Nexbis

A REVOLUTION AHEAD

2011

NEXBIS LIMITED

ABN: 81 071 275 253

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011


Nexbis
A REVOLUTION AHEAD
World Class Solutions & Implementations

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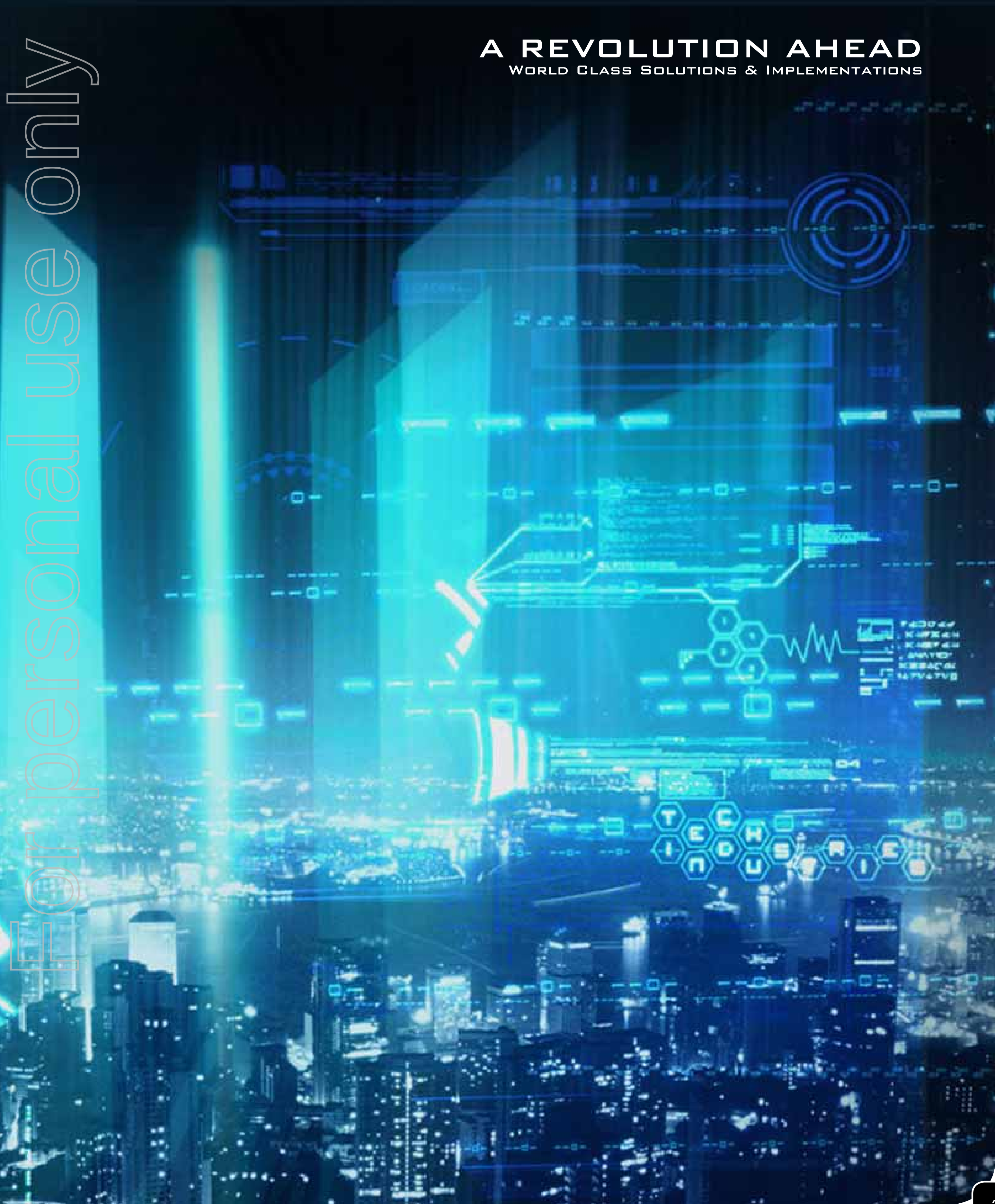
Nexbis

NEXBIS LIMITED ANNUAL GENERAL MEETING 2011

The annual general meeting of Nexbis Limited will be held at 10 am on 28 November 2011 at Level 29, 66 Goulburn Street, Sydney, NSW

A REVOLUTION AHEAD

World Class Solutions & Implementations



CHAIRMAN'S STATEMENT

"THE STEPS WE TOOK TO TRANSFORM THE COMPANY IN FY10 ARE NOW PAYING OFF, MAKING NEXBIS STRONGER AND BETTER POSITIONED FOR GROWTH."

DATUK IR (DR)
MOHAMED AL AMIN MAJID
GROUP CHAIRMAN

The 2011 Financial Year has been a year focused on the delivery of progress within a challenging environment. The Nexbis team has achieved satisfactory results in contract and project milestone delivery as well as the securing of key strategic initiatives such as our U.S. patent and International ISO Common Criteria Certification.

Steady Growth

The steps we took to transform the Company in FY10 are now paying off, making Nexbis stronger and better positioned for growth. The year in retrospect has seen the Company overcome many challenges. Nexbis has improved its performance with the 72% reduction in net losses this year and the establishment of a stable revenue base moving forward. I am also pleased to note that impairments in intangibles made in previous years have been reversed by $15.2M.

Though I believe we have weathered the storm, continued focus on fundamentals will continue to guide the Board and the Company in the year ahead as we journey on to greater growth. While the Board and I had the main objective for a return to profitability in FY11, project timelines beyond the Company's control ultimately determined the flow of revenues. However, we expect FY12 to be a profitable year with an anticipated EBITDA of $14M.

Economic And Industry Outlook

FY11 saw the continued frailty of large governments around the globe as they battled debt and threats of a recession. However, the need for national security within today's environment is self explanatory. We believe national security remains a key focus of many governments as the public sector takes cognizance that development of ICT remains central in the pursuit for greater security, proactive measures and the best technologies that promote productivity, efficiency and accountability without compromising on heightened security needs. In particular, we foresee opportunities with Governments as they look towards solutions that assist them to promote inter- and intra-government cooperation in an effective manner and we believe that Nexbis offerings are relevant in this respect.

CHAIRMAN'S STATEMENT

Our People Are Our Strength

Nexbis' performance this year is largely owing to the efforts of the dedicated team at Nexbis that continues to raise the bar and drive the Company forward. To our employees, the management team and my colleagues on the Board, please accept my heartfelt gratitude for your commitment, loyalty, perseverance and effort. I look forward to your invaluable contribution and continuous commitment in propelling Nexbis forward. As we focus on taking Nexbis to even greater heights in the coming year, I trust that all stakeholders will continue to support us in our endeavours.

Looking Ahead

I have the commitment of the Company's leadership to continue to focus on further improvements in our technology, the quality and delivery of our services, enhancing responsiveness towards customers' needs and strengthening our operational capabilities. The best is yet to be in FY12 as operational delivery becomes more of an emphasis as revenue continues to flow to what we expect to be a profitable year ahead.

Finally, I would like to end my message with a recap of what I had said in my FY10 statement – We must and will remain innovative as well as relevant in whatever we do and wherever we are. This will, again, continue to be our mantra in the year ahead in order for us to become a trusted ally to governments worldwide in their pursuit to create a safer world for their citizens.

DATUK IR (DR) MOHAMED AL AMIN MAJID
Group Chairman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CHIEF EXECUTIVE OFFICER'S REPORT

"WITH THE COMBINATION OF STRONG DELIVERY OF INNOVATIVE PRODUCTS AND SERVICES AND AN ACTIVE FOCUS ON DEVELOPMENT, NEXBIS IS WELL POSITIONED FOR THE COMING YEAR."

DATO' SRI JOHANN YOUNG
Group Chief Executive Officer

The past twelve months has been an exciting and progressive time for the Group with a concerted focus on the delivery of our products and services to our customers. I am pleased with the progress made in the many complex and large scale projects we have embarked upon. The Group has finished the year firmer with the achievement of key milestones that has established a solid foundation for the long-term. The demonstrated capability and success in rolling out large-scale complex projects within a short time frame ideally positions the Group to further enhance its growth prospects, as well as generating a long-term, stable and recurring revenue stream.

Review Of Operations

Operations in FY11 were accentuated by the operationalising of the Malaysian project as well as the Chinese Government accreditation of the China project. The Group reported a 72% decrease in net loss after tax from the previous year to $13.8M, on revenue of $3.9M. Despite significant progress in the rollout of projects, the Group continues to maintain its zero bank borrowing profile and a healthy cash position of $6.7M as at 30 September 2011. Nationwide project deployment and revenue contribution from Malaysia was achieved in Q4 FY11 as expected and the delivery of NexCode™-related projects has resulted in the reversal of impairments in intangibles by a healthy $15.2M.

With the successful pilot Gas Tank Marking System implementation at its pilot customer site in Hangzhou, China, the Company's China JV had secured accreditation from the Chinese Government for the China project in April 2011. I am pleased that this was achieved ahead of schedule, marking the completion of the challenging restructuring of the China project.

Significantly, what the Company had set out to do in restructuring key projects in Malaysia and China has been successfully achieved in this financial year.

The Border Control System project for the Government of the Republic of Maldives received Cabinet approval to continue at the end of May 2011 after initially being put on hold due to internal government review into the way the government departments managed the project tender. The Cabinet's approval and confirmation of the project to continue clearly demonstrates that the tender process was transparent and I am pleased with this decision.

CHIEF EXECUTIVE OFFICER'S REPORT

Strong Position

As anticipated, the foundation laid in 2010 has yielded the intended outcomes for the Group over the financial year as well as, what we expect to be, for the longer term. We have proven solutions, proven operational capability and proven ability to deliver to customers. I am enthused by the fact that we are in the strongest position to capitalise on our operational strengths for delivery and unlocking of further project value in the various key opportunities.

Technology

We are moving from strength to strength technology-wise with the securing of further patents from the United States of America and South Africa this year. In addition, the rigorous Common Criteria security evaluation (ISO 15408) on NexCode™ has been completed and we have received certification for this which internationally recognises NexCode™ as a secure IT product.

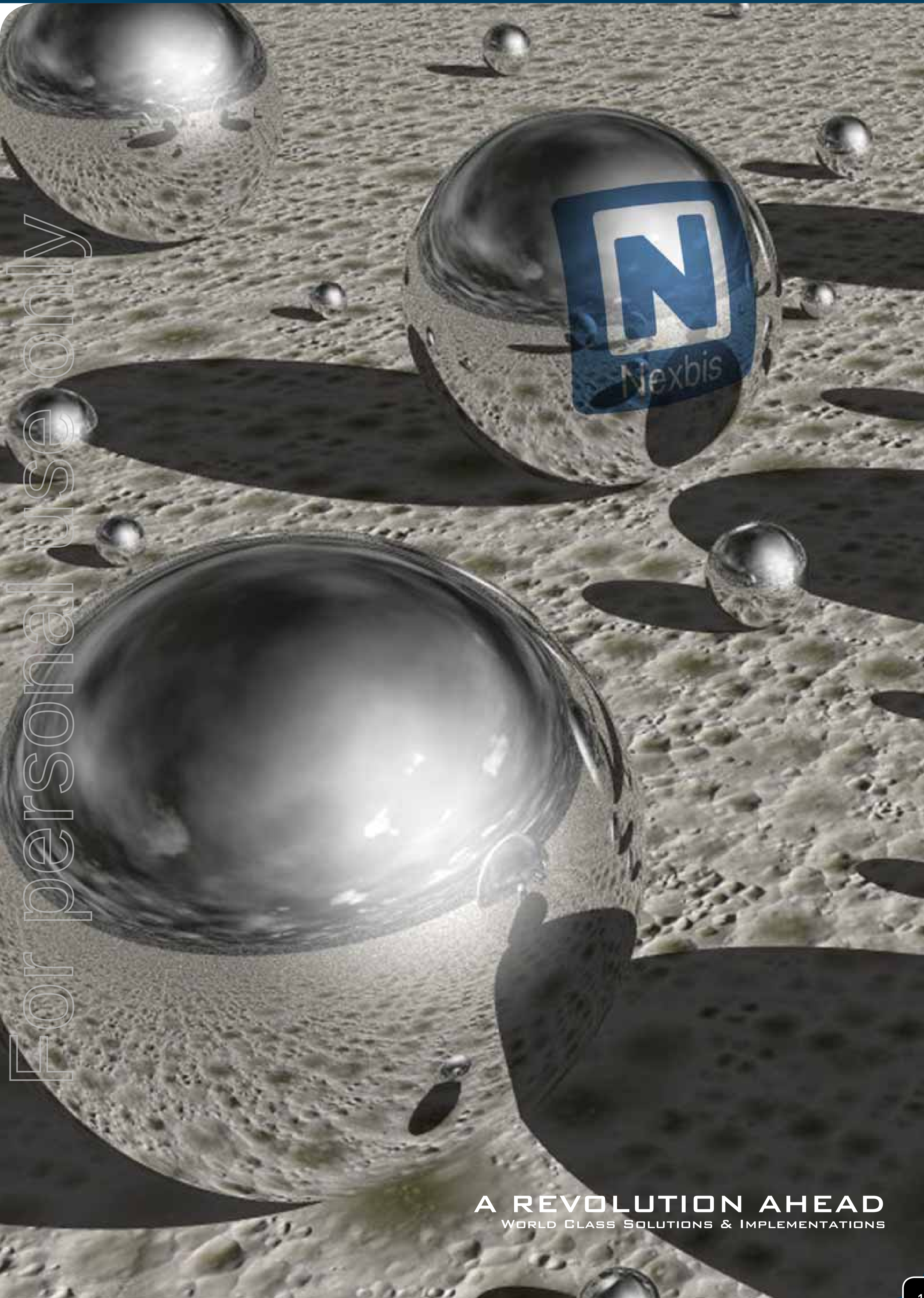
Business Outlook

The future looks bright for Nexbis. With the combination of strong delivery of innovative products and services and an active focus on development, Nexbis is well positioned for the coming year which will be focused on operational excellence in existing projects as well as in developing new ones.

On the business development front going forward, we will focus our energy on China as well as in further developing new markets. Post-FY11, several smaller government projects have already been won or executed successfully with payments received. While the sales cycle has been longer in larger projects in our pipeline, we expect to realise new projects leads in other territories to further expand on Nexbis' regional reach.

The outlook for FY12 is strong with combined Group revenue for FY12 for all current projects anticipated to be approximately $27M with EBITDA of $14M.

DATO' SRI JOHANN YOUNG
Group Chief Executive Officer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BOARD OF DIRECTORS

Datuk Ir (Dr) Mohamed Al Amin Bin Abdul Majid *Group Chairman*

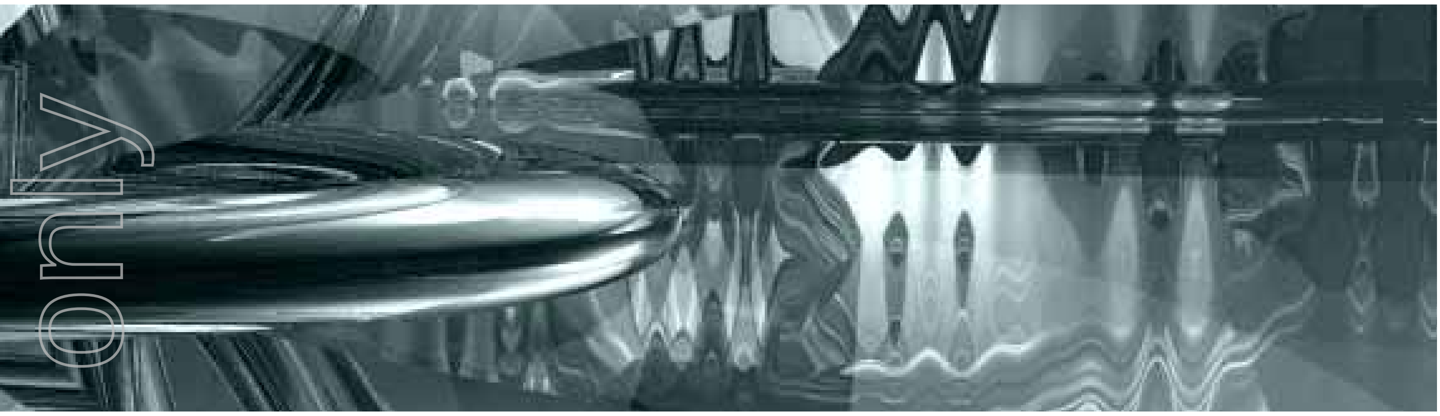
Datuk Ir (Dr) Mohamed Al Amin Bin Abdul Majid, *JP* qualified with a Diploma In Technology from Oxford College of Further Education and also holds a degree in Bachelor of Science in Civil Engineering from the University of Aston, Birmingham United Kingdom from which he was also recently conferred an Honorary Doctorate Degree – Doctor of Science. He is also a corporate Member of the Institute of Engineers (IEM) Malaysia and a Professional Engineer (PE). He has been active in both political and community work since his early days. He was UMNO Youth Chief of Perak, UMNO Youth Divisional Head of Pasir Pinji, Perak and UMNO Youth Exco Member during his active years in politics.

