

Appendix 4E

Preliminary Final Report

Name of entity

ipernica ltd

ABN 37 083 702 907

Financial period ended ('current period')

30 June 2011

Results for announcement to the market:

				\$A
Revenues from ordinary activities	Up	680%	to	\$11,421,104
Total Income from continuing operations	Up	467%	to	\$17,052,956
Profit from ordinary activities after tax attributable to members	Up	122%	to	\$1,604,572
Net profit for the period attributable to members	Up	122%	to	\$1,604,572
		30/06/11		30/06/10
Net tangible assets per share (cents)		3.7		2.6
Net assets per share (cents)		6.9		6.1
Loss of Control of Entities During the Period:				
Profit (loss) after income tax of the subsidiary during the current period to the date on which control was lost		-		(378,549)
Profit (loss) after income tax of the subsidiary for the whole of the previous corresponding period		-		(917,833)
Contribution to consolidated profit (loss) from sale of interest leading to loss of control		-		1,253,627
For a discussion on the items above refer to Review and Result of Operations section contained in the Directors Report on the next page.				
ipernica ltd has not proposed to pay any dividends for the year ended 30 June 2011.				

Directors Commentary and Operational Overview

Significant features of Operating Performance

Highlights of the 12 months to 30 June 2011 included:

- 122% increase in net profit after tax to \$1.6 million
- 467% increase in income from continuing operations to \$17 million
- Cashflow positive for the year;
- \$11.1 million cash at bank at year end;
- No dilutive capital raising;

ipernica is a diversified technology commercialisation group, including 100% owned subsidiary nearmap.com, an innovative online photomap content company that creates and serves high quality, current and changing photomaps.

ipernica's IP Licensing business involves the licensing of intellectual property rights. ipernica assists patent owners to create and implement value extraction strategies on an international basis.

ipernica achieved its two core goals for the year of a bottom line profit and generating positive cashflow, whilst continuing to invest in building the nearmap.com team and deployment capability to enable expansion into much larger international markets.

nearmap.com is an online photomap content company which regularly covers 75% of the Australian population with high resolution photomaps. The Company generates revenue through licensing its content to government agencies and the commercial sector. Its competitive advantage is frequently updated photo and terrain maps of very high resolution.

nearmap.com's strategy is to effectively monetise all of its content to both government and commercial sectors, by providing convenient access to the content via the desktop and mobile platforms, and through subscription models and value add products supported by e-commerce facilities.

nearmap.com earned \$3.7 million revenue from its subscription and on request services for FY11, an increase of over 2000% on the previous financial year's result.

A snapshot of the substantial progress that nearmap.com has achieved and is working towards includes:

- Launched web portal world first monthly cities photomap capability (Nov 2009)
- Subsequently demonstrated production level ability to capture and serve cities on a monthly basis (with high availability and fast response times)
- Regularly covering 75% of Australia's population
- \$8.3 million of subscription sales to 30 June '11 from 70+ Government customers and Commercial Clients including:
 - : QGC (part of BG Group) : IAG Insurance
 - : Sensis : RP Data
- 95% renewal rate from existing customers
- Re-sellers being appointed in selected markets
- Business to Business (B2B) focus including Small to Medium Enterprise sector
- E-Commerce facilities being implemented
- International expansion planning underway

nearmap.com shot to prominence during the year when its timely imagery of the Queensland and Victorian floods highlighted in close detail the land and property damage caused by the natural disasters, attracting the attention of the insurance market and much debate around the need for a national flood map (potentially leveraging nearmap.com's terrain data) to assist in planning.

Another example of nearmap.com's initial success in the commercial sector was the agreement reached with Australia's leading property data and analytics company RP Data, signaling a strong push by nearmap.com into Australia's property sector. RP Data provides property information, analytics and risk management services to real estate agents, valuers, finance brokers and financial planners, lenders and government departments. RP Data is using nearmap.com's content to further enhance its established services to Australia's Property Professionals. The company accesses nearmap.com's high resolution content to include in their reports and associated products and services.

nearmap.com also signed an agreement with Hometrack (another player in the Australian property intelligence area, which delivers valuations and risk analytics to the Australian housing and mortgage industry).

The property market is a very important avenue of growth for nearmap.com and it continues to refine its suite of products to service this sector.

