
Net cash inflow from operating activities	101,308	3,508,126	-	-
Net cash inflow (outflow) from investing activities	1,363,381	-	-	-
Net cash (outflow) from financing activities	-	-	-	-
Net increase in cash generated by the division	1,464,689	3,508,126	-	-

Notes to the financial statements

28. Discontinued operations (continued)

iii) Carrying amount of assets and liabilities

The carrying amounts of assets and liabilities as at 30 April 2008 were:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade receivables	79,534	-	-	-
Other current assets	54,378	-	-	-
Property, plant and equipment	89,176	86,596	-	-
Capitalised software costs	303,617	-	-	-
Total assets	526,705	86,596	-	-
Unearned income and other current liabilities	558,109	-	-	-
Provision for employee benefits	64,262	18,614	-	-
Total liabilities	622,371	18,614	-	-
Net assets	(95,666)	67,982	-	-
iv) Details of the sale of the division				
Consideration received or receivable:				
Cash including deferred consideration, before adjustments	2,200,000	-	-	-
Shares issued as consideration	300,000	-	-	-
	2,500,000	-	-	-
Adjustments	(436,619)	-	-	-
Total assets	2,063,381	-	-	-
Carrying amount of net assets sold	95,666	-	-	-
Costs associated with sale of division	(72,904)	-	-	-
Gain on sale before income tax	2,086,143	-	-	-
Income tax expense	-	-	-	-
Gain on sale before after tax	2,086,143	-	-	-

Notes to the financial statements

28. Discontinued operations (continued)

28 b) Discontinued operations - Asset Sale of Sirius Converged Solutions, division of Sirius Corporation Limited

i) Description

On 30 September 2006, Sirius Corporation Limited disposed of its division, Sirius Converged Solutions, which carried out its IP telephony & unified messaging operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period 1 July 2006 to 30 September 2006, being the date of disposal.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue	-	1,356,545	-	1,356,545
Expenses	-	(1,682,827)	-	(1,682,827)
Profit/(loss) before income tax	-	(326,282)	-	(326,282)
Income tax expense	-	-	-	-
Profit/(loss) after income tax of discontinued operations	-	(326,282)	-	(326,282)
Gain on sale of division before income tax	-	1,056,860	-	1,056,860
Income tax expense	-	-	-	-
Gain on sale of division after income tax	-	1,056,860	-	1,056,860
Profit/(loss) after income tax of discontinued operations	-	730,578	-	730,578
Net cash inflow from operating activities	-	277,050	-	277,050
Net cash inflow (outflow) from investing activities	-	1,119,113	-	1,119,113
Net cash (outflow) from financing activities	-	-	-	-
Net increase in cash generated by the division	-	1,396,163	-	1,396,163

Notes to the financial statements

28. Discontinued operations (continued)

iii) Carrying amount of assets and liabilities

The carrying amounts of assets and liabilities as at 30 September 2006 were:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Inventories	-	-	-	-
Other current assets	-	-	-	-
Property, plant and equipment	-	34,619	-	34,619
Total assets	-	34,619	-	34,619
Other payables	-	-	-	-
Other current liabilities	-	-	-	-
Provision for employee benefits	-	-	-	-
Provision for employee benefits	-	22,975	-	22,975
Total liabilities	-	22,975	-	22,975
Net assets	-	11,644	-	11,644
iv) Details of the sale of the division				
Consideration received or receivable:				
Cash	-	1,200,000	-	1,200,000
Adjustments to purchase price	-	(80,887)	-	(80,887)
Total assets	-	1,119,113	-	1,119,113
Carrying amount of net assets sold	-	(11,644)	-	(11,644)
Costs associated with sale of division	-	(50,609)	-	(50,609)
Gain on sale before income tax	-	1,056,860	-	1,056,860
Income tax expense	-	-	-	-
Gain on sale before after tax	-	1,056,860	-	1,056,860

Notes to the financial statements

29. Business combination

a) Summary of acquisition

On 1 July 2007 the parent entity acquired 100% of the issued share capital of IFMA Pty Ltd.

The acquired business contributed revenues of \$3,248,959 and net profit of \$303,456 to the Group for the period 1 July 2007 to 30 June 2008.