Datuk Ir (Dr) Mohamed Al Amin has served as the Chairman of the Chemical Industries Council of Malaysia (CICM) from 1999 to 2010 and was chairman of the Asean Chemical Industry Council from 1999 to 2001. He was elected Co-Chair of the APEC Chemical Dialogue, representing the Industry through Asia Pacific Chemicals Industry Coalitions (APCIC) since 2000. He currently holds various positions in listed companies, including as Executive Chairman of Country View Berhad, Executive Chairman of Nylex (M) Berhad and Director of Ancom Berhad as well as MCIS Zurich Insurance Sdn Bhd. He was appointed Chairman of SME Corporation Malaysia (formerly known as Small and Medium Industries Development Corporation), a government agency under the Ministry of International Trade & Industry – an important agency in the development and enhancement of small and medium enterprises in Malaysia since 2006. In October 2010, Datuk Ir (Dr) Mohamed Al Amin was appointed by the Prime Minister as a Council Member of the Malaysian National Information Technology Council (NITC), an organisation that strategically manages ICT in the interest of the nation.

Dato' Sri Johann Young *Group Chief Executive Officer*

Johann has more than 21 years of solid business, technical and operational experience in the IT and telecommunications industry. He has successfully built IT telecoms businesses in Asia Pacific and Europe. He spent several years with Orange and Hutchison, including during the launch of Orange PCS in the UK in 1994 and as Director of Asia for Orange World, prior to which he was Launch Director of Orange Thailand and was instrumental in the success of its launch.

Prior to Nexbis, Johann was Chief Operating Officer of DOCOMO interTouch. He has held several board positions including in TA Orange, iNet, DOCOMO interTouch, GSL PLC (HK) and Sapio. He is a Business Finance graduate and holds a Master of Science degree in Business Systems Analysis and Design from City University of London.



Peter Dykes *Chief Financial Officer*

Peter has more than 20 years of experience in the technology industry, advising some of Australia's largest corporate clients, including BHP Biliton, Boral and Telstra and also small startup companies in respect of their research and development and commercialisation efforts. Peter is a Fellow of the Tax Institute of Australia and has an accounting/commerce degree. He spent a number of years with KPMG, and was a founding member of KPMG's technology advisory practice in Melbourne and Sydney before setting up his own technology consulting firm. He is Nexbis' Chief Financial Officer, Company Secretary and is also an Executive Director.

Andrew Hamilton *Non-Executive Director*

Andrew has had a long and distinguished career in management consulting and program management in Asia, the Middle East and Europe and is currently Head of Operations Consulting at PricewaterhouseCoopers, Thailand. He was formerly a partner with Grant Thornton. He has worked across the telecommunications, government, financial services, oil and gas and manufacturing sectors. Andrew has previously held regional management roles with Bechtel, KPMG and Bearing Point South East Asia. He has been based in Asia for the last 16 years.

Robert Whitton *Non-Executive Director*

Robert has had a longstanding and successful career as a chartered accountant and business advisor. A specialist in business advisory services and Fellow of the Institute of Chartered Accountants, Robert has more than 25 years experience gained across a range of accountancy firms, most recently as a Director of William Buck, Chartered Accountants and Advisors in Sydney, Australia.

Graduating with a Bachelor of Business (Accountancy), Robert holds a range of qualifications including a Graduate Certificate in Forensic Studies (Accounting) and is a Certified Fraud Examiner. He is also a Member of the Australian Institute of Management, the Institute of Company Directors and Insolvency Practitioners Association of Australia. Robert is Chairman of life sciences company, Fermiscan Holdings Limited. He also has a genuine passion for agriculture and is the current Chairman of The Wine Society (elected to the role in December 2007). He is also a Product Member of the NSW Farmers Federation and a Member of the Angus Society of Australia.

CORPORATE STRUCTURE

COMPANY OVERVIEW

Nexbis Limited, incorporated in Australia and publicly-listed on the Australian Stock Exchange, is a global integrated security solutions provider focused on the development, implementation, maintenance and support of systems and solutions enabling governments to manage the processing of individuals, identities and documents based on forensic level identity verification and enforcement technologies that operate securely over distributed networks and workforces. This includes the development and commercialisation of a forensic level, 2D code based technology as well as associated national security solutions leveraging on over 12 years of Intellectual Property within the Group.

A patented technology, NexCode™ is a proprietary solution that provides real-time information access capabilities, total assurance of information integrity and privacy through the use of the highly secure NexCode™ system architecture.

In addition, Nexbis offers end-to-end professional services from systems integration and implementation, software development to other areas of expertise such as project management, training, maintenance and support, and outsourced operations.

Our Vision

Our vision is to become a trusted ally to governments worldwide in their pursuit to create a safer world for their citizens.

Our Mission

We achieve this by providing governments with forensic level, rapid to implement, security solutions with the highest levels of document verification and enforcement capabilities.

Awards, Achievements & Memberships

International Common Criteria Certification ISO 15408 - 2011

NexCode™ National Security Suite has successfully completed evaluation and received certification for the International Common Criteria Security Certification ISO/IEC 15408 based on evaluation criteria defined by ISO/IEC 18045.

The Common Criteria Security Evaluation is an internationally approved set of security standards for IT security certification. It is a framework in which computer system users, vendors and testing laboratories can define and evaluate IT products on a standardised and internationally recognised set of security criteria. The international scope of Common Criteria allows users to evaluate, procure, implement and use secured IT products with the same level of assurance as defined by ISO/IEC.

The certification of NexCode™ provides international recognition and assurance of being a rigorously evaluated and secure IT product. This builds on the strengths of the product and provides further assurances to Nexbis' customers of the quality and robust nature of NexCode™, particularly in its application in the National Security Space.

United States Patent Granted

Patent certificate number US 7,909,255 B2

Nexbis' patent application filing in the United States of America has been approved by the U.S. Patent and Trademark Office (USPTO) and a Certificate of Grant has been issued to the Company dated 22 March 2011. In addition to patents already granted in other countries, the securing of the U.S. patent adds substantial validation to the Company's Intellectual Property in the biggest and most competitive IP market in the world and further confirms the unique and tangible value of the Company's IP.

With the securing of the patent in a major territory such as the U.S., Nexbis anticipates the evaluation of further patent applications to accelerate and will continue to vigorously protect the patentable nature of its inventions in all jurisdictions filed in.

Singapore Patent Granted

Patent certificate number 144802

"Delivering World Class Award Winning Technology"

South Africa Patent Granted

Patent certificate number 2009/05594

Document Security Alliance (DSA) Membership

The DSA was created by government agencies, private industry and academia to identify methods of improving security documents and related procedures to help combat the growing acts of fraud, terrorism, illegal immigration, identity theft and other criminal acts.

North American Security Products Organization (NASPO) Membership

NASPO is an organisation responsible for the development of national and international fraud countermeasures and control standards and to certify compliance with those standards in the areas of finance transactions, identity management and material goods.

ICAO Machine Readable Travel Documents Partnership Community Member

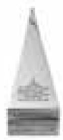
For the past 40 years, the ICAO Machine-readable Travel Documents (MRTD) Programme has successfully established standards, specifications and best practices in all MRTD-related areas. Effective implementation of MRTD standards and specifications has been instrumental in increasing national and international security and promoting facilitation benefits.

The International Civil Aviation Organisation (ICAO) is the only UN Specialised Agency that has the mandate and responsibility, as outlined in the 1944 Convention on International Civil Aviation (Chicago Convention), of establishing, maintaining and promoting standards and recommended practices (SARPs) related to the issuance and verification of MRTDs, and related border control issues.

Nominee
World Summit
Award 2009
Mexico

Winner
Best of Security
INTERNATIONAL
APICTA 2008
Jakarta

Winner
Best of Security
MSC MALAYSIA
APICTA 2008
Kuala Lumpur



MSC Malaysia
Capability
Development
Achievement
2009

PRODUCTS & SERVICES

PRODUCTS

NATIONAL SECURITY SOLUTIONS

- NexCode™ National Security Solution
- Nexbis Border Control Solution (NBCS)
- Nexbis Passport/e-Passport Solution
- Biometrics AFIS Solution
- NexPlate™ - Secure Number Plate Management System
- NexWare™ Road Transport Solution
- NexID™ National ID Management Solution
- Online Criminal Tracking (OCT) Solution

ENTERPRISE SOLUTIONS

- NexComm™ Secure SMS Solution
- Secure Mobile Banking (SMB) Solution
- Secure Asset and Inventory (SATIN) Management Solution

SERVICES

- System Integration and Implementation
- National Security Advisory Service
- IT Consultancy
- Software Services
  - Nexbis Technology
  - MPM
  - SMFC
- Project Management
- Training
- Maintenance and Support
- Outsourcing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World Class Solutions & Implementations

PRODUCTS

NATIONAL SECURITY SOLUTIONS

NexCode™ National Security Solution

(An Integrated Approach to National Security)

The NexCode™ National Security Solution is a comprehensive suite of technologies designed to meet the increasing needs globally for forensic level identity authentication and management, document security, and enforcement by governments. An award winning and patented technology, NexCode™ is the most advanced platform of its nature for governments today. Backed by an innovative and proprietary 2D code, NexCode™ is the only forensic level security solution that offers dynamic data retrieval from individual or networked databases. Besides providing identity and document security, NexCode™ improves enforcement efficiency by allowing real-time information access, data security and unlimited/dynamic data volumes.

Key benefits:

- Provides the highest level of security (Level 3 security) available globally today
- International Common Criteria Certified
- Widespread and secure access-controlled enforcement across any mobile device
- Accurate identity document authentication without specialised tools
- Real-time data retrieval by enforcement officers
- Compliments existing security and enforcement technologies used
- Requires minimal changes to existing systems and processes
- Flexible and scaleable platform built on standards based technology, validated on IBM's Global Government Industry framework

NEXCODE™ ACCREDITATION

IBM Business Partner Ready for LINUX

The NexCode™ solution is validated as ready for IBM systems with Linux being one of only 259 products worldwide which have received the prestigious mark from IBM.

Nexbis is given application assurance and support from IBM porting the NexCode™ solution across Linux platforms on any IBM specified hardware. As part of this validation, NexCode™ is also listed on IBM's Global Solutions Directory – this allows NexCode™ solutions to be easily referenced by potential customers and business partners through IBM business units worldwide.

Ready for IBM Systems with Linux

Validated on IBM’s Global Government Industry Framework

Nexbis is the first Independent Software Vendor (ISV) in ASEAN validated on IBM’s Government Industry Framework. This validation, which is a part of IBM’s Smarter Planet initiative, was performed on NexCode™ by IBM’s experts in the United States.

IBM’s Government Industry Framework is a strategic software platform for implementing smarter government solutions focused on improving citizen services, increasing transparency, enhancing civilian safety and security, and helping achieve a green and sustainable environment. IBM’s Government Industry Framework addresses a broader spectrum of key areas including:

- Safety and security
- Tax and revenue management
- Social services and social security
- Integrated urban infrastructure
- Metropolitan transportation and roads

Nexbis Border Control Solution (NBCS)

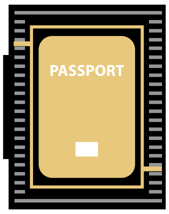
The Nexbis Border Control Solution provides an end-to-end framework required to implement best practice immigration processes leveraging on state of the art technologies at border control checkpoints of a country allowing seamless and efficient passenger processing and clearance.

Key components:

- The border management database contains all information relating to travel document records such as passports, visas, permits, biometric data and suspect watch lists
- A system integration layer which allows systems to interface with the border management database and information sharing with other external systems such as Interpol, the police and other government agencies
- A flexible reporting toolset allows custom reports to be generated as well as various pre-defined best practice reports which provide governments with the ability to obtain a more meaningful insight on the traffic at various border points
- The border point module provides fast and effective processing of arriving and departing travelers at a variety of fixed immigration desks, e-gates and mobile checkpoints. Latest technologies such as e-passports, electronic document readers and biometric devices are used to identify fraudulent and counterfeit documents, criminals and blacklist suspects

PRODUCTS

NATIONAL SECURITY SOLUTIONS



Nexbis Passport / e-Passport Solution

With the increasing incidences of fraud involving counterfeit and fake passports on the rise, Nexbis' Passport/e-Passport solution provides a full end-to-end passport registration, issuance and enforcement solution by employing its proprietary technology to provide forensic level security capabilities enabling real-time verification of the authenticity of passports.

This flexible technology can complement and effectively add an additional layer of security to or completely replace an existing passport system.

Biometrics AFIS Solution

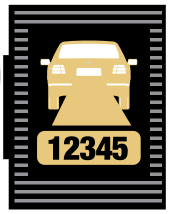
The NexCode™ National Security Solution complements biometric security technology for additional identification and verification capabilities. NexCode™ can be easily integrated with other biometric identification systems as required to provide an all encompassing identity capture and highly secured enforcement solution.

The AFIS (automated fingerprint identification system) provides an intelligent matching logic against a database of fingerprints to ensure both speed and accuracy in generating search results. The search results have attached probability scores that can be further fine-tuned to obtain more accurate results. Single, multiple or latent fingerprint matches can be performed to ensure all identification and matching scenarios are accounted for.

AFIS, when used for immigration or identity documents verification, will biometrically match the document holders against the fingerprint database to verify genuine identities against document information. AFIS utilises high sensitivity fingerprint scanners to correctly and intelligently match an identity through the fingerprint database.

Our biometric integration capability caters to FIPS and FBI compliant devices and scanners ensuring international interoperability as well as faster, more accelerated search processes.

Our AFIS solution supports all global standards of AFIS fingerprint technology (ANSI/NIST, etc.), simplifying worldwide networking and the exchange of biometric data with other AFIS systems used by enforcement agencies internationally.



NexPlate™ Secure Number Plate Management System

Vehicle volumes are on the rise in almost every developing economy in the world. In addition to the large volume of brand new cars that are being added everyday, equally massive are the number of pre-owned vehicles that are being refurbished and reconditioned before being reintroduced into the market.

This growing phenomenon is putting heavy pressure on governments around the world, especially in managing vehicle registrations, the issuance of vehicle number plates and the enforcement on the fraudulent misuse of vehicle number plates. The lack of a standard vehicle number plate management system has lead to some key issues, such as:

- Weak or inadequate audit trails upon registration of number plates
- Non-centralised systems resulting in security concerns related to gaps and overlaps
- Non-compliance to standards due to various plate designs and materials in the market; and
- Inefficient and ineffective enforcement activities due to lack of real-time vehicle registration status and validity details

The NexPlate™ Secure Number Plate Management System is a complete end-to-end plate management system that allows vehicle authorities to securely and effectively manage vehicle registration plates, distribution and issuance.

NexPlate™ covers the secure provisioning of vehicle registration, controlled issuance, anti-tamper security features and distribution of number plates as well as providing field enforcement capabilities. This includes real-time authentication and verification of number plates and other essential enforcement activities. The flexibility and scalability of this solution enables easy deployment without massive disruptive changes to existing systems, processes and procedures.

PRODUCTS

NATIONAL SECURITY SOLUTIONS

NexWare™ Road Transport Solution

Designed to simplify and enhance efficiency, control and processes involved in managing a highly complex backend platform with multiple road transport sub-systems running on numerous technologies typical of a road transport department's scope, Nexbis enables the department to maximize its performance, manage its pool of resources and retain full control of its data via the NexWare™ Road Transport Solution.

Through the NexWare™ Road Transport Solution, Nexbis addresses the primary needs and common operational challenges faced in the Road Transport sector to cater to vehicle, driver and road management.

Communication between various sub-systems, real-time data computing, storage and retrieval of huge amounts of data are made easy and seamless for governments thereby enhancing operational capability and manageability in today's increasingly digital world.

NexWare™ Road Transport Solution covers automatic records management, online lodgement of motor vehicle registration documents, facilities for payment of registration fees and decentralisation of driving licence issuance and many more. The flexibility and scalability of the solution enables easy deployment of new services whilst providing a platform for reliability and efficiency.

NexID™ National ID Management Solution

From the initial stage of creating and supplying ID cards to distributing (optional) and managing ID cards - Nexbis offers governments a total one-stop solution for a nationwide, scalable ID management solution. NexID™ has evolved from a simple ID card production system with a basic 34 Billion Permutation 2D code security algorithm, to the latest formulated 562 Trillion Permutation 2D code, equipped with the latest in covert and overt security technologies as well as security and enforcement features depending on a government's requirements.

Nexbis understands the importance of the national ID card as the fundamental source of one's identity and ultimately a concern for national security. NexID's underlying technologies are designed and developed to meet or exceed international standards such as the use of U.S. military grade encryption technology, ISO Common Criteria certification and compliance with government requirements such as that specified in the U.S. Real ID Act 2005.

Online Criminal Tracking (OCT) Solution

In recent years, the number of crimes has escalated to an alarming rate and given the situation, enforcement teams are facing challenges in apprehending these offenders.

Acknowledging this as a serious national security threat and with objectives to raise the enforcement operations standards and capabilities, Nexbis provides governments with an offering that improves efficiency in identifying and tracking down these offenders. The Online Criminal Tracking (OCT) Solution is designed to provide a platform that populates the information relating to a suspected criminal anytime and anywhere over a secure channel.

Using unique identity verification formulated from a 2D code and other source data on an identity document e.g. passport, driving license, national ID or work permit, an individual with a criminal record can be more efficiently identified and subsequently detained by enforcement officers for further action.

ENTERPRISE SOLUTIONS

NexComm™ Secure SMS Solution

NexComm™ is designed to meet the high standards of mobile security today focusing on secure mobile information exchange and efficient delivery of message services.

Running on highly encrypted, direct peer-to-peer (P2P) technologies, NexComm™ allows secure, reliable and protected text/SMS communications between a group of authorised individuals without the interference of servers or a third party, thus ensuring the integrity and safe delivery of sensitive information.