During the year, nearmap.com put in place an Advisory Board comprising four experienced digital business executives:

Stephen Langsford

- IT & Digital Media entrepreneur
- Founder and Executive Chairman of Quickflix, ASX-listed online home entertainment & media company

Rob Antulov

- Media & technology advisor, executive & entrepreneur
- Former Director of Strategy at Fairfax Media

Cliff Rosenberg

- International experience in the fields of management consulting, telecommunications and online media
- MD of Australia & NZ LinkedIn
- Former MD at Yahoo! Australia & NZ

David McGrath

- Director of Group Content for APN News & Media
- Former GM - News & Sport at Telstra BigPond
- Former Director of News & Info Services at Yahoo!7

Built around Australian innovation, nearmap.com has developed a complete technology solution that enables it to quickly capture and process photomaps and digital elevation data and to serve that data online with unprecedented currency, clarity and accessibility.

As a result, for the first time people are able to see the environment change over time, as nearmap.com's photomaps allow users to move back and forward through time to see these changes occur in specific locations or across a wide area.

nearmap.com has developed a range of new technologies that were necessary in order to be able to capture these photomaps and terrain maps quickly and in a cost effective fashion. These technologies include:

- HyperPod Aerial camera system
- HyperVision Supercomputer based processing system
- HyperWeb Distributed and clustered web serving technology

In combination, these and other technologies developed by nearmap.com have enabled the Company to frequently capture, process, store and serve photomaps for very large areas, at very high resolution. The Company continues to develop these and other technologies to ensure it maintains a technology edge over competitors.

The Company will also work more closely with third party developers to expand the business applications that can access nearmap.com content (through the productisation of its Application Programming Interfaces ("API's")). There will also be a number of updates to the nearmap.com web site with enhanced usability and tools.

In addition to completing the first stage of its technology development, nearmap.com has demonstrated an operational capacity since 2009 to regularly capture photomaps in cities and large regional areas across Australia. This knowledge and experience is significant, as the Company now regularly captures very high resolution photomaps at a scale of operation that is unique in the global spatial market. This experience is particularly useful when preparing for deployment in international markets.

Intellectual Property Licensing

Performance highlights for the year included \$12.5 million in income generated from multiple programs. The IP Licensing business has now delivered \$83 million in gross income since 2007.

Trends in Performance and Outlook

Following the acquisition of nearmap.com in 2008 and subsequent investment in that business, ipernica has consolidated its position during the economic downturn, exercising cost restraint and avoiding any dilutive capital raising. The Company has now positioned itself for sustainable revenue and profit growth.

nearmap.com is confident that its focused Business to Business ("B2B") strategy will deliver substantive additional sales in FY12 and that it will be cashflow positive in FY12. Customer retention rates following the first years subscription are running at 95%, with most licensees renewing for 2 years. These renewals reflect a high level of customer satisfaction with nearmap.com and provides it with an increasingly assured revenue stream to fund growth.

nearmap.com content is also widely used in the Small to Medium Enterprise ("SME") sector, which represents a substantial additional revenue opportunity for the company in FY12. To more effectively monetize this additional revenue, nearmap.com will offer its mapping content to all commercial users on a paid for subscription model during the year. It will make it easier for business users to access and subscribe only to relevant parts of the content required to support their specific needs, via desktop and mobile applications and e-commerce facilities.

ipernica is confident that the existing portfolio of programs within the IP licensing division will continue to generate substantial revenues over the next 1-3 years, with a healthy pipeline of new programs currently under development.

The Company remains focused on delivering shareholder value through:

- maximising the returns from nearmap.com with growth planned both in Australia and through international deployment into much larger markets
- maximising returns from the IP licensing programs and
- continuing to exercise cost restraint.

ipernica had approximately \$11.1 million cash at bank at financial year end having achieved a positive cashflow for FY11.

Given the level of profit achieved in FY11, the Board has not declared a dividend for the year.

I am pleased with the 2011 Company performance and I look forward to further strong results in FY12.