Details of the fair value of the assets and liabilities acquired and gain on acquisition are as follows

Purchase consideration (refer to (b) below):	\$
Cash Paid	2,887,368
Fair values of shares issued	100,000
Direct costs relating to the acquisition	550,396
Total purchase consideration	3,537,764
Fair value of net identifiable assets acquired (refer to (c) below)	5,164,200
Gain on Acquisition	1,626,436
b) Purchase consideration	
Outflow of cash to acquire subsidiary, net of cash acquired:	\$
Cash consideration	3,437,764
Less: Balances acquired	
Cash	364,649
	364,649
Outflow of Cash	3,073,115

Notes to the financial statements

29. Business combination (continued)

c) Assets and Liabilities acquired

The assets & liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair Value
	\$	\$
Cash	364,649	364,649
Trade Receivables	834,966	834,966
Other Assets	199,809	199,809
Plant & Equipment	327,011	327,011
Trade Payables	(515,986)	(515,986)
Other Liabilities	(184,019)	(184,019)
Borrowings	(149,929)	(149,929)
Employee benefits liabilities	(270,133)	(270,133)
Intellectual Property – Software & Maintenance Contracts	-	5,276,000
Deferred Tax Asset	-	113,832
Deferred Tax Liability	-	(832,000)
Net Assets	606,368	5,164,200

At the date of this financial report, no additional payments are anticipated.

Notes to the financial statements

30. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2008	2007
			%	%
076 565 341 Pty Ltd*	Australia	Ordinary	100	100
006 970 887 Pty Ltd^	Australia	Ordinary	100	100
Sirius Managed Services Pty Ltd**	Australia	Ordinary	100	100
Phoneware Asia Pte Limited	Singapore	Ordinary	100	100

* Phoneware Communication Systems Pty Ltd changed its name to 076 565 341 Pty Ltd on the 12 May 2008.

^ Phoneware Australia Pty Limited changed its name to 006 970 887 Pty Ltd on the 12 May 2008.

** UMG Pty Ltd changed its name to Sirius Managed Services Pty Ltd on the 28 April 2008.

The investment in UMG Pty Limited is held by 076 565 341 Pty Ltd.

31. Economic dependency

One client or customer accounts for 5% of the gross revenue of the consolidated entity or the controlled entities, with the next rated client comprising less than 4% of the gross revenue in the wholly-owned group.

32. Reconciliation of operating profit (loss) after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating profit (loss) after income tax	10,031	1,022,945	(2,259,147)	568,855
Depreciation and amortisation	1,477,649	436,623	343,711	363,136
Impairment on intellectual property	438,087	-	-	-
Impairment on investment	60,000	-	-	-
Gain on disposal of discontinued operations	(2,086,143)	(1,056,860)	-	(1,056,860)
Loss on sale of fixed assets	25,817	107,511	952	107,511
Change in operating assets and liabilities				
Trade debtors and receivables	(82,453)	1,093,046	172,016	1,224,861
Inventories	83,332	(23,908)	-	-
Other operating assets	(626,242)	30,000	15,033	103,991
Trade payables and other payables	246,396	(931,000)	(173,763)	(517,028)
Provision for income taxes payable	-	-	-	-
Other provisions	(44,098)	(32,000)	(71,596)	(45,124)
Net cash inflow (outflow) from operating activities	1,493	(646,357)	(1,972,794)	(749,342)

Notes to the financial statements

33. Earnings per share

	Consolidated	
	2008	2007
	Cents	Cents
(a) Basic earnings per share		
Basic earnings per share from continuing operations	(1.21)	0.62
Basic earnings per share from discontinued operation	1.22	1.59
Profit attributable to the ordinary equity holders of the company	0.01	2.22
(b) Diluted earnings per share	(i)	(i)
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
	2008	2007
	\$	\$
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(1,211,661)	291,034
Profit from discontinued operation	1,221,692	731,911
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	10,031	1,022,945
Diluted earnings per share	(i)	(i)
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share	100,232,727	45,907,500
(i) Not materially different to basic earnings per share		

Notes to the financial statements

34. Share-based payments

Employee Option Plan

Options as at 30 June 2008

a) 1,250,000 options were granted to eligible executives (directors and executive employees) of Sirius Corporation Limited under the Sirius Corporation Limited Executive Option Plan on 21 November 2006. These options were not exercisable until 30 June 2008 under certain exercise conditions. These options were not meet as a result of the company failing to meet certain non-marketing vesting criteria.

b) 2,250,000 options were granted to eligible executives (directors and executive employees) of Sirius Corporation Limited under the Sirius Corporation Limited Executive Option Plan on 2 November 2007. These options are not exercisable until 30 September 2008 under certain exercise conditions. These options were not meet as a result of the company failing to meet certain non-marketing vesting criteria.