With NexComm™, every text message is encrypted with U.S. military grade encryption technology. Messages are fully encrypted and protected during transmission and any attempts to crack these messages during the transmission will yield only scrambled text that is undecipherable.

To prevent exposure of information, messsages will only be decrypted once they are received by the authorized mobile NexComm™ application. They are not stored in the normal SMS inbox of a mobile phone but maintained in a secure vault within an encrypted application requiring authentication to access the information.

PRODUCTS

ENTERPRISE SOLUTIONS

Secure Mobile Banking (SMB) Solution

Nexbis' Secure Mobile Banking Solution (SMB) is designed as an end-to-end solution for banks and financial institutions for the integration of mobile banking features into existing legacy over-the-counter and web banking systems.

Through Nexbis' SMB Solution, customers can engage in mobile banking and payment services with 2-way messaging capabilities, ensuring improved efficiency, effectiveness and an enhanced competitive edge for the banking service provider. Compatible across mobile phones from all major providers and mobile user interfaces, this proprietary solution provides a complete range of mobile banking capabilities that embodies data integrity, high security and personalised round-the-clock services.

Secure Asset and Inventory (SATIN) Management Solution

The SATIN Management Solution provides the framework and capability to carry out comprehensive asset and inventory management for governments and enterprises. An implementation of SATIN will greatly assist these entities by empowering users with workflow driven mobile and desktop based verification tools which are fully encrypted and secure, thus ensuring information integrity at all times.

The use of the everyday mobile phone as an asset verification tool greatly simplifies nationwide deployment to a large workforce while promoting mobility and ensuring cost effectiveness.

Clients will also be empowered with the capability of complete control over asset management, service maintenance and procurement workflows. With this solution, productivity and cost effectiveness is enhanced. The functionality provided ultimately leads to access to more accurate asset information, more informed management decisions and the prevention of losses/revenue leakage.

SERVICES

Systems Integration and Implementation

Integration of computer systems, database management tools and network configurations, along with a host of other related activities, require significant investments of time and resources, both of which are typically scarce during project implementation phases.

Realizing this need, Nexbis brings in a highly talented and dynamic team with 40 years of combined experience in knowledge and expertise to solve the complex issues surrounding systems integration. With a solutions-oriented approach, Nexbis works to provide clients with results, not just technologies.

Beginning with initial system design and throughout the implementation phases, Nexbis focuses on identifying solutions for long term strategies involving the systems, network and database requirements with the aim to ensure scalability, robustness and future-proof flexibility.

National Security Advisory Service

Nexbis provides National Security Advisory Services to governments to deal with a broad spectrum of national security issues ranging from identity security, policies and procedures and security technology selection. Nexbis understands that each country has different needs and requirements and, therefore, has adopted world-class practices using independent analysis to provide tailor-made strategies to its clients.

IT Consultancy

Nexbis offers consultancy services in programming, application and solutions development, as well as mobile content distribution involving JavaUnix, Visual C++ and system architecture. By working closely with clients, extensive first-hand knowledge of their businesses and needs are obtained and this allows Nexbis to provide value-added services related to its core capabilities.

Nexbis' portfolio of expertise ranges from providing input to development phases right up to maintenance and support. At the same time, Nexbis works to ensure that its clients achieve their objectives while mitigating their risks. Regardless of the scale of the project, Nexbis supports in delivering comprehensive solutions that are customised according to every client's specific needs.

SERVICES

Software Services

Nexbis has extensive knowledge, understanding and experience of software development covering a wide variety of platforms in numerous industry sectors. Nexbis carries out constant Research and Development in tandem with the provision of its software services to keep up with the constantly evolving IT ecosystem.

Nexbis has a proven track record of delivering a comprehensive range of solutions for mobile workforces, governments, photography services providers, logistics companies and non-governmental organisations.

As Nexbis works as an independent consultant and solutions provider for a broad range of services, the team ensures applications are compatible with all requirements of the various IT platforms. Nexbis creates optimal solutions for its clients through the use of its own platform and tools, such as the Mobile Provisioning Manager (MPM) or Mobile Foundation Classes which ensures that end-users benefit the most.

Nexbis Technology: Java, Symbian and iPhone

Nexbis possesses the skill to build applications on major mobile operating systems ensuring the best possible end-user experience.

JAVA

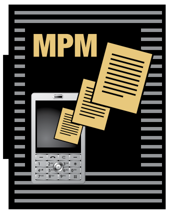
Sun's Java Platform for mobile phones, Micro Edition (Java ME), provides a robust, flexible environment for applications running on mobile devices. Java ME includes flexible user interfaces, robust security, built-in network protocols, and support for networked and offline applications that can be downloaded dynamically. Applications based on Java ME are portable across many devices, yet leverage on each device's native capabilities.

SYMBIAN

The Symbian operating system is an open operating system for data-enabled mobile phones. The Symbian operating system combines the power of an integrated applications environment with mobile telephony, bringing advanced data services to the mass market. Symbian also delivers a scalable architecture that can be adjusted to meet the growing market.

iPHONE

Nexbis also builds applications for Apple's iPhone touchscreen smartphone which has captured the attention of the market worldwide in the enterprise and consumer segments with a variety of applications and technologies that has made the iPhone one of the most popular business and lifestyle phones today.



Mobile Provisioning Manager (MPM)

Mobile Provisioning Manager (MPM) is Nexbis' proprietary platform for the distribution of mobile content. A user-friendly graphical user interface enables Nexbis customers to self-administer the downloading of content by their end users. Many of Nexbis' solutions have the MPM platform built-in.

The features of the MPM platform that separate Nexbis from its competitors and make mobile content provisioning and administration so attractive to its customers are:

- Unique platform that substantially facilitates the distribution of mobile content
- In-built security, robustness, and scalable architecture
- Models the look of mobile content into the requirements most suited to the specific device
- Automatic mobile device recognition and updates of new models
- Multiple methods for distribution; and
- Web-based system administration

Sapio Mobile Foundation Classes (SMFC)

The Sapio Mobile Foundation Classes (SMFC) is a set of software components that has been created to provide an efficient and reliable platform for mobile development.

Developers can employ SMFC to ensure their applications are built reliably by reusing tested components, whilst reducing development time. SMFC provides the following features:

- The availability of application development and component libraries built over years
- Optimised components
- Object-oriented design
- Extensive and thorough documentation; and
- Compatibility with Java ME 1.4 and beyond, MIDP 2.0. and CDLC 1.0.

Project Management

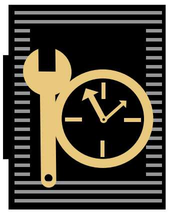
Nexbis has supported clients in varying levels of project management capacities; from small-scale endeavours to large-scale distributed developments. Backed by certification from the Project Management Institute (PMI), the Nexbis team is trained to imbue the understanding of processes, terminology and team work values into the delivery baseline. Nexbis continually updates itself with the latest global practices. All PMI credential holders are required to participate in the Continued Certification Requirements (CCR) programme, which includes regular and constant participation in professional development activities.

SERVICES

Training

Nexbis provides a full range of IT training services through innovative learning methods designed to improve performance and productivity of clients' businesses. Leveraging on real-life hands-on experience and business process expertise, Nexbis invests time to understand clients' businesses before recommending and implementing solutions that align with the clients' business objectives.

Through a team of experienced trainers, potential end-users are given comprehensive knowledge transfer and personalised attention to ensure optimised performance. Training modules are created objectively and arranged in creative and flexible ways to promote fast, engaging and efficient learning. The key to Nexbis' success has always been based on mobilising the right people, skills and technologies to help clients improve their performance and results.

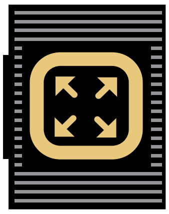


Maintenance and Support

Nexbis provides maintenance and support services to customers before and after sales to ensure a long term working relationship with customers. The objectives of offering these services are to fulfil the implementation, delivery and completion of contractual and service level agreements, and to ensure the continuous operability of the delivered systems.

The Nexbis maintenance and support team is entrusted with the mandate to deliver outstanding customer services to its clients at all times. The services include:

- Service Level Management – Developing comprehensive service-level definitions and metrics which cover hardware, software, services and systems performance;
- Call Centre – Ensuring end-to-end service level measurements with customers are in place and updated in line with the SLA;
- Technical Support – Providing operational services on hardware related products;
- OS/Network Support – Providing operational services on networking; and
- Application Support – Providing operational services on application systems developed in-house.



Outsourcing

Nexbis offers outsourcing services which allow its clients to focus on their core business.

Be it the upgrading of infrastructure, the enhancing of processes and procedures, the minimising of costs or the strategic alliances created for business development, Nexbis has the ability to manage its clients' complex IT solutions and ensure the clients' business objectives are achieved professionally and on time. As a trusted partner to enhance the clients' overall business value, Nexbis takes care of clients' needs and mitigates any associated risks to put these clients ahead of the game.

CORPORATE & MARKETING EVENTS

YEAR 2010

1st August 2010
Nexbis accepted as North American Security Products Organisation (NASPO) member.

16th September 2010
Nexbis accepted as Document Security Alliance (DSA) member.

28th September 2010
Mr. Robert Whitton appointed as Non-Executive Director of Nexbis.

1st October 2010
Nexbis won a 20-year concession contract for Maldives Immigration Border Control System.

7th October 2010
Nexbis announced Rights Issue to raise up to $21.0M.

17th October 2010
Nexbis entered into a concession agreement with the Government of Maldives for the Immigration Border Control System.

16th November 2010
Nexbis accepted as International Civil Aviation Organisation Machine-readable Travel Documents (ICAO MRTD) Partnership Community member.

YEAR 2011

21st – 24th February 2011
Nexbis participated in the 9th Annual POLCYB International Summit.

24th February 2011
Nexbis granted Republic of South Africa Patent from the Companies and Intellectual Property Registration Office (CIPRO).

22nd March 2011
Nexbis granted United States of America Patent from the U.S. Patents & Trademarks Office (USPTO).

27th April 2011
NexCode™ National Security Suite successfully completes and receives International Common Criteria Security Certification (ISO 15408).

29th April 2011
Nexbis' China JV officially notified of Accreditation from AQSIQ for the China Gas Tank Project.

30th May 2011
Cabinet approved Maldives Immigration Border Control System Project to continue.

3rd June 2011
Trust Defender to pursue private placement.

27th – 29th June 2011
Nexbis participated in the 2nd General Police and Special Equipment International Exhibition and Conference (GPEC ASIA 2011).

30th June 2011
Nexbis wins Malaysian Government MAMPU Tender for LMS.

CORPORATE & MARKETING EVENTS

17TH OCTOBER 2010

Agreement signing ceremony between the Department of Immigration and Emigration, Republic of Maldives and Nexbis for the Maldives Immigration Border Control System.

21ST FEBRUARY 2011

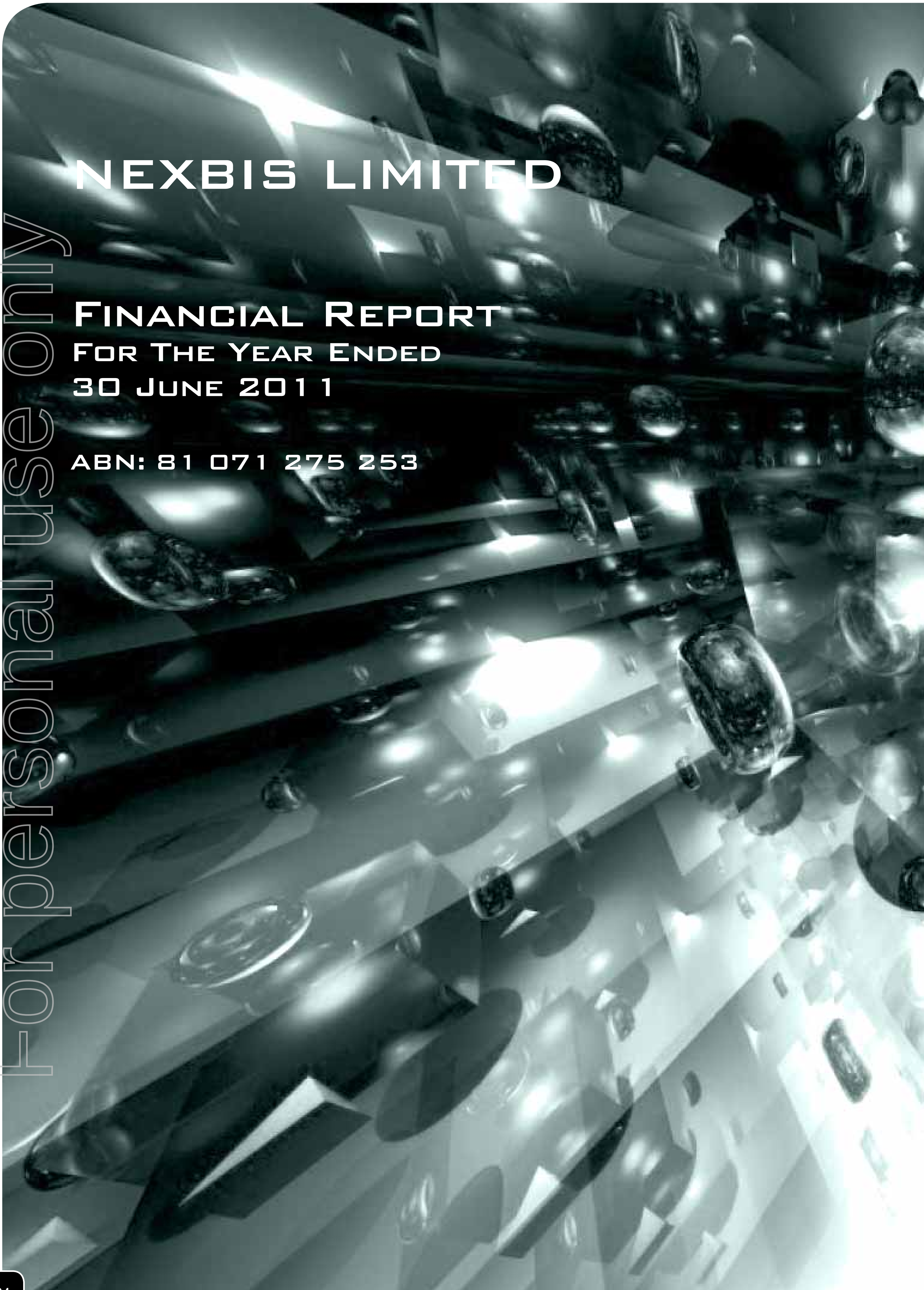
Nexbis showcase and participation in the 9th Annual Society For The Policing Of Cyberspace (POLCYB) International Summit 2011, hosted in Kuala Lumpur, Malaysia.

27TH APRIL 2011

Nexbis awarded International Common Criteria Security Certification (ISO 15408) for NexCode™ National Security Suite. Award presented by Mr. Wan Shafiuddin Zainudin from the Security Assurance Department of CyberSecurity Malaysia.

27TH JUNE 2011

Dato' Sri Johann Young with Dato' Seri Hishammuddin Tun Hussein, Minister of Home Affairs Malaysia and Tan Sri Mahmood Adam, Chief Secretary of the Ministry of Home Affairs Malaysia during the 2nd General Police and Special Equipment International Exhibition & Conference, held in the Putrajaya International Convention Centre, Malaysia.



NEXBIS LIMITED

Financial Report
For The Year Ended 30 June 2011

ABN: 81 071 275 253

CONTENTS

CORPORATE DIRECTORY

Directors
- Datuk Mohamed Al Amin bin Abdul Majid
- Dato' Sri Johann Young
- Peter Dykes
- Andrew Hamilton
- Robert Whitton

Company Secretary
- Peter Dykes

Registered Office
- Level 40
  100 Miller Street
  North Sydney
  NSW 2060

Share Registry
- Security Transfer Registrars Pty Ltd
  770 Canning Highway
  Applecross
  WA 6153

Auditor
- PKF East Coast Practice ("PKF")
  Level 10
  1 Margaret Street
  Sydney
  NSW 2000

Solicitor To The Company
- Norton Rose Australia
  Grosvenor Place
  225 George Street
  Sydney
  NSW 2000

Bankers
- Westpac Banking Corporation
  181 Miller Street
  North Sydney
  NSW 2060

- National Australia Bank
  255 George Street
  Sydney
  NSW 2060

Stock Exchange Listing
- The Company's shares are quoted on the Australian Stock Exchange under the code NBS.

Introduction

During the 2011 financial year the Group has continued its reviewing and updating of revised control and reporting structure to align with the evolving business footprint and the better practice recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council.

The Directors believe that good corporate governance is fundamental to the long term prosperity of Nexbis Limited. The Board continually reviews the Group's governance practices to ensure that they promote sustainable value for shareholders and address the Group's responsibilities to all of its stakeholders.

The Group is committed to implementing the highest possible standards of corporate governance and endeavours and that its practices are consistent with the Second Edition of the ASX Corporate Governance Council's Principles and Recommendations wherever possible. Policies referred to within this statement have been published on the Company website http://www.nexbis.com.au.

1 Lay Solid Foundations for Management and Oversight

1.1 Board and Management Roles

The Board is responsible for the overall corporate governance of the Company and its subsidiaries. These responsibilities, in summary, include:

- Setting the strategic direction of the Group;
- Assignment of functions and responsibilities to the Board and senior executives;
- Developing, implementing and reviewing internal control and risk management policies, procedures and systems; and
- Establishing and monitoring the achievement of goals for the business operations and management.