Graham Griffiths
Managing Director
31 August 2011

Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Revenue from continuing operations	1(a)	11,421,104	1,464,270
Other Income	1(b)	5,468,088	288,914
Gain on Deconsolidation		-	1,253,627
Gain on Disposal of Investment		163,764	-
Total Income from continuing operations		17,052,956	3,006,811
Expenses:			
Amortisation and depreciation	1(c)	(2,053,679)	(1,367,578)
Capture Costs		(916,859)	(686,084)
Costs of Goods Sold		(55,400)	-
Employee benefits expenses	1(e)	(5,637,619)	(4,914,541)
Finance costs	1(g)	(16,488)	(30,952)
Impairment of fixed assets/Investments	1(f)	(191,810)	872
Lease payments	1(d)	(684,540)	(627,233)
Legal Fees		(192,356)	(328,482)
Litigation/Profit Share costs		(3,796,610)	(1,424,883)
Other operational expenses		(641,123)	(290,846)
Research and development costs	1(h)	(62,783)	(221,874)
Other		(1,100,785)	(892,275)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		1,702,906	(7,777,065)
INCOME TAX (EXPENSE)/BENEFIT	2	(98,334)	387,985
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX		1,604,572	(7,389,080)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF IPERNICA LTD		1,604,572	(7,389,080)
Earnings per share (cents per share)			
- basic for profit/(loss) for the year attributable to ordinary equity holders of the parent		0.50	(2.29)
- diluted for profit/(loss) for the year attributable to ordinary equity holders of the parent		0.50	(2.29)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2011 Annual Report and any public announcements made by ipernica ltd in accordance with the continuous disclosure requirements.

Consolidated Statement of Financial Position as at 30 June 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents		11,131,679	10,462,743
Trade and other receivables	4	9,516,320	1,502,310
TOTAL CURRENT ASSETS		20,647,999	11,965,053
NON-CURRENT ASSETS			
Receivables		37,887	40,000
Other financial assets		191,810	383,621
Plant and equipment	5	2,485,075	2,678,510
Intangible assets and goodwill	6	8,610,587	9,089,019
Licensing program costs	7	1,706,126	2,156,003
TOTAL NON-CURRENT ASSETS		13,031,485	14,347,153
TOTAL ASSETS		33,679,484	26,312,206
CURRENT LIABILITIES			
Trade and other payables	8	7,301,681	3,439,011
Unearned Income	9	3,788,164	1,646,261
Provisions	10	158,777	153,541
Borrowings		100,959	163,145
Current tax liability		125,185	-
TOTAL CURRENT LIABILITIES		11,474,766	5,401,958
NON-CURRENT LIABILITIES			
Provisions		62,963	1,047,786
Borrowings		-	100,959
TOTAL NON-CURRENT LIABILITIES		62,963	1,148,745
TOTAL LIABILITIES		11,537,729	6,550,703
NET ASSETS		22,141,755	19,761,503
EQUITY			
Contributed equity	11	26,610,948	26,610,948
Reserves		3,912,642	3,136,962
Retained profits/(Accumulated losses)	12	(8,381,835)	(9,986,407)
TOTAL EQUITY		22,141,755	19,761,503
Net tangible asset backing per security (cents)		3.7	2.6

The above consolidated statement of financial position should be read in conjunction with the accompanying notes, the 2011 Annual Report and any public announcements made by ipernica ltd in accordance with the continuous disclosure requirements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2011**FOR THE YEAR ENDED 30 JUNE 2011**

CONSOLIDATED	<i>Contributed Equity</i> \$	<i>Accumulated Losses</i> \$	<i>Share Based Payment Reserve</i> \$	<i>Total Equity</i> \$
At 1 July 2010	26,610,948	(9,986,407)	3,136,962	19,761,503
Profit/(Loss) for the period / total comprehensive income for the period	-	1,604,572	-	1,604,572
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Cost of share-based payments to employees	-	-	775,680	775,680
At 30 June 2011	<u>26,610,948</u>	<u>(8,381,835)</u>	<u>3,912,642</u>	<u>22,141,755</u>

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	<i>Contributed Equity</i> \$	<i>Accumulated Losses</i> \$	<i>Share Based Payment Reserve</i> \$	<i>Total Equity</i> \$
At 1 July 2009	26,535,948	(2,597,327)	2,642,874	26,581,495
Loss for the period / total comprehensive income for the period	-	(7,389,080)	-	(7,389,080)
Transactions with owners in their capacity as owners:				
Issue of share capital	75,000	-	-	75,000
Cost of share-based payments to employees	-	-	494,088	494,088
At 30 June 2010	<u>26,610,948</u>	<u>(9,986,407)</u>	<u>3,136,962</u>	<u>19,761,503</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2011 Annual Report and any public announcements made by ipernica ltd in accordance with the continuous disclosure requirements.