The details of the options granted are as follows:

Options type:	Option numbers	Exercise price	Exercisable from (date)	Exercisable to (date)
Executive - 2 November 2007	2,250,000	\$0.10	02-Nov-07	30-Sep-08
	2,250,000			

Shareholder information as at 24 September 2008

Fully Paid Issued Shares^d

a) Number of Shareholders	321
b) Total Shares Issued	100,232,726
c) Percentage of total holding by or on behalf of the 20 largest shareholders	85.34

d)

	Number of Shareholders	Number of Shares Held	% of Issued Capital
1 – 1000	3	2,139	.00
1001 – 5000	99	384,533	.38
5001 – 10000	81	740,225	.74
10001 – 100000	89	3,646,042	3.64
100001 and over	49	95,459,787	95.24
e) Number of shareholders with less than a marketable parcel of shares.	191	1,218,097	1.22

Substantial Shareholders

	Shares to Which Entitled	% of Issued Capital
BMG Finance Pty Ltd	24,488,787	24.39%
Kosata Pty Ltd	20,387,036	20.34%
RF & LF Mason Pty Ltd	9,477,036	9.46%
Armada Trading Pty Ltd	6,030,174	6.02%

Voting Rights

Fully Paid Ordinary Shares – one vote for each member except on a poll where each share has one vote.

Options – no voting rights until exercise or conversion of option into ordinary share(s).

Largest 20 Shareholders as at 24 September 2008

	Number of Shares Held	% of Issued Capital
1. BMG Finance Pty Ltd	24,488,787	24.39%
2. Kosata Pty Ltd	20,387,036	20.34%
3. RF & LF Mason Pty Ltd	9,477,036	9.46%
4. Armada Trading Pty Ltd	6,030,174	6.02%
5. Dunray Nominees Pty Ltd, ABS Superfund	4,834,200	4.82%
6. Dixson Trust Pty Limited	4,579,785	4.57%
7. Berger Partners Consulting Pty Ltd	2,842,961	2.84%
8. Mr Jonathan Bruce Harris & Mrs Lynette Maud Harris	1,900,000	1.90%
9. Lassetter Management Pty Ltd, Lagos Family Super Fund	1,868,000	1.86%
10. Mr David Jacob Samuel Naphtali	1,550,000	1.55%
11. Lassetter Management Pty Ltd	1,440,000	1.44%
12. Mr Roger Farquharson Mason and Mrs Lesley Frances Mason, Mason Super Fund	1,405,232	1.40%
13. Frank Licciardello & Grace Licciardello, AAS Superannuation Fund	1,250,000	1.25%
14. Kooyongkoot Holdings Ltd, GAF Control SSF No.2	1,113,017	1.11%
15. Hanson Marketing Pty Ltd	1,010,000	1.01%
16. Mr Carlos Gil	909,091	0.91%
17. Local Nominees Proprietary Ltd	880,000	0.88%
18. David Perry & Monique Perry, David Perry Superannuation Fund	750,000	0.75%
19. Flaxford Pty Ltd	662,649	0.66%
20. Mr David Naphtali	565,407	0.56%
Total for Top 20:	87,943,375	87.72%

Annual Report 2008 Directory

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Facsimile 613 9520 7950

Websites

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www.infomaster.com.au

Directors

Roger Mason
(Non Executive Chairman)
Francesco Licciardello
(Managing Director)
Arthur Lagos
(Non-Executive Director)
Keith Goss
(Non-Executive Director)

Executive Management Team

Francesco Licciardello
(Managing Director)
Geoff Reeves
(General Manager, Infomaster)

Company Secretaries

Peter Torre
Francesco Licciardello

Auditor

RSM Bird Cameron
Level 8, 525 Collins Street
Melbourne Victoria 3000 Australia

Share Registry

Link Market Services
Level 4 333 Collins Street
Melbourne Victoria 3000 Australia
Telephone 1300 554 474 or 02 8280 7111

Principal Banker

ANZ Banking Group
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Use of Terms

In the Annual Report, the term "Sirius Group" means Sirius Corporation Limited and its controlled entities.
ABN 94 050 330
The alternative terms "Company" and "Sirius" means Sirius Corporation Limited.

Annual General Meeting

The 2008 Annual General Meeting of Sirius Corporation Limited ABN 94 050 240 330 will be held at the Private Dining Room, Albert Park Sebel, 65 Queens Road, Melbourne at 11am on Tuesday, 25th November 2008.