The Board charter of the Group establishes and defines the functions of the Board including those functions which have been delegated to senior executives and the Chief Executive Officer (CEO). The CEO has been delegated the authority for the operations and the administration of the Group.

1.2 Evaluation of Executive Performance

The Directors have decided not to appoint a Remuneration Committee due to the current scale and nature of the Company's activities and the "flat" organisational structure of the Company. The Board, however, actively researches appropriate remuneration levels for executives and senior employees.

Significant decisions, which include the remuneration of executives and senior employees, are generally made by all Board members at a Directors' meeting. It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board actively links the nature and amount of Directors' emoluments to the Company's performance.

Due to the small number of people in the senior executive and management team, each member is aware of the contribution, outputs and achievements of each team member. Consequently the need for a formal performance evaluation for each member of the team is not currently considered necessary. The approach to executive remuneration and performance is as follows:

- The performance of senior executives is set within the limitations imposed by shareholders and from an annual evaluation of the performance of each senior executive against agreed performance measures;
- There is no scheme to provide retirement benefits, other than statutory remuneration for Directors who are paid a salary;
- Non-Executive Directors are remunerated by way of fees and are not entitled to participate in schemes available to the executives of the Company. The Non-Executive Directors are not entitled to receive options or bonus payments; and
- Details of the remuneration of Directors and senior executives are contained in the Directors' Report.

2 Structure the Board to Add Value

2.1 The Directors

The Constitution of Nexbis Limited sets the minimum number of Directors at three and has fixed the maximum number of Directors at nine. There are currently five Directors on the Board, two Executive Directors and three Non-Executive Directors. A recent change to the Board has seen the introduction of an Independent Chairman as per ASX recommendation 2.2. The Group also complies with ASX recommendation 2.1 as the majority of the Board is independent.

2.2 Independent Directors

The names of Independent Directors of the Company at the date of this report are:

- Datuk Mohamed Al Amin bin Abdul Majid, Chairman and Non-Executive Director
- Andrew Hamilton, Non-Executive Director
- Robert Whitton, Non-Executive Director

The Board considers independent decision-making as critical to effective corporate governance. Independent Directors are considered to be those who have the ability to exercise their duties and are not influenced or restricted by any business or other relationship. The independence of Non-Executive Directors is assessed by the Board against the definition outlined in the Board charter.

Materiality thresholds

A Non-Executive Director must meet the following thresholds:

- Less than 10% of the Group shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- No sales are made to or purchases made from any entity or individual directly or indirectly associated with the Director; and
- None of the Director's income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

Right to seek professional advice

Directors have the right to seek independent professional advice at the Group's expense in the furtherance of their duties as Directors. Written approval must be obtained from the Chairman prior to incurring any expenses on behalf of the Group.

Period of office held by each Director as at the date of the financial report:

Datuk Mohamed Al Amin bin Abdul Majid	Chairman and Non-Executive Director	Appointed 2009
Dato' Sri Johann Young	CEO and Executive Director	Appointed 2008
Peter Dykes	Chief Financial Officer (CFO), Company Secretary and Executive Director	Appointed 2000
Andrew Hamilton	Non-Executive Director	Appointed 2010
Robert Whitton	Non-Executive Director	Appointed 2010

2.3 Chairman of the Board

The Chairman of the Board is elected by the Directors. The Chairman serves as the primary link between the Board and management, and works with the CEO and Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Group. The Chairman, Datuk Mohamed Al Amin bin Abdul Majid, is an Independent Non-Executive Director and there is a clear division of responsibility between the Chairman and the CEO, Dato' Sri Johann Young.

2.4 Appointment of Directors

New Directors are provided with formal letters of appointment that set out the key terms and conditions of their appointment. All Directors have access to Group information, senior management and employees as required enabling them to fulfil their responsibilities. In addition to management briefings at every Board meeting, Directors are regularly briefed on key business developments and matters material to their role as Directors. The appointment and removal of Directors is addressed in the Group's Constitution.

2.5 Remuneration and Nomination Committee

The Directors have decided not to appoint either a Remuneration or a Nomination Committee due to the current scale and nature of the Group's activities and the "flat" organisational structure of the Company.

Subject to the provisions of the Group's Constitution, the issues of Board composition and selection criteria for Directors are dealt with by the full Board. The Board continues to have the mix of skills and experience necessary for the conduct of the Group's activities.

The Group's Constitution provides for events whereby Directors may be removed from the Board. Similarly shareholders have the ability to nominate, appoint and remove Directors. In addition, the Constitution provides for the regular rotation of Directors which ensures that Directors seek re-election by shareholders at least once every three years. Given these regulatory requirements, Directors are not appointed for a specified term and Directors' continuity of service is effectively in the hands of the shareholders.

2.6 Induction and Access to Information

When a new Director is appointed, the incumbent Directors actively engage in providing the new Director with information on the financial position, strategies, policies and procedures of the Company. Access to information on a regular basis is provided for as follows:

- Board and Committee papers will be circulated to Directors prior to each Board and Committee meeting. Directors are expected to undertake adequate preparation to permit their effective contribution at each meeting;
- At each Board meeting, Non-Executive Directors will be given the opportunity to meet without management present;
- Proceedings of all meetings are minuted, circulated to all members of the Board, amended as required and, when signed by the Chairman of the meeting is the definitive record of the proceedings of meetings held; and
- Minutes of all Board meetings are circulated to Directors and approved by the Board at the subsequent meeting.

3 Promote Ethical and Responsible Decision Making

3.1 Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Group has established a Code of Conduct to guide compliance with legal and other obligations to stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. This Code also includes a securities trading policy. A copy of the Code of Conduct is published on the Company website.

3.2 Securities Trading

Directors and employees will be aware that the Corporations Act imposes substantial criminal penalties, including imprisonment, for insider trading. The definition of insider trading in essence prohibits insiders, such as directors and employees, from trading in the stock when they possess non-public, price sensitive information relating to the company and its affairs. It also prohibits those insiders from passing on that information to third parties (including other employees, family, friends and others). If the third party uses that information to deal in shares or options, both the third party and the insider passing on the information commit offences under the Corporations Act.

The Group has set a policy regarding Directors and employees trading in its securities. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

To assist Directors and employees in their dealings in the Group's shares, the Board of Directors recommends that the following guidelines be observed i.e. no Director or employee should deal in the Group's shares during the following periods:

- Preceding the release of its interim results (February);
- Preceding the release of its preliminary results (August); and
- During any other period designated by the Board or the CEO as a "black-out period".

4 Safeguard Integrity in Financial Reporting

4.1 Audit and Compliance Committee

The Board has established an Audit and Compliance Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Board has delegated the responsibility for the establishment and maintenance of the internal controls framework and ethical standards to the Audit and Compliance Committee.

The Committee Chair regularly meets with the CFO to ensure that Committee members are kept regularly informed of key issues and also meets with the external auditor, without members of management present, as deemed appropriate.

The Audit and Compliance Committee charter is available on the Company website.

4.2 Audit and Compliance Committee Structure

The Chairman of the Audit and Compliance Committee during the 2011 financial year was Robert Whitton.

Andrew Hamilton became a member of the Committee in 2010.

There was one meeting held during the financial year.

The Group is currently not in compliance with ASX recommendation 4.3 as the Audit and Compliance Committee does not have at least three members that are both Non-Executive and also independent. The Board determined that it was not practical to appoint additional members to this Committee during the 2011 financial year that would allow it to satisfy this recommendation.

5 Make Timely and Balanced Disclosure

The Group has established a Continuous Disclosure Policy that has been published and made available on the Group website.

The Annual Report includes a review of operations that are required under ASX listing rule 4.10.17.

6 Respect the Rights of Shareholders

The Group makes a point of making regular ASX announcements to provide progress updates between quarterly and statutory reports. Shareholders who have disclosed email contact details are emailed Group announcements and encouraged to contact the Board members with any queries.

The Group has in place a Shareholder Communication Policy to support its intentions on communications. The Group has established a corporate website i.e. http://www.nexbis.com.au.

7 Recognise and Manage Risk

7.1 Risk Management Policies

The Board has published a risk management policy that encompasses the ASX Corporate Governance Best Practice guidelines and the AUS/NZ 4350 Risk Management standard. The Audit and Compliance Committee use this approach in their identification and assessment of key business risks.

The Board is committed to effectively managing operational, financial and other risk in the context of the business strategies of the Group with a view to achieving a balance between acceptable levels of risk and reward. The Board recognises that risk management is a responsibility of all operating levels of the business and thus a risk management policy and process involves all key personnel, with appropriate reporting structures to the Board.

The types of risks which may be faced by the Group can include strategic, operational market, financial and reporting and the Company has established a system of risk oversight and management to identify, assess, monitor and manage risks.

7.2 Risk Management Activities

The Board oversees, reviews and monitors risk on a regular basis and at least half yearly, or in the case of escalated and high priority risks, quarterly. The Board receives reports and key issues that have been escalated from the Audit and Compliance Committee. The Audit and Compliance Committee is charged with overseeing the management of all business risks across the Group with a view to ensuring that mitigating actions are performed and overall risk to the Group is within the agreed risk appetite. The Board considers that business risks are actively identified and managed with appropriate risk mitigation strategies and approaches deployed that are in alignment with the nature and scale of the Nexbis Limited operations. The Board has received assurance from the CEO and the CFO that the Corporations Act section 295A declaration 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 declaration was dated 2 September 2009.

8 Remunerate Fairly and Responsibly

This principle is covered in paragraphs 1.2 and 2.5.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Group (referred to hereafter as the "Group"), consisting of Nexbis Limited (referred to hereafter as the "company" or "parent entity") and the entities it controlled for the year ended 30 June 2011.

Directors

The following persons were Directors of Nexbis Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Names	Appointed / Resigned
Datuk Mohamed Al Amin bin Abdul Majid	Non-Executive Chairman
Dato' Sri Johann Young	Executive Director
Peter Dykes	Executive Director
Andrew Hamilton	Non-Executive Director
Robert Whitton	Non-Executive Director (appointed 28 September 2010)

Company Secretary

The Company Secretary is Peter Dykes. Mr Dykes was appointed to the position of Company Secretary in 2007.

Principal Activities

The principal activities of the Group during the financial year were:

- The development and implementation of systems and solutions which enable governments to manage the processing of individuals, identities and documents; including forensic level identity verification and enforcement technologies which operate securely over distributed networks and workforces;
- The development and commercialisation of a forensic level, 2D code based technology as well as associated national security solutions for governments to address identity and document verification, authentication and enforcement needs;
- The provision of maintenance and support services and associated professional services for the ongoing operation of national security solutions, systems and hardware;
- The development of smart seal and dynamic monitoring systems for management, tracking and control of controlled items such as gas cylinders; and
- The provision of mobile application development and support services.

Operating Results and Review of Operations for the year

Operating Results

The consolidated loss of the Group amounted to $13,808,000 (2010: $49,574,000). This represented a 72% decrease in net loss reported for the year ended 30 June 2010.

As announced earlier, the Group's Chinese Joint Venture (Chinese JV) received accreditation from the AQSIQ (the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) in April 2011 for its Gas Tank Project Marking Systems (AQSIQ Project Code 2010OK411). This was achieved ahead of schedule and marked the completion of the restructuring of the project allowing the Chinese JV to commence the rollout of our Marking Systems. The Group is now focused on progressing operations in China to enable the Chinese JV to deploy its gas tank Marking Systems for commercial use. Initial major gas tank manufacturers for full scale rollout have been targeted and negotiation are underway to enable deployment at these sites.

The Border Control System project for the Government of the Republic of Maldives received Cabinet approval to continue at the end of May 2011 after initially being put on hold due to the internal government review.

The Cabinet's approval and confirmation for the project to continue, clearly demonstrates that the tender process was transparent and the Company is pleased with the positive outcome. However, the Company cautions that project re-engagement has not been as smooth as anticipated and that the Company re-iterates that it continues to seek legal advice to fully protect its interest in this project and in the Company's executed and legally binding agreement.

Following the Company's announcement on December 20, 2010 regarding the proposed Initial Public Offering ("IPO") of Symbiotic Technologies Pty Limited trading as TrustDefender, the Board has advised on 31 March 2011 that the previously announced broker mandate signed for the IPO has been terminated. The Company is continuing to work with TrustDefender to explore other possible alternate arrangements.

Dividends Paid or Recommended

During and since the year to 30 June 2011 there has not been any dividend or distribution reinvestment plan in operation. No dividends were paid or made payable during the year to 30 June 2011.

Financial Position

The net assets of the Group have decreased by $3,110,000 since 30 June 2010 to a net asset position of $74,045,000 at 30 June 2011. The Directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following are significant changes in the Group's state of affairs occurred during the financial year:

- On 28th September 2010 the Company announced that Robert Whitton had been appointed as Non-Executive Director.
- On 7th October 2010 the Company announced a non renounceable rights issue.
- On 18th October 2010 the Company announced that it had signed a 20 year concession agreement with the Immigration Department of the Maldives, having announced that it won the tender on 1st October 2010.
- On 20th December 2010 the Company reached an agreement with TrustDefender for a proposed IPO of TrustDefender. This new agreement replaced the agreement of March 2010.
- On 29th December 2010 the Company updated its Securities Trading Policy in accordance with the new ASX Listing Rules.
- On 29th December 2010 the Company received a letter from the Malaysian Government authorising it to commence work relating to the supply of NexCode™.
- On 18th February 2011 a customer pilot project collaboration agreement was signed in respect of the Company's Chinese JV.
- On 31st March 2011 the Company announced that it will not be making any further investments in TrustDefender.
- On 29th April 2011 the Chinese JV received official notification of accreditation.
- The Maldives Immigration Border Control System Project was approved to continue on 30th May 2011.
- On 3rd June 2011 Nexbis' shareholding in TrustDefender reduced from 27.33% to 20.05% as a result of the IPO not proceeding.

Matters Subsequent to the End of the Financial Year

On 2nd August 2011, Nexbis Sdn Bhd signed an agreement for its Malaysian project to provide, support and maintain its NexCode™ solution to the government of Malaysia. The agreement is for 12 years, effective from 1 June 2011.

Likely Developments and Expected Results of Operations

Other than as noted previously within this report, the Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations have not been included in this financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

DIRECTORS' REPORT
(CONTINUED)

Information on Directors

Datuk Mohamed Al Amin bin Abdul Majid	Non-Executive Chairman
Qualifications, Experience and Expertise	Datuk Al Amin has extensive experience in business and corporate management which includes serving as the current Executive Chairman of Country View Berhad and Chairman of Nylex (Malaysia) Berhad, both of which are publicly listed on the Malaysian Stock Exchange. He has also held long serving positions as Chairman for Zurich Insurance (Malaysia) Berhad since 1989. He is also Chairman of the Small & Medium Industries Development Corporation (SMIDEC) in Malaysia and was formerly the Chairman of the Chemical Industries Council of Malaysia (CICM) where he was extensively involved in initiatives at the regional APEC level.
Interest in Shares and Options	Not applicable
Other Current Directorships	Ancom Berhad Gabongan Pemborong Bumiputra Perak Berhad
Former Directorships in the Last Three Years	SCAN Associates Berhad
Special Responsibilities	Member of the Audit and Compliance Committee

Dato' Sri Johann Young	Executive Director & Chief Executive Officer
Qualifications, Experience and Expertise	Johann has more than 21 years of solid business, technical and operational experience in the IT and telecommunications industry. He has successfully built IT telecoms businesses in Asia Pacific and Europe. He spent several years with Orange and Hutchison, including during the launch of the Orange PCS in the UK in 1994, and as Director of Asia for Orange World, prior to which he was Launch Director of Orange Thailand and was instrumental in the success of its launch. Prior to Nexbis Limited, Johann was COO of DOCOMO interTouch. He has held several Board positions including TA Orange, iNet, DOCOMO interTouch and GSL PLC (HK) and Sapio. He is a Business Finance graduate and holds a Master of Science degree in Business Systems Analysis and Design from City University of London.
Interest in Shares and Options	21,028,456 ordinary shares in Nexbis Limited
Other Current Directorships	Not applicable
Former Directorships in the Last Three Years	Not applicable
Special Responsibilities	Chief Executive Officer of Nexbis Limited

Peter Dykes	Chief Financial Officer & Company Secretary
Qualifications, Experience and Expertise	Peter has more than 20 years of experience in the technology industry, advising some of Australia's largest corporate clients, including BHP Billiton, Boral and Telstra and also small startup companies in respect of their Research and Development and commercialisation efforts. Peter is a Fellow of the Tax Institute of Australia and has an accounting/commerce degree. He spent a number of years with KPMG, and was a founding member of KPMG's technology advisory practice in Melbourne and Sydney.
Interest in Shares and Options	24,000,000 ordinary shares in Nexbis Limited
Other Current Directorships	Fermiscan Holdings Limited
Former Directorships in the Last Three Years	Not applicable
Special Responsibilities	Chief Financial Officer of Nexbis Limited

Andrew Hamilton	Non-Executive Director
Qualifications, Experience and Expertise	Andrew has had a long and distinguished career in management consulting and program management in Asia, the Middle East and Europe and is currently Head of Operations Consulting at Pricewaterhouse Coopers, Thailand. He was formerly a partner with Grant Thornton. He has worked across the Telecommunications, Government, Financial Services, Oil and Gas and Manufacturing sectors. Andrew has previously held regional management roles with Bechtel, KPMG and Bearing Point South East Asia. He has been based in Asia for the last 16 years.
Interest in Shares and Options	Not applicable
Other Current Directorships	Not applicable
Former Directorships in the Last Three Years	Not applicable
Special Responsibilities	Member of the Audit Committee

Robert Whitton	Non-Executive Director
Qualifications, Experience and Expertise	Robert has had a longstanding and distinguished career as a chartered accountant and business advisor. A specialist in business advisory services and Fellow of the Institute of Chartered Accountants, Robert has more than 25 year experience gained across a range of accountancy firms, most recently as a Director of William Buck, Chartered Accountants and Advisors in Sydney, Australia. Graduating with a Bachelor of Business (Accountancy), Robert holds a range of qualifications including a Graduate Certificate in Forensic Studies (Accounting) and is a Certified Fraud Examiner. He is also a member of the Australia Institute of Management, the Institute of Company Directors and Insolvency Practitioners Association of Australia. Robert is Chairman of life sciences company, Fermiscan Holdings Limited. He also has a genuine passion for agriculture and is the current chairman of The Wine Society (elected to the role in December 2007). He is also a Product Member of the NSW Farmers Federation and a Member of the Angus Society of Australia.
Interest in Shares and Options	Not applicable
Other Current Directorships	Fermiscan Holdings Limited
Former Directorships in the Last Three Years	Not applicable
Special Responsibilities	Chairman of the Audit Committee

"Other Current Directorships" quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

"Former Directorships in the Last Three Years" quoted above are directorships held in the last three years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Meetings of Directors

During the financial year 11 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

Directors	Committee Meetings			
	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Datuk Mohamed Al Amin bin Abdul Majid	11	11	1	1
Dato' Sri Johann Young	11	11	-	-
Peter Dykes	11	10	-	-
Andrew Hamilton	11	10	1	1
Robert Whitton	8	8	-	-

Remuneration Report (Audited)

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the Group and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out 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

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

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

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage;
- transparency; and
- capital management

B DETAILS OF REMUNERATION

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The shareholders have yet to approve non-executive directors remuneration.