Consolidated Statement of Cash Flows for the year ended 30 June 2011

	2011	2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,776,283	2,030,078
Payments to suppliers and employees	(10,177,404)	(8,588,952)
Interest received	523,654	578,130
Interest paid	(16,488)	(30,952)
Tax Refund/(Withholding taxes paid)	30,067	366,725
NET CASH (OUTFLOWS) / INFLOWS FROM OPERATING ACTIVITIES	2,136,112	(5,644,971)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(949,115)	(1,368,639)
Purchase of intangibles	(441,406)	(474,424)
Purchase of equity investments	-	(151,120)
Proceeds from sale of plant and equipment	-	575
Proceeds from sale of equity investments	147,395	-
Cash outflow on deconsolidation of subsidiary	-	(35,654)
Loan to other entity	(3,262)	-
NET CASH (OUTFLOWS) / INFLOWS USED IN INVESTING ACTIVITIES	(1,246,388)	(2,029,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(161,271)	-
NET CASH (OUTFLOWS) / INFLOWS FROM FINANCING ACTIVITIES	(161,271)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	728,453	(7,674,233)
Cash and cash equivalents at beginning of year	10,462,743	18,169,821
Net foreign exchange differences	(59,517)	(32,845)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,131,679	10,462,743

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes, the 2011 Annual Report and any public announcements made by ipernica ltd in accordance with the continuous disclosure requirements.

Notes to Preliminary Final Report

1. REVENUE AND EXPENSES

	Consolidated	
	2011	2010
	\$	\$
(a) Revenue from continuing operations		
Settlement of litigation programs/licensing revenues	10,797,448	907,912
Other revenue	94,619	8,600
Interest	529,037	547,758
	<u>11,421,104</u>	<u>1,464,270</u>
(b) Other income		
Net gain from foreign currency translation	-	288,914
Litigation contracts – settlement	6,677,914	-
Litigation contracts - expenses	<u>(1,209,826)</u>	<u>-</u>
Net gain from disposal of intangible asset/Litigation contract	<u>5,468,088</u>	<u>-</u>
(c) Amortisation and Depreciation		
Amortisation of development costs	(908,980)	(545,193)
Depreciation	<u>(1,144,699)</u>	<u>(822,385)</u>
	<u>(2,053,679)</u>	<u>(1,367,578)</u>
(d) Lease payments		
Minimum lease payments – operating lease	(621,056)	(543,283)
Contingent rentals	<u>(63,484)</u>	<u>(83,950)</u>
	<u>(684,540)</u>	<u>(627,233)</u>
(e) Employee benefits expenses		
Share based payments expense	(775,680)	(494,088)
Defined contribution plan expense	<u>(346,878)</u>	<u>(309,240)</u>
(f) Impairments		
Impairment of fixed assets/Investments	(191,810)	872
(g) Finance costs		
Finance charges payable under hire purchase contracts	(16,488)	(30,952)
(h) Research and development costs		
Research and development costs	(62,783)	(221,874)

Notes to Preliminary Final Report (continued)**2. INCOME TAX**

	Consolidated	
	2011	2010
	\$	\$
(a) Income tax expense/(benefit)		
Current tax	352,410	28,777
Deferred tax	-	-
Under/Over Provision	(254,076)	(416,762)
	98,334	(387,985)

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

Profit/(loss) from continuing operations before income tax	1,702,906	(7,777,065)
Tax at the Australian tax rate of 30% (2010: 30%)	510,872	(2,333,120)

Tax effect of amounts which are not deductible(taxable) in calculating taxable income:

Amortisation of intangibles	-	4,869
Capitalised litigation costs	192,495	(5,288)
Entertainment	3,743	4,058
Excess foreign income tax withheld not claimable	352,410	28,777
Goodwill	-	-
Investment allowance	-	(123,564)
Impairment of Asset	57,543	-
Legal	-	-
Over provision for tax in previous years	-	-
Patent Costs	6,474	15,845
Provision for non recovery of loan	3,256	10,500
Relocation costs	-	-
Research and Development	-	(92,638)
Shared based expenses	232,704	148,226
Other	-	(209,207)
	1,359,497	(2,551,542)

Deferred tax asset not recognised arising from temporary differences	314,850	-
Prior years deferred tax assets previously not recognised now brought to account	-	-
Prior years losses previously not recognised now brought into account	(1,321,937)	-
Current year tax losses not brought to account	-	2,580,318
Under/Over Provision	(254,076)	(416,762)
Income tax expense	98,334	(387,985)

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	8,079,842	10,587,779
Potential tax benefit @ 30%	2,423,953	3,176,334

(d) Unrecognised temporary differences

Temporary differences for which deferred tax balances have not been recognised:

Deferred tax assets for which future utilisation is not probable	-	-
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Net recognised deferred tax asset relating to the above temporary difference

	-	-
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Notes to Preliminary Final Report (continued)

3. SEGMENT INFORMATION

From 1 July 2010 the group changed its segments from "IP Assertion" and "ipernica ventures" to "ipernica" and "NearMap" to more appropriately reflect the different operational business units within the group and the basis on which the board reviews their performance. The comparatives have been restated in line with the new segments. The amounts allocated from the previous "ipernica ventures" segment into the new "ipernica segment" are not considered material.