Executive remuneration

The Group and Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:

- base salary; and
- short-term discretionary performance bonus.

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

Fixed remuneration, consisting of base salary, is reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives at the discretion of the Board taking into consideration the performance of the business from the date of the previous payment to the date of the next payment.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

The table below sets out the company's share price, earnings and dividends at the end of each of the last four financial years.

Financial year ended	Closing share price (cents)	Earnings per share (cents)	Dividends
30 June 2011	9	(2.0)	-
30 June 2010	9	(10.9)	-
30 June 2009	39	11.0	-
30 June 2008	50	4.0	-

The remuneration for each Director and each of the five executive officers of the Group receiving the highest remuneration during the year (the key management personnel) was as follows:

2011	Cash salary	Cash bonus	Options	Other	Total	% Performance based
Directors Remuneration	$	$	$	$	$	%
Executive Directors						
Dato' Sri Johann Young	600,000	548,100	-	-	1,148,100	47.7
Peter James Dykes	475,000	336,000	-	-	811,000	41.4
Total Executive Directors	1,075,000	884,100	-	-	1,959,100	45.1
Non-Executive Directors						
Datuk Mohamed Al Amin bin Abdul Majid	240,000	-	-	-	240,000	-
Robert Whitton*	91,000	-	-	-	91,000	-
Andrew Hamilton	120,000	-	-	-	120,000	-
Total Non-Executive Directors	451,000	-	-	-	451,000	-
Total Directors Remuneration	1,526,000	884,100	-	-	2,410,100	-

* Robert Whitton was appointed as a Non-Executive director on 28 September 2010.

No Post Employment benefits or Long Term benefits such as Termination benefits or Share based payments were remunerated in 2011 to any Director.

The bonuses paid to the executive directors were discretionary cash bonuses paid in October 2010.

2010	Cash salary	Cash bonus	Options	Other	Total	% Performance based
Directors Remuneration	$	$	$	$	$	%
Executive Directors						
Dato' Sri Johann Young	400,000	-	-	-	400,000	-
Peter James Dykes	375,000	-	-	-	375,000	-
Total Executive Directors	775,000	-	-	-	775,000	-
Non-Executive Directors						
Datuk Mohamed Al Amin bin Abdul Majid*	220,209	-	-	-	220,209	-
Colin Turner	190,000	-	-	-	190,000	-
Andrew Hamilton	66,460	-	-	-	66,460	-
Total Non-Executive Directors	476,669	-	-	-	476,669	-
Total Directors Remuneration	1,251,669	-	-	-	1,251,669	-

* Datuk Mohamed Al Amin bin Abdul Majid was paid a salary of RM60,000 (AUD$20,209) from Nexbis Sdn Bhd for the first two months of the 2010 financial year. After this his salary was drawn from Nexbis Limited.

No post employment benefits, long term benefits such as termination benefits or share based payments were paid to any Director in 2010.

Key Management Personnel Compensation

2011	Short-term benefits					
	Cash, salary & commission	Bonus	Options	Other	Total	% Performance based
Group Key Management Personnel	$	$	$	$	$	%
Yu Ye Chua	155,101	-	-	-	155,101	-
Kok Hong Fang	130,494	-	-	-	130,494	-
Jong Wah Lee	129,082	-	-	-	129,082	-
Christian Hasselstrom	102,767	-	-	-	102,767	-
Kum Yuen Hoh	97,095	-	-	-	97,095	-
Total	614,539	-	-	-	614,539	-

No Post Employment benefits or Long Term benefits such as Termination benefits or Share based payment were remunerated in 2011 to any Key Management Personnel.

2010	Cash salary	Cash bonus	Options	Other	Total	% Performance based
Group Key Management Personnel	$	$	$	$	$	%
Yu Ye Chua	129,335	-	-	-	129,335	-
Peter Tornhult	85,335	-	-	-	85,335	-
Kevin Lee Fawvver	101,043	-	-	-	101,043	-
Benjamin Cheong	84,876	-	-	-	84,876	-
Kok Hong Fang	90,535	-	-	-	90,535	-
Total	491,124	-	-	-	491,124	-

No post employment benefits, long term benefits such as termination benefits or share based payments were paid to any Key Management Personnel in 2010.

C SERVICE AGREEMENTS

The Board believes that individual salary negotiation is more appropriate than formal remuneration policies, and external advice and market comparisons are sought when necessary. The Board recognises that the attraction and retention of high calibre executives is critical to generating shareholder value.

Details of Executive Directors' contracts are as below:

Dato' Sri Johann Young

- Term of agreement – on-going commencing 18 November 2009;
- No guaranteed bonus;
- Base salary for the year ended 30 June 2011 of $600,000; and
- Termination notice by either party is 12 months

Peter Dykes

- Term of agreement – on-going commencing 18 November 2009
- No guaranteed bonus;
- Base salary for the year ended 30 June 2011 of $475,000; and
- Termination notice by either party is 12 months

The salary and emoluments paid to officers shall be approved by the Board.

All contracts with executives may be terminated early by either party with three to six months notice, subject to termination payments as detailed below:

Executive Vice President, Strategy and Planning - Yu Ye Chua

- Term of agreement – on-going commencing 15 November 2006
- Base salary for the year ended 30 June 2011 of $155,101
- Payment of a termination benefit on early termination by the Company other than for gross misconduct equal to three months base salary

Vice President-Software and Technical Services - Kok Hong Fang

- Term of agreement – on-going commencing 17 March 2008
- Base salary for the year ended 30 June 2011 of $130,494
- Payment of a termination benefit on early termination by the Company other than for gross misconduct equal to six months base salary

Vice President-International Business Development - Jong Wah Lee

- Term of agreement – on-going commencing 5 July 2010
- Base salary for the year ended 30 June 2011 of $129,082
- Payment of a termination benefit on early termination by the Company other than for gross misconduct equal to six months base salary

Managing Director (Sapio AB) - Christian Hasselstrom

- Term of agreement – on-going commencing 18 May 2010
- Base salary for the year ended 30 June 2011 of $102,767
- Payment of a termination benefit on early termination by the Company other than for gross misconduct equal to three months base salary

Chief Operating Officer - Kum Yuen Hoh

- Term of agreement – on-going commencing 15 November 2010
- Base salary for the year ended 30 June 2011 of $97,095
- Payment of a termination benefit on early termination by the Company other than for gross misconduct equal to six months base salary

D SHARE-BASED COMPENSATION

Issue of shares

No shares were issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options

There are no options affecting remuneration in this financial year or future years.

There were no options issued to Directors and other key management personnel as part of their compensation during the year ended 30 June 2011.

This concludes the remuneration report, which has been audited.

Options

At the date of this report, there are 10,000,000 unissued Ordinary Shares of the Company under options. Details of the unexercised options and shares issued on the exercise of options are listed below:

	Issue date	Exercise price	Balance at 30 June 2010	Options granted	Options converted	Options expired/ cancelled	Balance at 30 June 2011	Balance at 30 September 2011
Employee share plan	14 May 2008	$0.18	970,000	-	-	970,000	-	-
	24 July 2010	$0.75- $1.50	20,000,000	-	-	5,000,000	15,000,000	10,000,000
			20,970,000	-	-	5,970,000	15,000,000	10,000,000
Total			20,970,000	-	-	5,970,000	15,000,000	10,000,000

The 970,000 options issued under the employee share plan expired on 30 June 2011.

The 20,000,000 options issued under the employee share plan vest as follows:- 5,000,000 on 01/07/2009, 5,000,000 on 01/07/2010, 5,000,000 on 01/07/2011, and 5,000,000 on 01/07/2012 and expire as follows:- 5,000,000 on 01/07/2010, 5,000,000 on 01/07/2011, 5,000,000 on 01/07/2012 and 5,000,000 on 01/07/2013

The weighted average share price during the year was $0.09.

No Directors nor Key Management Personal hold any of the above options.

Indemnity and Insurance of Officers

The company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit and Compliance Committee, is satisfied that the provision of non-audit services by external auditors during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined below:

	$
Other services - taxation	60,990

The amounts paid or payable noted above related to taxation services.

Officers of the Company who are Former Audit Partners of PKF Chartered Accountants and Business Advisers

There are no officers of the company who are former audit partners of PKF.

Rounding of Amounts

The Company is of a kind referred to in Class order 98/100 issued by the Australian Securities and Investment Commission. Amounts in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

Auditor

PKF continue in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Dykes
Director
Dated: 30 September 2011
Melbourne

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AUDITOR'S INDEPENDENCE DECLARATION

PKF

Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of Nexbis Limited and the entities it controlled during the year.

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

Tim Sydenham
Partner

30 September 2011
Sydney

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The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		$000	$000
Revenue			
Revenue from continuing operations	5	**3,854**	2,438
Expenses			
Cost of sales		**(2,155)**	-
Employee benefits expense		**(6,482)**	(3,736)
Occupancy expense		**(909)**	(915)
Marketing and administration expense		**(5,137)**	(7,275)
Write back of impairment of intangibles	6	**15,213**	-
Provision for impairment of intangibles	6	**(4,626)**	(22,341)
Write off of doubtful debts		**-**	(4,724)
Amortisation expense	6	**(7,930)**	(11,841)
Depreciation expense		**(371)**	(295)
Loan write off		**(417)**	-
Option income/(expense)		**-**	125
Share of loss of associate	19	**(1,396)**	(181)
Net gain on reduction of investment in associate	19	**60**	-
Provision for impairment for investment in associate	19	**(1,750)**	-
Finance costs		**(379)**	(244)
Profit on disposal of assets		**119**	-
Foreign exchange differences		**(1,502)**	(585)
Loss before income tax expense	6	**(13,808)**	(49,574)
Income tax expense	7	**-**	-
Loss after income tax expense for the year		**(13,808)**	(49,574)
Other comprehensive income			
Foreign currency translation		**(8,598)**	(3,547)
Other comprehensive income for the year, net of tax		**(8,598)**	(3,547)
Total comprehensive income for the year, net of tax attributed to the owners of Nexbis Limited		**(22,406)**	(53,121)
Earnings/(loss) per share – attributable to the owners of Nexbis Limited			
Basic earnings/(loss) per share	11	**(2.0)**	(10.9)
Diluted earnings/(loss) per share	11	**(2.0)**	(10.9)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011	2010
		$000	$000
Assets			
Current Assets			
Cash and cash equivalents	12	**905**	10,196
Trade receivables	13	**2,951**	97
Other receivables	13	**5,752**	-
Other current assets	14	**588**	721
Total Current Assets		**10,196**	11,014
Non Current Assets			
Property, plant and equipment	15	**3,252**	1,879
Intangible assets	16	**60,402**	66,436
Investment in associate	19	**2,176**	14,826
Total Non Current Assets		**65,830**	83,141
Total Assets		**76,026**	94,155
Liabilities			
Current Liabilities			
Trade and other payables	20	**1,887**	824
Loan – short-term portion	22	**-**	12,564
Provisions	21	**94**	-
Total Current Liabilities		**1,981**	13,388
Non Current Liabilities			
Loan – long-term portion	22	**-**	3,612
Total Non Current Liabilities		**-**	3,612
Total Liabilities		**1,981**	17,000
Net Assets		**74,045**	77,155
Equity			
Issued capital	23	**110,493**	91,197
Foreign currency translation reserve	25	**(14,944)**	(6,346)
Option reserve	25	**4,281**	4,281
Accumulated losses	24	**(25,785)**	(11,977)
Total Equity		**74,045**	77,155

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued capital Ordinary	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
	$000	$000	$000	$000	$000
Consolidated Group					
Balance at 1 July 2010	**91,197**	**(11,977)**	**(6,346)**	**4,281**	**77,155**
Comprehensive income for the year	-	(13,808)	(8,598)	-	(22,406)
Transactions with owners in their capacity as owners					
Contributed equity (net of costs)	19,296	-	-	-	19,296
Balance as at 30 June 2011	**110,493**	**(25,785)**	**(14,944)**	**4,281**	**74,045**
Balance at 1 July 2009	**81,260**	**37,597**	**(2,799)**	**4,407**	**120,465**
Comprehensive income for the year	-	(49,574)	(3,547)	-	(53,121)
Transactions with owners in their capacity as owners					
Contributed equity (net of costs)	9,937	-	-	-	9,937
Adjustment for expired options	-	-	-	(163)	(163)
Employee share options – value of services	-	-	-	37	37
Total	9,937	-	-	(126)	9,811
Balance as at 30 June 2010	**91,197**	**(11,977)**	**(6,346)**	**4,281**	**77,155**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
	Note	2011	2010
		$000	$000
Cash flows from operating activities			
Receipts from customers		**808**	39,421
Payments to suppliers and employees		**(16,266)**	(16,625)
Interest received		**140**	204
Net cash (used in)/generated from operating activities	28	**(15,318)**	23,000
Cash flows from investing activities			
Payment for intangible asset		**(601)**	(34,481)
Payment of consideration for investment in associate		**-**	(2,000)
Repayment of loan from associate		**(4,000)**	-
Payments for property, plant and equipment		**(2,005)**	(459)
Payments for assets resold		**(6,047)**	-
Loan repaid/(granted) by other entity		**-**	6,312
Net cash used in investing activities		**(12,653)**	(30,628)
Cash flows from financing activities			
Proceeds from issue of shares		**19,296**	8,745
Net cash provided by financing activities		**19,296**	8,745
Net (decrease)/increase in cash held		**(8,675)**	1,117
Effect of exchange rates on cash holdings in foreign currencies and transactions		**(616)**	(128)
Cash and cash equivalents at the beginning of the financial year	12	**10,196**	9,207
Cash and cash equivalents at the end of the financial year	12	**905**	10,196

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 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.

New Revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group in the current period or any prior period and is not likely to affect future periods.

Basis of Preparation of Accounts

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available for sale assets, financial assets and liabilities at fair value through profit and loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 4.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity in disclosed in note 2.

a) Going Concern

The Group recorded a net loss of $13,808,000 for the year ended 30 June 2011 (2010:$49,574,000) and had cash outflows from operating activities of $15,318,000 (2010: net cash inflows of $23,000,000). Notwithstanding this the following occurred during the year:

- the Group concluded its Malaysia contract for the supply of NexCode™ with effect from 1 June 2011, resulting in revenue from this contract of $3,126,000. Revenue is expected to continue to be generated from the contract for a period of 12 years, yielding positive cash flows;
- the Group's share purchase arrangement for its investment in Symbiotic Technologies Pty Limited ("TrustDefender") was renegotiated resulting in the cancellation of $13,251,000 of debt which was to be paid by the Group; and
- the Group has obtained AQSIQ approval to enable roll out of the China National Gas Tank Project.

Based on the above, the directors believe the going concern basis of preparation of the financial report is appropriate.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of Nexbis Limited ("company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Nexbis Limited and its subsidiaries together are referred to in this financial report as the "Group" or the "Group".

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 effects of potential exercisable voting rights are considered when assessing whether control exists. 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the "business combinations" accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate less accumulated impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf the associate.

(c) Comparative Figures

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

(d) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure which is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

(d) Plant and Equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with carrying amount. Gains and losses are recognised in the statement of comprehensive income.

Leasehold improvements and plant and equipment under lease are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment is depreciated on a straight line basis at the following rates:

Plant and equipment	10%-30%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each statement of financial position date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Project Work in Progress

Plant and equipment which is owned by the Group and is in the process of being installed to enable the provision of services under a contract are classified as project work in progress until such time as it is in a condition for intended use by the Group at which point it is transferred from project work in progress to plant and equipment. Project work in progress is not depreciated.

(e) Investments and Other Financial Assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Where the fair value of unlisted investments can not be determined these are carried at cost less accumulated impairment.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards or ownership.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: (i) financial assets held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the statement of financial position.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(e) Investments and Other Financial Assets (continued)

(iv) Available- for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated in this category or not classified in any of the other categories. After initial recognition, fair value movements are recognised directly in equity in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for sale-reserve is recognised in profit or loss when the asset is derecognised or impaired.

Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the lender will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in the estimated future cash flows.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the equity - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

(f) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Cost is determined with reference to the consideration paid for the asset.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

(f) Intangible Assets (continued)

Intangible assets acquired in a business combination (continued)

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

All intangible assets identified below are intangible assets with finite useful lives, except for goodwill.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reviewed.

Patents and Trademarks

Costs associated with the registering of patents and trademarks in relation to Group assets are capitalised. The costs are amortised over the same period as the asset to which they relate. Currently all capitalised patent and trademark costs relate to NexCode™ PTR and are amortised over 5 years.

NexCode™ Proprietary Technology Rights

The Proprietary Technology Rights are carried at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over their expected useful life of 5 years, which has been determined based on Management's best estimate.

NexCode™ Contract Rights

The NexCode™ Contract Rights are carried at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over their expected useful life of 12 years, being the term of the Malaysian contract.

China National Gas Tank Rights

The China National Gas Tank Rights are carried at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over their expected useful life of 30 years, being the term granted by the AQSIQ for the right to participate in the China National Gas Tank Project.

Scanner Software

Scanner software is carried at cost less accumulated amortisation and impairment losses and amortised on a straight line basis over its expected useful life of 5 years.

Intangible assets are amortised from the date they are in a position for intended use by Management.

The amortisation charge applicable for the above intangible assets are included in the "Amortisation expense" line item in the statement of comprehensive income for the year ended 30 June 2011.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Share-Based Payments

The Group operates a number of share based compensation plans. These include both a share option arrangement and an employee share scheme. The fair value of instruments issued is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the options granted.

(h) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties regarding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(i) Business Combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquire and the amount of any non-controlling interest in the acquire. For each business combination, the non-controlling interest in the acquire is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

(i) Business Combinations (continued)

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquire at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquire and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquire is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non controlling interest in the acquire, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(j) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction which that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities; and they relate to the same taxable entity or different entity's which intend to settle simultaneously.

Nexbis Limited is not a member of a tax consolidated group.

(k) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. Trade receivables are generally due for settlement between 30 to 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised 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 impairment allowance 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 movement in the provision is recognised in the statement of comprehensive income.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses when a trade receivable for which an impairment allowance had been recognised, becomes uncollectable 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 statement of comprehensive income.

Other receivables are recognised at amortised cost, less any provision for impairment.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Loans

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Rounding of Amounts

The Company is of a kind referred to in Class order 98/100 issued by the Australian Securities and Investment Commission relating to "rounding off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(o) Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

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

Sale of goods

Revenue from the sale of goods, is recognised upon the delivery of goods to customers where the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(o) Revenue and Other Income (continued)

Rendering of services

Revenue from the rendering of consulting services, including the use of NexCode™ is recognised when the service is provided and there is a valid revenue contract.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(p) Operating Segments

Operating segments are presented using the "management approach" where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(q) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Nexbis Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Foreign Currency Translation

Functional and presentation currency

The financial report is presented in Australian dollars which is Nexbis Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Foreign operations

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the date of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

(r) Foreign Currency Translation (continued)

Foreign operations (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, 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.

(s) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(t) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantively all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantively all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal and component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(u) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, an annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction, net of the tax, from the proceeds.

(w) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

(w) Goods and Services Tax ('GST') and other similar taxes (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing of financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

(x) Joint venture entities

The interest in a joint venture partnership is accounted for using proportionate consolidation. Details relating to the partnership are set out in Note 17.

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2011. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

The revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments.

The Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. AASB 9 (issued in 2009) only included requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 (AASB 139).

The main changes in this Standard compared with AASB 139 are described below.

(a) Financial assets are classified based on:
   (i) the objective of the entity's business model for managing the financial assets; and
   (ii) the characteristics of the contractual cash flows.

   This replaces the categories of financial assets in AASB 139, each of which had its own classification criteria. Application guidance has been included in AASB 9 on the conditions necessary for a financial asset to be measured at amortised cost.

(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment are recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Hybrid contracts with financial asset hosts are classified and measured in their entirety in accordance with the classification criteria. (The treatment of embedded derivatives in respect of financial liability hosts has not changed.)

(e) Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.

AASB 9 Financial Instruments (continued)

(f) Investments in contractually linked instruments that create concentrations of credit risk (tranches) are classified and measured using a 'look through' approach. Such an approach looks to the underlying assets generating cash flows and assesses the cash flows against the classification criteria (discussed in (a) above) to determine whether the investment is measured at fair value or amortised cost.

(g) Financial assets are reclassified only in the rare circumstances when there is a relevant change in the entity's business model.

(h) The portion of a change of fair value relating to the entity's own credit risk for financial liabilities measured at fair value utilising the fair value option is presented in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group will adopt this standard from 1 January 2013 but the impact of its adoption is yet to be assessed by the Group.

AASB 11 Joint Arrangements

AASB 11 replaces the AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 only has two. These are:

- Joint Operations; and
- Joint Ventures.

A **joint operation** is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A **joint venture** is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

Joint ventures must now be accounted for using the equity method of accounting. **The option to proportionately consolidate a joint venture entity has been removed.** This will have significant implications for entities that currently use proportionate consolidation. Some entities only have interests in joint ventures and only use proportionate consolidation. Adopting AASB 11 will cause them to use equity accounting and will result in a different presentation in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The Group will adopt this standard from 1 January 2013. This will impact the Group's treatment of its joint venture in Zhongte Hongxing Technology Development Co. Ltd which is currently proportionately consolidated however the impact of this is yet to be assessed by the Group.

Note 2 Parent Entity Information

Set out below is the supplementary information about the parent entity

Statement of Financial Position

	2011	2010
	$000	$000
Assets		
Current Assets	**72,195**	67,337
Non Current Assets	**3,791**	16,503
Total Assets	**75,986**	83,840
Liabilities		
Current Liabilities	**1,941**	10,383
Non Current Liabilities	**-**	5,468
Total Liabilities	**1,941**	15,851
Net assets	**74,045**	67,989
Issued Capital	**110,493**	91,197
Reserves	**4,281**	4,281
Accumulated Losses	**(40,729)**	(27,489)
Total Equity	**74,045**	67,989

Statement of Comprehensive Income	**2011**	2010
	$000	$000
Loss after Income Tax	**(13,055)**	(1,589)
Total comprehensive income	**(13,055)**	(1,589)

The Parent entity does not have any contingencies, capital commitments or guarantees in respect of the debts of its subsidiaries, as at 30 June 2011 or 30 June 2010.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

Investments in subsidiaries are accounted for at cost, less any impairment.

Investments in associates are accounted for at cost, less any impairment.

Note 3 Financial instruments

Financial Risk Management Objectives

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

Risk management is carried out by the Board of Directors and senior management under policies approved by the Board of Directors and based on information provided internally to management. The Board provides 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.

The Group held the following financial instruments:

	Note	2011	2010
		$000	$000
Financial assets			
Cash and cash equivalents	12	**905**	10,196
Trade and other receivables	13	**8,703**	97
Total Financial assets		**9,608**	10,293
Financial liabilities			
Trade and other payables	20	**1,887**	824
Loans	22	**-**	16,176
Total Financial liabilities		**1,887**	17,000

Market risk

(i) Foreign exchange risk

The Group undertakes transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

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

The Group operates internationally and is exposed to foreign exchange risk relating primarily to the United States Dollar (USD); Malaysian Ringgit (RM); Swedish Kroner (SEK); Hong Kong Dollar (HKD), and Chinese Renminbi (RMB).

(i) Foreign exchange risk (continued)

At 30 June 2011 the Group had the following exposure to foreign currency:

	30 June 2011					30 June 2010			
	USD	**RM**	**SEK**	**HKD**	**RMB**	USD	RM	SEK	HKD
	$000	**$000**	**$000**	**$000**	**$000**	$000	$000	$000	$000
Financial Assets									
Cash and cash equivalents	**209**	**333**	**374**	**1,963**	**6**	3,808	204	140	-
Trade and other receivables	**-**	**27,842**	**352**	**-**	**-**	-	-	97	-
Other current assets	**-**	**895**	**319**	**687**	**251**	60	591	18	-
	209	**29,070**	**1,045**	**2,650**	**257**	3,868	795	225	-
Financial Liabilities									
Trade and other payables	**-**	**4,730**	**908**	**22**	**922**	77	114	34	14
Borrowings	**-**	**-**	**-**	**-**	**-**	2,925	172	126	3
	-	**4,730**	**908**	**22**	**922**	3,002	286	160	17

(i) Foreign exchange risk (continued)

Group Sensitivity

The following sensitivity analysis is based on the foreign currency rate risk exposures in existence at the 30 June 2011. The sensitivity analysis is based on economic conditions which are reasonably probable at the 30 June 2011.

At 30 June 2011, if the exchange rates moved, as illustrated in the table below, post tax profit and equity would have been affected as follows:

Judgement of reasonably probable movements:-

	Net Profit Higher/(Lower)		Equity Higher/(Lower)	
	2011	2010	**2011**	2010
Malaysian Ringgit (RM)	**$000**	$000	**$000**	$000
AUD/RM + 10%	**4,162**	4,755	**698**	1,285
AUD/RM - 10%	**(4,162)**	(4,755)	**(698)**	(1,285)
Swedish Kroner (SEK)	**$000**	$000	**$000**	$000
AUD/SEK + 10%	**19**	30	**2**	7
AUD/SEK – 10%	**(19)**	(30)	**(2)**	(7)
US Dollar (USD)	**$000**	$000	**$000**	$000
AUD/USD + 10%	**1**	8	**19**	395
AUD/USD – 10%	**(1)**	(8)	**(19)**	(395)
Hong Kong Dollar (HKD)	**$000**	$000	**$000**	$000
AUD/HKD + 10%	**94**	8	**97**	395
AUD/HKD – 10%	**(94)**	(8)	**(97)**	(395)
Chinese Renminbi (RMB)	**$000**	$000	**$000**	$000
AUD/RMB + 10%	**56**	-	**54**	-
AUD/RMB – 10%	**(56)**	-	**(54)**	-

ii) Price risk

Neither the Group nor the parent entity is exposed to commodity or other price risk.

iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash equivalents with variable interest rates.

The Group has no borrowings or other liabilities which expose it to cash flow or fair value interest rate risks.

The main interest bearing assets are loans to subsidiaries. These bear a fixed interest rate and expose the Company to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate financial assets and liabilities:

Floating interest rates	Weighted Average Effective Interest Rate		Consolidated Group	
	2011	2010	**2011**	2010
			$000	$000
Cash and cash equivalents	**5.1%**	5.0%	**905**	10,196
Total financial assets			**905**	10,196

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at 30 June 2011. At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgement of reasonably probable movements:-

	2011	2010
Net Profit	**$000**	$000
Higher/(Lower)		
+ 1% (100 basis points)	**9**	(45)
- 1% (10 basis points)	**(9)**	45

	2011	2010
Equity	**$000**	$000
Higher/(Lower)		
+ 1% (100 basis points)	**9**	45
- 1% (100 basis points)	**(9)**	(45)

Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the entity. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, trade and other receivables.

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.

The Group does not hold any credit derivatives to offset its credit exposure.

In addition receivables balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant, while Government receivables are deemed to carry lower credit risk.

The maximum exposure to credit risk (excluding the value of any collateral or other security) at 30 June 2011 to recognised financial assets is the carrying amount net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Year ended 30 June 2011	**< 1 month**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Financial liabilities					
Trade and other payables	**1,887**	**-**	**-**	**-**	**1,887**
Borrowings	**-**	**-**	**-**	**-**	**-**
	1,887	**-**	**-**	**-**	**1,887**

Year ended 30 June 2010	< 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
	$000	$000	$000	$000	$000
Financial liabilities					
Trade and other payables	824	-	-	-	824
Borrowings	2,000	4,925	6,000	4,000	16,925
	2,824	4,925	6,000	4,000	17,749

Net fair values of financial assets and liabilities

The carrying amount of the Group's identified financial assets and liabilities represents materially their net fair value.

Capital management

The Group's and the parent entity'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.

Ongoing reviews of the company's capital requirements are performed to ensure the company is meeting its objectives.

There were no changes to the company's approach to capital management during the year. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

Note 4 Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal related actual results. The judgements, 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.

Impairment of intangible assets

Goodwill and other indefinite life intangible assets

The Group tests annually whether intangibles have suffered any impairment, or more frequently if events or changes in circumstances indicate impairment. The recoverable amounts of cash generating units have been determined based on the higher of value in use calculations and fair value less costs to sell. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment/reversal of impairment of non financial assets other than goodwill and other finite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-to-use calculations, which incorporate a number of key estimates and assumptions.

Management has based the value-in-use calculations on budgets for each reporting segment. The value-in-use calculation has been based on estimated future cash flows expected to arise from the cash generating units. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate.

In determining if there is any impairment of the intangible assets, reports from independent valuers are used to help Management determine the amount of the impairment or reversal of impairment.

During the 2011 financial year the Group recognised an impairment loss of $4,626,000 in relation to its China National Gas Tank Rights (2010: $22,041,000 in relation to NexCode™ Proprietary Technology Rights ($17,192,000) and NexCode™ Contract Rights $4,849,000). This impairment loss was determined by Management based on a valuation report completed by an independent valuer. In 2011 the Group reversed previously recognised impairment losses of $15,213,000 in relation to NexCode™ Proprietary Technology Rights ($11,955,000) and NexCode™ Contract Rights ($3,258,000).

Refer to Note 16 for details on the assumptions used in determining the provision for impairment and reversal of impairment.

Impairment of Investments in Associates

During the 2011 financial year the Group recognised an impairment loss of $1,750,000 in relation to its investment in Symbiotic Technologies Pty Limited trading as TrustDefender. The impairment loss was determined by Management based on a valuation completed by an independent valuer.

Refer to Note 19 for details on the assumptions used in determining the provision for impairment.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor financial position.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

During the year the estimated useful life of the NexCode™ Contract Rights was revised from 5 years to 12 years based on the contract with the Malaysian Government.

Note 5 Revenue

	2011	2010
	$000	$000
Revenue		
Sales Revenue		
- NexCode™	3,126	1,684
- Consulting	588	550
	3,714	2,234
Other Revenue		
- Interest Received	140	204
- Other Income	-	-
	140	204
Total revenue from operations	3,854	2,438

Note 6 Expenses

	2011	2010
	$000	$000
Loss before income tax includes the following specific expenses:		
Writeback of impairment of intangibles		
NexCode™ Proprietary Technology Rights	11,955	-
NexCode™ Contract Rights	3,258	-
	15,213	

Note 6 Expenses (continued)

During the year Management engaged an independent valuer to value the NexCode™ Proprietary Technology Rights and the NexCode™ Contract Rights. The recoverable amount was determined to be higher than the carrying value and previously recognised impairment losses were reversed. For details of the reversal refer to note 16.

	2011	2010
	$000	$000
Provision for impairment of intangibles		
NexCode™ Proprietary Technology Rights	-	17,192
NexCode™ Contract Rights	-	4,849
China National Gas Tank Project Rights	4,626	-
	4,626	22,041

During the year Management engaged an independent valuer to value the China National Gas Tank Rights. The recoverable amount was determined to be lower than the carrying value and an impairment loss recognised for the difference. For details of the reversal refer to note 16.

	2011	2010
Amortisation		
NexCode™ Proprietary Technology Rights	7,604	11,226
NexCode™ Contract Rights	23	582
China National Gas Tank Project Rights	268	-
Patents and Intellectual Property Rights	35	33
	7,930	11,841

Note 7 Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable:	2011	2010
	$000	$000
Operation profit/(loss)	(13,808)	(49,574)
Prima facie tax expense/(credit) thereon at 30% (2010: 30%)	(4,142)	(14,872)
Tax effect of foreign exchange gains and other translation adjustments	450	176
Tax effect of non-deductible expenses	129	3,041
Tax effect of timing differences, tax losses not brought to account	3,563	11,655

The entities located in Malaysia have been granted a tax exemption by the Malaysian government which is current until December 2012. This is due to their Pioneer status.

The Group has $17.5 million of unused gross tax losses at reporting date. Deferred tax assets have not been recognised in respect of tax losses items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets.

The potential future income tax benefit will be obtained if:

i. The relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be realised by another company in the Group in accordance with Division 170 of the Income Tax Assessment Act 1997;
ii. The relevant company and/or Group continues to comply with the conditions for deductibility imposed by the law; and
iii. No changes in tax legislation adversely affect the Company and/or the Group in realising the benefit.