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia was \$3,721,798 (2010: \$671,514), North America \$7,048,210 (2010: \$575, 531) and Other \$27,440 (2010: \$Nil). Segment revenues are allocated based on the country in which the customer is located.

Business segments

	ipernica		Nearmap		Unallocated		Consolidated	
	2011	2010 Restated	2011	2010 Restated	2011	2010 Restated	2011	2010 Restated
Revenue								
Settlement of litigation programs/licensing	7,231,760	1,083,305	3,749,471	163,739	-	-	10,981,231	1,247,044
Intersegment eliminations	(175,781)	(339,132)	(8,002)	-	-	-	(183,783)	(339,132)
Interest Income	-	-	-	-	529,037	547,758	529,037	547,758
Gain on deconsolidation	-	-	-	-	-	1,253,627	-	1,253,627
Gain on Disposal of Investment	163,764	-	-	-	-	-	163,764	-
Other income	5,468,088	-	94,355	8,155	264	445	5,562,707	8,600
Total Income	12,687,831	744,173	3,835,824	171,894	529,301	1,801,830	17,052,956	2,717,897
Expenses								
Depreciation and amortisation	35,825	569,106	2,017,854	798,472	-	-	2,053,679	1,367,578
Impairment loss/(reversal)	191,810	(872)	-	-	-	-	191,810	(872)
Net foreign exchange losses/(gains)	21,036	(290,789)	2,544	1,875	(2,287)	-	21,293	(288,914)
Hire Purchase Lease Interest	-	-	16,488	30,952	-	-	16,488	30,952
Loss on sale of assets	-	3,477	-	-	-	-	-	3,477
Share Based Payment Expenses	186,330	116,014	589,350	378,074	-	-	755,680	494,088
Intersegment eliminations	(8,002)	-	(175,781)	(339,132)	-	-	(183,783)	(339,132)
Other expenses	5,546,634	3,255,934	6,928,249	5,971,852	-	-	12,474,883	9,227,786
Total Expenses	5,973,633	3,652,870	9,378,704	6,842,093	(2,287)	-	15,330,050	10,494,963
Net profit(loss) before income tax	6,714,198	(2,908,697)	(5,542,880)	(6,670,199)	531,588	1,801,830	1,702,906	(7,777,066)
Income tax expense/(benefit)							98,334	(387,985)
Net profit(loss) after income tax							1,604,572	(7,389,081)
Assets								
Cash assets	-	-	-	-	11,131,679	10,462,743	11,131,679	10,462,743
Total Other Assets	8,722,278	3,393,157	13,663,940	12,295,732	161,587	160,574	22,547,805	15,849,463
Total Assets	8,722,278	3,393,157	13,663,940	12,295,732	11,293,266	10,623,317	33,679,484	26,312,206
Liabilities								
Total Liabilities	6,759,732	3,973,702	4,733,515	2,544,321	44,482	32,680	11,537,729	6,550,703
Other segment information:								
Additions to Non current Assets	765,492	832,609	1,376,001	1,646,296	-	-	2,141,493	2,478,906

Notes to Preliminary Final Report (continued)**4. TRADE AND OTHER RECEIVABLES (Current)**

	Consolidated	
	2011	2010
	\$	\$
Trade receivables	2,216,826	637,791
Other	526,488	154,987
Amounts other than trade debts receivable from other related parties (Stat Mux settlement, Lloyds of London and a profit share partner)	6,773,006	709,532
	9,516,320	1,502,310

Australian dollar equivalents of amounts receivable in foreign currencies not effectively hedged:

- United States dollars	6,141,565	599,373
- Euro	569,386	32,691

Terms and conditions relating to the above financial instruments:

Trade and other receivables are non-interest bearing and are generally on 14 – 90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Amounts receivable from Lloyds of London and a profit share partner are non-interest bearing and are normally settled on 20 day terms. See notes 8 and 10 for further information regarding this amount.