Note 8 Key Management Personnel Disclosures

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

Generally, the Group follows the guidelines below for determining the nature and amount of emoluments of Board members and senior executives of the Group:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified Directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

Names and positions held of key management personnel (Directors) in office at any time during the financial year are:

Key Management Personnel (Directors)	Position
Datuk Mohamed Al Amin bin Abdul Majid	Non-Executive Chairman
Dato' Sri Johann Young	Executive Director & Chief Executive Officer
Peter Dykes	Executive Director, Chief Financial Officer & Company Secretary
Andrew Hamilton	Non-Executive Director
Robert Whitton	Non-Executive Director (appointed 28 September 2010)

Key Management Personnel	Position
Yu Ye Chua	Executive Vice President, Strategy and Planning
Kok Hong Fang	Vice President - Software and Technical Services
Jong Wah Lee	Vice President - International Business Development
Christian Hasselstrom	Managing Director - Sapio AB
Kum Yuen Hoh	Chief Operating Officer

The aggregate compensation made to Directors and other members of the key management personnel of the Group is set out below:

	Consolidated	
	2011	2010
	$000	$000
Short-term employee benefits	**3,025**	1,800
Post-employment benefits	**-**	-
Long-term benefits	**-**	-
Share-based payments	**-**	-
	3,025	1,800

Options Granted As Compensation

No compensation options were exercised during the year.

At the date of this report, there are 10,000,000 un-issued Ordinary Shares of the Company under options. Details of the unexercised options and shares issued on the exercise of options are listed below:

	Issue date	Exercise price	Balance at 30 June 2010	Options granted	Options converted	Options expired/ cancelled	Balance at 30 June 2011	Balance at 30 September 2011
Employee share plan	14 May 2008	$0.18	970,000	-	-	970,000	-	-
	24 July 2010	$0.75-$1.50	20,000,000	-	-	5,000,000	15,000,000	10,000,000
			20,970,000	-	-	5,970,000	15,000,000	10,000,000
Total			**20,970,000**	**-**	**-**	**5,970,000**	**15,000,000**	**10,000,000**

The 970,000 options issued under the employee share plan expired on 30 June 2011.

The 20,000,000 options issued under the employee share plan vest as follows:- 5,000,000 on 01/07/2009, 5,000,000 on 01/07/2010, 5,000,000 on 01/07/2011, and 5,000,000 on 01/07/2012, and expire as follows:- 5,000,000 on 01/07/2010, 5,000,000 on 01/07/2011, 5,000,000 on 01/07/2012 and 5,000,000 on 01/07/2013

The weighted average share price during the year was $0.09.

No Directors nor Key Management Personnel hold any of the above options.

Shareholdings

Number of shares held by Directors and Key Management Personnel:

	Balance 1/07/2010	Number Acquired	Number Disposed	Balance 30/06/2011	Balance 30/09/2011
Parent entity Directors					
Datuk Mohamed Al Amin bin Abdul Majid	-	-	-	-	-
Dato' Sri Johann Young	13,050,000	7,830,000	-	20,880,000	21,028,456*
Peter Dykes	13,000,000	8,000,000	-	21,000,000	24,000,000**
Andrew Hamilton	-	-	-	-	-
Robert Whitton	-	-	-	-	-
Total	**26,050,000**	**15,830,000**	**-**	**41,880,000**	**45,028,456**

* Dato' Sri Johann Young acquired 148,456 ordinary shares on 29 September 2011
** Peter Dykes acquired 2,000,000 ordinary shares on 29 September 2011

Note 9 Auditor's Remuneration

	2011	2010
	$000	$000
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	**146,000**	179,700
Other services	**60,990**	48,620
	206,990	228,320
Remuneration of the auditors of subsidiaries, other than PKF, for:		
Auditing or reviewing the financial report	**15,576**	55,000
Other services	**4,500**	4,000
	20,076	59,000

Note 10 Dividends

During and since the financial year ended 30 June 2011 there has not been any dividend or distribution reinvestment plan in operation. No dividends were paid or made payable during or since the twelve month period to 30 June 2011.

Note 11 Earnings per Share

	2011	2010
	$000	$000
Reconciliation of earnings to profit or loss		
Profit/(Loss)	**(13,808)**	(49,574)
Earnings/(Loss) used to calculate basic EPS	**(13,808)**	(49,574)
Earnings/(Loss) used in calculation of dilutive EPS	**(13,808)**	(49,574)
Reconciliation of earnings to profit or loss from continuing operations		
Profit/(Loss) from continuing operations	**(13,808)**	(49,574)
Earnings/(Loss) used to calculated basic EPS	**(13,808)**	(49,574)
Earnings/(Loss) used in the calculation of dilutive EPS from continuing operations	**(13,808)**	(49,574)
Weighted average number of ordinary shares (basic and diluted)		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**689,266,182**	452,783,856
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**689,266,182**	453,753,856

	Cents	Cents
Basic earnings per share	**(2.0)**	(10.9)
Diluted earnings per share	**(2.0)**	(10.9)

Note 12 Cash and Cash Equivalents

	2011	2010
	$000	$000
Cash at bank and in hand	905	10,196
Short-term bank deposits	-	-
Balance as per statement of cash flows	905	10,196

Note 13 Trade and Other Receivables

Trade Receivables

	2011	2010
	$000	$000
Trade receivables	2,951	97
Provision for impairment	-	-
	2,951	97

The Group has recognised a loss of $nil (2010:$nil) in the Statement of Comprehensive Income in respect of impairment of receivables for the year ended 30 June 2011. The Group does not consider a provision to be necessary. In 2011 the Group wrote off debts of $nil (2010:$4.7m).

Past due not impaired

As at 30 June 2011 and 2010, there were no trade receivables past due but not impaired.

Other Receivables

	2011	2010
	$000	$000
Other receivables	5,752	-

The other receivables arose on the sale of various items of plant and equipment purchased and then sold in respect of a client contract. The amount is not past due nor impaired.

Note 14 Other Current Assets

	2011	2010
	$000	$000
Prepayments	**22**	21
Rental bond	**288**	371
Withholding tax credits	**4**	4
Income tax recoverable	**35**	35
Other debtors	**239**	290
	588	721

Note 15 Property, Plant and Equipment

	2011	2010
	$000	$000
Plant and equipment		
At cost	**4,030**	2,286
Less accumulated depreciation	**(778)**	(407)
Accumulated impairment losses	**-**	-
Total Property, Plant and Equipment	**3,252**	1,879

Reconciliation of carrying amount at the beginning and end of the period:

	2011	2010
	$000	$000
Net carrying amount at 1 July	**1,879**	1,715
Additions	**2,005**	436
Depreciation	**(371)**	(293)
Exchange differences	**(261)**	21
Net carrying amount at 30 June	**3,252**	1,879
Opening NBV	**1,879**	1,715
Closing NBV	**3,252**	1,879

Impairment test for plant and equipment

Plant and equipment forms part of the NexCode™ cash generating unit for the purposes of assessing impairment refer note 16 for discussion on impairment.

Note 16 Intangible assets

	Goodwill	NexCode™ Proprietary Technology Rights	NexCode™ Contract Rights	China National Gas Tank Rights	Patents and Intellectual Property Rights	Scanner Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011							
Cost	**312**	**63,089**	**6,121**	**35,103**	**181**	**565**	**105,371**
Less: Accumulated amortisation and impairment	**(300)**	**(27,239)**	**(2,502)**	**(4,894)**	**(68)**	**-**	**(35,003)**
Cumulative effect of foreign exchange movements	**(12)**	**(4,790)**	**(570)**	**(4,509)**	**(18)**	**(67)**	**(9,966)**
	-	**31,060**	**3,049**	**25,700**	**95**	**498**	**60,402**
2010							
Cost	312	63,089	6,121	35,103	128	-	104,753
Less: Accumulated amortisation and impairment	(300)	(31,590)	(5,737)	-	(33)	-	(37,660)
Cumulative effect of foreign exchange movements	(12)	(280)	(384)	-	19	-	(657)
	-	31,219	-	35,103	114	-	66,436
Movement during the current and previous year							
Opening net book value at 1 July 2009	312	59,917	5,815	-	92	-	66,136
Additions	-	-	-	35,103	53	-	35,156
Amortisation	-	(11,226)	(582)	-	(33)	-	(11,841)
Impairment charge	(300)	(17,192)	(4,849)	-	-	-	(22,341)
Effect of foreign exchange movements	(12)	(280)	(384)	-	2	-	(674)
Net book value at 30-Jun-10	-	31,219	-	35,103	114	-	66,436
Opening net book value at 1 July 2010	**-**	**31,219**	**-**	**35,103**	**114**	**-**	**66,436**
Additions	**-**	**-**	**-**	**-**	**36**	**565**	**601**
Amortisation	**-**	**(7,604)**	**(23)**	**(268)**	**(35)**	**-**	**(7,930)**
Impairment write back	**-**	**11,955**	**3,258**	**-**	**-**	**-**	**15,213**
Impairment charge	**-**	**-**	**-**	**(4,626)**	**-**	**-**	**(4,626)**
Effect of foreign exchange movements	**-**	**(4,510)**	**(186)**	**(4,509)**	**(20)**	**(67)**	**(9,292)**
Closing net book value at 30 June 2011	**-**	**31,060**	**3,049**	**25,700**	**95**	**498**	**60,402**

Impairment test for intangible assets

In accordance with the Group's accounting policy, Management has considered whether there are any indicators of impairment in respect of the intangible assets held by the Group. Based on valuations performed by an independent valuer the Group has provided for impairment of intangible assets of $4.6m which has been included in the "provision for impairment of intangibles" line item in the statement of comprehensive income and the "China" operating segment as reflected in note 27 and has written back an impairment of $15.2m which has been included in the "write back of impairment of intangibles" line item in the statement of comprehensive income and "Malaysia" operating segment as reflected in note 27.

Key Assumptions in the valuation of the NexCode™ Proprietary Technology, NexCode™ Contract Rights, Scanner Software and related Plant and Equipment

The NexCode™ Proprietary Technology, NexCode™ Contract Rights, Scanner Software and related plant and equipment (as noted in note 15) have been valued together as they make up one CGU, this CGU is referred to as the NexCode™ CGU. These assets enable Nexbis Sdn Bhd, a wholly owned subsidiary of Nexbis Limited, to provide services in relation to the project in Malaysia for the Malaysian government.

An independent valuer undertook a valuation of the NexCode™ CGU. The valuer assessed the value of these assets at between $37.3 million and $52.2 million and Management have adopted the mid-point of $44.75m for the purpose of impairment assessment, which is considered the recoverable amount(value in use). As a result, a reversal of impairment of $15.2m has been recorded. The carrying amounts of the NexCode™ CGU at 30 June 2011 is $37.85million (NexCode™ Proprietary Technology Rights $31.1 million, NexCode™ Contract Rights $3 million, Scanner Software $0.5m and plant and equipment $3.25m) after the reversal of the previous impairment. The previous impairment charge has been reversed to the extent that the assets carrying value after the reversal does not exceed the amount it would have been had there been no impairment recognised in the first place. The valuation has been based on a discount cash flow model based on the following assumptions:

- 0% growth in revenue;
- Discount rates of between 19% - 20%(2010:20%-25%);
- Cash flows for 12 years, based on the terms of the contract;
- Exchange rate of A$1.00:RM3.22; and
- 3% inflation rate
- No terminal value

The Directors believe that any reasonable changes in key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable value.

Valuation Method: Income valuation approach, using the discounted cash flow methodology.

Revenue Forecasts: Revenue forecasts are based on expected revenue per visa multiplied by the number of visas expected to issued.

Discount Factor: The discount rate was determined to be the cost of equity as, due to the risk profile of the project, it is assumed that debt funding will not be available. This takes into account the market risk premiums (6.0%) as well as specific risk premiums associated with the project (8% - 8.5%). Beta rates of 1.2 to 1.3 were used which are consistent with Beta rates of comparable companies within a similar industry.

Expenses and capital expenditure: Expense forecasts are based on expected costs adjusted where appropriate, for the effects of inflation.

Sensitivity

Sensitivity analysis has been carried out on adjustments to revenue, the exchange rate and the discount rate assumptions. Any increase or decrease in these rates will negatively or positively affect the valuation.

Movements in revenue

Range of valuations, assuming all other variables were held constant, other than revenue:

Discount rate	20% decrease in revenue	10% decrease in revenue	Revenue on which the valuation is based		17% increase in revenue
			Scenario 1	Scenario 2	
	$	$	$	$	$
20%	23,465,266	30,355,718	37,246,170*	51,027,074	64,807,977
19%	23,807,519	30,909,790	38,012,060	52,216,602*	66,421,143

* these amounts were selected by the independent valuer as being an appropriate range of valuations to determine the mid-point on which the valuation is based.

Movements in the exchange rate

Range of valuations, based on scenario 2, assuming all variables were held constant, other than the exchange rate:

	10% decrease in AUD to RM	5% decrease in AUD to RM	Base case	5% increase in AUD to RM	10% increase in AUD to RM
	$	$	$	$	$
20%	56,129,781	53,578,428	51,027,074	48,597,213	46,388,249
19%	57,438,262	54,827,432	52,216,602	49,730,097	47,469,638

Movements in the discount rate

Range of valuations, based on scenario 2 above, assuming all other variables were held constant, other than the discount rate:

Discount rate	17%	18%	Base case 19%	Base case 20%	21%	22%
	$	$	$	$	$	$
Value	54,798,272	53,471,952	52,216,602	51,027,074	49,898,667	48,827,085

China National Gas Tank Rights

The China National Gas Tank Rights have been valued alone as it is a CGU on its own, this CGU is referred to as the CNGT Project. The China National Gas Tank Rights entitle the Group to participate in the China National Gas Tank project as contemplated by the Cooperation Agreement (including all amendments or supplements to, or replacements, assignments or novations of it) and the various Chinese regulations issued relating to the safety of gas tanks in China, (including Project Code 2010OK411 Gas Cylinders Intelligence Marking and Gas Cylinders Safety Monitoring System Research Project). The Project received AQSIQ accreditation during the year, ahead of schedule.

China National Gas Tank Rights (continued)

An independent valuer undertook a valuation of the China Gas Tank Rights. The valuer assessed the value of the GNGT Project at between $24.6 million and $26.9 million and Management have adopted the mid-point of $25.7m for the purpose of impairment assessment, which is considered the recoverable amount(value in use). As a result, an impairment of $4.6m has been recognised. The valuation has been based on a discount cash flow model based on the following assumptions:

- Increase/(decrease) in revenue as follows:
  - 2013 calendar year - 282%;
  - 2014 calendar year - 116%;
  - 2015 calendar year - 31%; and
  - 2016 calendar year - (24%)
- 0% increase in gross margin;
- Discount rate of 31.5%(2010:20%-25%);
- Cash flows for 4 and a half years;
- No terminal value;
- Exchange rate of A$1.00:RMB 6.82; and
- Increase/(decrease) in operational expenditure (excluding cost of sales) as follows:
  - 2013 calendar year - 978%;
  - 2014 calendar year - 79%;
  - 2015 calendar year - 51%; and
  - 2016 calendar year - 6%

Valuation Method: Income valuation approach, using the discounted cash flow methodology.

Revenue Forecasts: Revenue forecasts were based on expected revenue per gas tank multiplied by expected number of gas tanks to be labelled.

Discount Factor: The discount rate was determined to be the cost of equity as, due to the risk profile of the project, it is assumed that debt funding will not be available. This takes into account the market risk premiums (7.35%) as well as specific risk premiums associated with the project (14% - 16%). Beta rates of 1.6 to 1.7 were used which are consistent with Beta rates of comparable companies within a similar industry.

Expenses and capital expenditure: Expense forecasts were based on expected costs adjusted where appropriate, for the effects of inflation and the expected increase in business operations.

Sensitivity

Sensitivity analysis has been carried out on adjustments to gross profit, the exchange rate and the discount rate assumptions. Any increase or decrease in these rates will negatively or positively affect the valuation.

Movements in gross profit

Range of valuations, assuming all other variables were held constant, other than revenue and cost of sales:

Discount rate	20% decrease in gross profit	10% decrease in gross profit	Base case	10% increase in gross profit	20% increase in gross profit
	$	$	$	$	$
31.5%	9,920,537	17,826,268	25,732,000	33,637,732	41,543,463

Movements in the exchange rate

Range of valuations assuming all variables were held constant, other than the exchange rate:

	10% decrease in AUD to RMB	5% decrease in AUD to RMB	Base case	5% increase in AUD to RMB	10% increase in AUD to RMB
	$	$	$	$	$
31.5%	28,305,200	27,018,600	25,732,000	24,506,667	23,392,727

Movements in the discount rate

Range of valuations assuming all other variables were held constant, other than the discount rate:

Discount rate	28.5%	30.0%	Base case	33.0%	34.5%
	$	$	$	$	$
Value	28,231,000	26,945,000	25,732,000	24,587,000	23,505,000

Remaining amortisation period for material intangible assets

- The NexCode™ Proprietary Technology Rights 4 years and 11 months;
- The NexCode™ Contract Rights 11 years and 11 months;
- The China Gas Tank Project Rights 29 years and 9 months;
- Patents and Intellectual Property Rights average of 2.5 years; and
- Scanner Software at the reporting date was in the process of being developed and therefore amortisation has not yet commenced.

Note 17 Joint Venture entity

During the year, the Group acquired, through it's wholly owned subsidiary Nexbis (Asia) Limited a 70% interest in Zhongte Hongxing Technology Development Co. Ltd, a joint venture entity. Nexbis (Asia) Limited has progressively contributed RMB 7,000,000 (AU$1.022M) as equity contributions to the joint venture. The results of the operations of the joint venture are proportionately consolidated. The principal activity of the joint venture is the development of a cylinder smart seal and dynamic motoring system for gas cylinders. Information relating to the joint venture entity is set out below.

	2011	2010
	$000	$000
Share of entity's assets and liabilities		
Current assets	**37**	-
Non-current assets	**(484)**	-
Total assets	**(447)**	-
Current liabilities	**94**	-
Non-current liabilities	**-**	-
Total liabilities	**94**	-
Net assets	**541**	-
Share of entity's revenue, expenses and results		
Revenue	**-**	-
Expenses	**(562)**	-
Loss for the year	**(562)**	-

There are no capital commitments or contingent liabilities in relation to the joint venture entity.

Note 18 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:

Name	Country of Incorporation	Percentage Owned* 2011 %	Percentage Owned* 2010 %
Parent entity: Nexbis Limited	Australia		
Subsidiaries of Nexbis Limited:			
Sapio AB	Sweden	100.00	100.00
Entertainment Media And Telcoms Sdn Bhd	Malaysia	100.00	100.00
Nexbis Sdn Bhd	Malaysia	100.00	100.00
Nexbis (Asia) Limited	Hong Kong	100.00	100.00
Entertainment Media & Telcoms Corporation (Asia) Limited	Hong Kong	100.00	100.00
Nexbis (Cambodia) Limited**	Cambodia	-	100.00

* Percentage of voting power is in proportion to ownership
** This subsidiary was sold during the year.

Note 19 Investment in Associate

Associate: Symbiotic Technologies Pty Ltd

Principal activities: Research and development and delivering online transactional security solutions mainly to financial institutions.

	2011	2010
	$000	$000
Investment in associate	2,176	14,826
Opening carrying value	14,826	-
Initial Investment	-	15,007
Share of loss of associate	(1,396)	(181)
Reduction of investment in associate - 17 December 2010	(8,024)	-
Reduction of investment in associate - 31 May 2010	(1,480)	-
Provision for impairment in associate	(1,750)	-
Closing carrying value 30 June 2011	2,176	14,826

Note 19 Investment in Associate (continued)

During the year to 30 June 2011 the Group's 50.08% interest in an associate entity, Symbiotic Technologies Pty Limited reduced to 27.3% in December 2010 then 20.05% in May 2011. The associate is equity accounted for. Information relating to the associate is set out below:

	2011	2010
	\$000	\$000
Share of assets and liabilities		
Current assets	**124**	491
Non-current assets	**21**	67
Total assets	**145**	558
Current liabilities	**33**	64
Non-current liabilities	**65**	177
Total liabilities	**98**	241
Net assets	**47**	317
Share of revenue, expenses and results		
Revenue	**447**	322
Expenses	**(1,843)**	(503)
Loss before income tax	**(1,396)**	(181)

Transactions resulting from the agreement noted in Note 21 including a share of loss in TrustDefender, gain on reduction in investment in TrustDefender, (represented by the difference between the loan extinguished and the reduction in investment above), and interest on the loan, have been accounted for in the Statement of Comprehensive Income.

A valuation of TrustDefender has been carried out by an independent expert, attributing a value of \$2,176,000 to Nexbis' interest in the company at 30 June 2011. A provision for impairment of \$1,750,000 has therefore been recorded in the Statement of Comprehensive Income to reflect this. This valuation is based on value in use calculations using discounted cash flows based of information provided to the valuer by TrustDefender management, based on the following assumptions:

- Increase in revenue as follows:
  - 2013 calendar year - 119%;
  - 2014 calendar year - 148%;
  - 2015 calendar year - 90%; and
  - 2016 calendar year - 50%
- Discount rate of 20% to 25%;
- Cash flows for 4 years; and
- A terminal value of 4 times the forecast FY2015 EBIT;

Sensitivity

Sensitivity analysis has been carried out on adjustments to the discount rate and EBIT Multiple assumptions. Any increase or decrease in these rates will negatively or positively affect the valuation.

Movements in discount rate and terminal value multiple

Range of valuations assuming all other variables were held constant, other than the discount rate and the EBIT Multiple

	EBIT Multiple		
	2	3	4
Discount rate	$'000	$'000	$'000
20.0%	6,801	9,307	11,812*
22.0%	6,308	8,653	10,998
24.0%	5,853	8,050	10,247
25.0%	5,638	7,766	9,894*
26.0%	5,431	7,492	9,553
28.0%	5,041	6,976	8,912

* these amounts were selected by the independent valuer as being an appropriate range of valuations to determine the mid-point on which the valuation is based.

Note 20 Trade and Other Payables

	2011	2010
	$000	$000
Trade creditors	1,590	424
Other payables	297	400
	1,887	824

Refer to note 3 for details on financial liabilities.

Note 21 Provisions

	2011	2010
	$000	$000
Employee entitlements		
Employee benefits	94	-

Amounts not expected to be settled within the next 12 months

Employee entitlements include provision for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, the Group does not expect all employees to take the full amount of the provision in the next 12 months.

Movement in employee provisions

	2011	2010
	$000	$000
Balance 1 July	-	-
Charged to the Statement of Comprehensive Income	94	-
Balance 30 June	94	-

Note 22 Loans

	2011	2010
	$000	$000
Symbiotic Technologies Pty Ltd (trading as TrustDefender)	-	13,251
CITP Holdings (Hong Kong) Limited	-	2,925
	-	16,176
Reconciled as:		
Current	-	12,564
Non-current	-	3,612
Total	-	16,176
Trust Defender		
Opening carrying value 1 July	**13,251**	-
Advanced during the year	-	13,007
Repaid during the year	**(4,000)**	-
Finance cost	**313**	244
Loan extinguished	**(9,564)**	-
Closing carrying value 30 June	-	13,251

On 17 December 2010, Nexbis Limited entered into an agreement with Symbiotic Technologies Pty Limited (trading as TrustDefender) to assist it in offering its shares to the public under an Initial Public Offering ("IPO"). As a result of this agreement the share subscription arrangement between Nexbis and TrustDefender was cancelled resulting in the cancellation of Nexbis' obligation to pay for shares previously acquired in TrustDefender and a corresponding cancellation of some of the shares previously issued to Nexbis. Consequently, the remaining loan balance of $9,564,000 was extinguished and Nexbis' equity interest in TrustDefender reduced from 50.08% to 27.33%, resulting in a gain of $1,540,000. The IPO did not eventuate and on 31 May 2011, in accordance with the agreement noted above, Nexbis' interest in TrustDefender further reduced to 20.05%, resulting in a loss of $1,480,000.

CITP Holdings (Hong Kong) Limited
The loan from CITP Holdings (Hong Kong) Limited was for the China National Gas Tank rights acquisition. The loan was repaid during the year.

Note 23 Issued Capital

Ordinary shares – issued and fully paid	2011	2010
	$000	$000
At 1 July	**91,197**	81,260
Issue of shares:		
Fully paid - net of transaction costs	**19,296**	8,745
Issue of shares for consulting services	-	1,192
At 30 June	**110,493**	91,197

Note 23 Issued Capital (continued)

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

Number of Ordinary Shares	Parent Entity	
	2011	2010
	$000	$000
At 1 July	**498,973**	432,730
Shares issued during the year:		
- 11/03/2010	**-**	64,910
- 05/04/2010	**-**	1,333
- 11/11/2010	**299,384**	-
At 30 June	**798,357**	498,973

Shares issued during the year

The Company issued 299,384,764 at $0.07 per share on 11 November 2010 under a placement for working capital and capital expenditure for Malaysian and other projects. Transaction costs of $1.6 million were accounted for as a deduction from equity during the year.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

Note 24 Accumulated Losses

	2011	2010
	$000	$000
Opening balance at 1 July	**(11,977)**	37,597
Loss for the year	**(13,808)**	(49,574)
Balance at 30 June	**(25,785)**	(11,977)

Note 25 Reserves

Foreign Currency Reserve

	2011	2010
	$000	$000
Opening balance at 1 July	**(6,346)**	(2,799)
Net foreign currency translation difference	**(8,598)**	(3,547)
Closing balance at 30 June	**(14,944)**	(6,346)

This reserve is used to account for changes in foreign exchange movements in foreign subsidiaries.

Option Reserve

	2011	2010
	$000	$000
Opening balance at 1 July	**4,281**	4,407
Expired during the year	**-**	(126)
Closing balance at 30 June	**4,281**	4,281

This reserve is used to account for changes in share options issued.

Options

Information relating to Nexbis Limited's issued options, including details of option issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out below.

	Issue date	Exercise price	Balance at 30 June 2010	Options granted	Options converted	Options expired	Balance at 30 June 2011
Employee share plan	14 May 08	$0.18	970,000	-	-	970,000	-
	24 Jun 10	$0.75 - $1.50	20,000,000	-	-	5,000,000	15,000,000
			20,970,000	-	-	5,970,000	15,000,000
Total			**20,970,000**	**-**	**-**	**5,970,000**	**15,000,000**

Note 26 Commitments and Contingencies

30-Jun-11	**<1 year**	**1-5 Years**	**>5 years**
	756,802	**378,401**	**-**
	756,802	**378,401**	**-**

30-Jun-10	<1 year	1-5 Years	>5 years
	8,873,000	8,372,909	-
	8,873,000	8,372,909	-

Lease commitments

The Malaysian office signed a new 2 year lease to 31 December 2012 with an option to renew for a period of 2 years.

On the 24th August 2011,the Group gave 3 months notice on the Malaysian call centre lease.

Contingent Liability

None

Contingent Assets

None

Note 27 Operating Segments

Identification of reportable operating segments

The Group is organised into geographical operating segments, Australia, Sweden, Malaysia and Hong Kong. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before tax, impairment, depreciation and amortisation (segment result) and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

The principal products and services of each of these operating segments are as follows:

- NexCode™
- Consulting

Intersegment transactions
Intersegment transactions were made at market rate. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2011 approximately 81% of the Group's external revenue was derived from sales of NexCode™.

(i) Segment Performance

	Australia	Sweden	Malaysia	Hong Kong	China	Consolidated
30-Jun-11	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue to external customers						
NexCode™	-	-	3,126	-	-	3,126
Consulting	-	583	5	-	-	588
Interest Revenue	139	-	-	1	-	140
Total Segment Revenue	139	583	3,131	1	-	3,854
Segment Result	(6,186)	(195)	(6,476)	(940)	(547)	(14,344)
Depreciation and amortisation	-	(1)	(8,286)	-	(14)	(8,301)
Write back of impairment of assets	-	-	15,213	-	-	15,213
Impairment of assets	-	-	-	-	(4,626)	(4,626)
Impairment of associates	(1,750)	-	-	-	-	(1,750)
Profit/(loss) before income tax expense	(7,936)	(196)	451	(940)	(5,187)	(13,808)
Income tax expense	-	-	-	-	-	-
Profit/(loss) from ordinary activities after income tax expense	(7,936)	(196)	451	(940)	(5,187)	(13,808)

Major customers (continued).

(i) Segment Performance (continued)

30-Jun-10	Australia $000	Sweden $000	Malaysia $000	Hong Kong $000	Consolidated $000
Revenue to external customers					
NexCode™	-	-	1,684	-	1,684
Consulting	-	541	9	-	550
Interest Revenue	202	-	2	-	204
Total Segment Revenue	202	541	1,695	-	2,438
Segment Result	17,530	(603)	(32,161)	(163)	(15,397)
Depreciation and amortisation	-	1	(12,135)	-	(12,136)
Impairment of assets	(22,041)	-	-		(22,041)
Loss before income tax expense	(4,511)	(604)	(44,296)	(163)	(49,574)
Income tax expense	-	-	-	-	-
Loss from ordinary activities after income tax expense	(4,511)	(604)	(44,296)	(163)	(49,574)

(ii) Segment Assets

30-Jun-11	Australia $000	Sweden $000	Malaysia $000	Hong Kong $000	Other $000	Consolidated $000
Total group assets	**2,815**	**157**	**72,148**	**322**	**584**	**76,026**

30-Jun-10	Australia $000	Sweden $000	Malaysia $000	Hong Kong $000	Other $000	Consolidated $000
Total group assets	20,228	258	70,419	3,132	118	94,155

(iii) Segment Liabilities

30-Jun-11	Australia $000	Sweden $000	Malaysia $000	Hong Kong $000	Other $000	Consolidated $000
Current tax liabilities	-	-	-	-	-	-
Total group liabilities	**280**	**135**	**1,470**	**2**	**94**	**1,981**

30-Jun-10	Australia $000	Sweden $000	Malaysia $000	Hong Kong $000	Other $000	Consolidated $000
Current tax liabilities	-	-	-	-	-	-
Total group liabilities	**13,601**	**160**	**3,213**	**26**	**-**	**17,000**

Note 28 Cash Flow Information

Reconciliation of net loss after tax to net cash flows from operation:

	2011	2010
	$000	$000
Profit/(Loss) from ordinary activities before income tax	**(13,808)**	(49,574)
Non-cash flows in profit/(loss) from ordinary activities		
Amortisation and depreciation	**8,301**	12,136
Write back of impairment	**(15,213)**	-
Impairment of intangible assets	**4,626**	22,341
Option income	**-**	(125)
Write off doubtful debts	**-**	4,724
TrustDefender related balances	**3,086**	-
Profit on sale of assets	**(119)**	-
Loan write off	**417**	-
Unwinding of discount on long term loan	**379**	-
Foreign exchange	**1,502**	-
(Increase)/decrease in trade and term debtors	**(2,854)**	38,365
(Increase)/decrease in other current assets	**132**	-
Increase/(Decrease) in trade creditors and accruals	**677**	(4,867)
Increase/(Decrease) in other current liabilities	**(2,444)**	-
Net cash (used in)/generated from operating activities	**(15,318)**	23,000

Note 29 Events After the Balance Sheet Date

On 2nd August 2011, Nexbis Limited signed an agreement for its Malaysian project to provide, support and maintain its NexCode™ solution to the government of Malaysia. The agreement is for 12 years, effective from 1 June 2011.

Note 30 Related Party Transactions

The related parties to the Group are:

Parent entity

The ultimate parent entity within the Group is Nexbis Limited, a company limited by shares, incorporated and domiciled in Australia.

Subsidiaries

Interests in subsidiaries are set out in note 18.
Refer to Note 19 for details of interest in, and loan from, associate.

Key management personnel

Disclosures relating to Directors and specified executives are set out in note 8.

Related party transactions

There were no other related party transactions during in the financial year.

Note 31 Company Details

The registered office and principal place of business of the Company is:
Level 40, 100 Miller Street, North Sydney NSW 2060

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NEXBIS LIMITED

PKF
Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Nexbis Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Nexbis Limited (the company) and 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(a), 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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

Basis for Qualified Opinion

The Consolidated Entity's intangible assets include $25,700,000 represented by the China National Gas Tank Rights.

We have been unable to obtain sufficient appropriate audit evidence to support the carrying value of the China National Gas Tank Rights. An independent valuation assessment carried out in relation to these rights had regard to prospective financial information prepared on the basis of assumptions as to future events. The nature of the assumptions, being future oriented, do not allow us to obtain an appropriate level of assurance sufficient to assess the carrying value of the rights.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph:

(a) the financial report of Nexbis 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 also complies with International Financial Reporting Standards as disclosed in Note 1.

PKF
Chartered Accountants
& Business Advisers

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.

Opinion

In our opinion, the Remuneration Report of Nexbis Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

PKF

PKF

Tim Sydenham
Partner

30 September 2011
Sydney

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DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give 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;
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Peter Dykes
Director

30 September 2011
Melbourne

SHAREHOLDERS INFORMATION

Corporate Ownership	- Ordinary Shares
Number of ordinary shareholders	- 2,407 (2010: 2,917)
Voting rights	- on show of hands: one vote for each member
	- on poll: one vote for each share held

Distribution of Shareholders as at 21 October 2011

Category (size of holding)	Holders
1 – 1,000	248
1,001 – 5,000	514
5,001 – 10,000	355
10,001 – 100,000	934
100,001 and above	356
	2,407

Top Twenty Shareholders as at 21 October 2011

1.	J P MORGAN NOMINEES AUSTRALIA LTD	83,289,365
2.	SUN HUNG KAI INVESTMENT SERVICES LTD	71,830,956
3.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	54,174,969
4.	NATIONAL NOMINEES LTD	37,397,027
5.	AUSTRALIAN EXECUTOR TRUSTEES LTD	35,077,973
6.	UBS NOMINEES PTY LTD	33,323,314
7.	HSBC CUSTODY NOMINEES AUSTRALIA LTD	29,421,136
8.	CITICORP NOMINEES PTY LTD	26,100,149
9.	JOHANN YOUNG	20,880,000
10.	CHIN WAT LAW	18,405,313
11.	BIMM CORPORATION PTY LTD	18,265,697
12.	JP MORGAN NOMINEES AUSTRALIA LTD	17,511,341
13.	PETER JAMES DYKES	17,000,000
14.	PENSON AUSTRALIA NOMINEES PTY LTD	15,597,931
15.	AUSTRALIAN EXECUTOR TRUSTEES LTD	14,820,913
16.	AVIN DAVID LIEBERMAN	11,376,219
17.	SUN HUNG KAI INVESTMENT SERVICES LTD	11,188,353
18.	LISA MAREE KAVANAGH + LBT CORPORATION PTY LTD	9,373,704
19.	ONYX CAPITAL PTY LTD	9,000,000
20.	CITICORP NOMINEES PTY LTD	8,629,811
	TOTAL	**542,664,171**

Percentage of issued ordinary shares held by twenty largest holders 67.97%

Substantial Shareholders

Spring Idea Limited	71,830,956
Manifest Capital Management Pty Ltd	51,555,756
Blackrock Investment Management (Australia) Ltd	51,361,613
Orbis Investment Management (Australia) Pty Ltd	48,822,532

Non Marketable Parcels

Non marketable securities which are holdings of less than 7,936 ordinary shares are held by 884 shareholders (2010 parcels: 982).

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Nexbis

NEXBIS LIMITED
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