Past due but not impaired

At reporting date there was \$638,025 of receivables which were past due but not impaired (2010: \$27,500). These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Up to 3 months	107,250	27,500
3 to 6 months	530,775	-
	638,025	27,500

Risk Exposure

The maximum exposure to credit risk at reporting date is the carrying amount of each class of receivables mentioned above.

5. PLANT AND EQUIPMENT

Plant and equipment

At cost	4,977,846	4,026,582
Accumulated depreciation and impairment	(2,492,771)	(1,348,072)
	2,485,075	2,678,510

Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the year.

At 1 July, net of accumulated depreciation and impairment	2,678,510	2,329,518
Additions (at cost)	951,264	1,174,498
Disposals (at net book value)	-	(3,993)
Depreciation	(1,144,699)	(822,385)
Impairment (charge)/ reversal	-	872
At 30 June, net of accumulated depreciation and impairment	2,485,075	2,678,510

Plant and equipment pledged as security

Plant and equipment with a carrying amount of \$120,729 (2010: \$250,192) for the Group are pledged as securities for non-current liabilities.

Notes to Preliminary Final Report (continued)**6. INTANGIBLE ASSETS AND GOODWILL**

	Consolidated	
	2011	2010
	\$	\$
Intangible assets	8,475,721	8,954,153
Goodwill	134,866	134,866
	8,610,587	9,089,019

Reconciliation of movement in Intangibles:

Balance at the beginning of the year	8,954,153	9,026,919
Additions	430,548	472,427
Amortisation	(908,980)	(545,193)
Closing balance at the end of the year	8,475,721	8,954,153

Reconciliation of movement in Goodwill:

Balance at the beginning of the year	134,866	134,866
Closing balance at the end of the year	134,866	134,866

7. LICENSING PROGRAM COSTS

Licensing program costs incurred assisting third parties to enforce their intellectual property rights

1,706,126	2,156,003
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Reconciliation of the carrying amount of licensing program costs at the beginning and end of the year.

At 1 July	2,156,003	1,324,024
Licensing program costs incurred during the period	191,774	831,979
Licensing programs expensed during the period	(641,651)	-
At 30 June	1,706,126	2,156,003

Licensing program costs are capitalised costs incurred in assisting third parties to enforce their intellectual property rights. The capitalised costs of any programs completed during the year are expensed on completion.

8. TRADE AND OTHER PAYABLES

Trade creditors (refer Note 8 (a) and 8 (b))	3,238,685	3,428,606
Amounts other than trade creditors payable to other related parties (profit share partners) (refer Note 8 (a) and 8 (c))	4,062,996	10,405
	7,301,681	3,439,011

(a) Australian dollar equivalents of amounts payable in foreign currencies not effectively hedged:

- United States dollars	4,111,933	35,365
- Euro	2,269,499	2,456,298

(b) Terms and conditions relating to the above financial instruments:

Trade payables are generally non-interest bearing and are normally settled on 7 – 60 day terms.

Included in Trade creditors is an amount of \$1,319,499 (2010: \$1,486,664) representing the amount of costs orders and accrued interest which ipernica (through its subsidiary QPSX Communications Pty Ltd) has been ordered to pay in respect of the patent nullity proceedings brought by Deutsche Telekom in the German Federal Patent Court and appealed by ipernica in the German Supreme Court. The costs have now been taxed by the Patent Court. QPSX Communications Pty Ltd has requested review of one aspect of the taxed costs decision, and anticipates a decision shortly. The amount of the costs order is subject to movements in exchange rates. Simple interest may accrue on a proportion of the payable at the variable interest rate of the German Civil Court Basic Rate of Interest plus 5% which in total was 5.12% at 30 June 2011 (2010: 5.12%). The group is entitled to seek a contribution to these costs from Lloyds of London and a profit share partner totalling approximately \$720,301 (2010: \$559,532). As such the net impact to ipernica is approximately \$599,198 (2010: \$927,132).

Notes to Preliminary Final Report (continued)

Also included in Trade creditors is a non interest bearing amount of \$950,000 (2010: \$950,000) which was received from Lloyds of London as an advance payment in respect to the original adverse costs orders made by the German Federal Patent Court in 2004. These orders were amended by the German Supreme Court, and taxed to take into account the new elements of the order. When the German Federal Court taxed the costs, the amount of Lloyds' share was reduced, and ipernica will accordingly be required to make a payment to Lloyds. The expected amount of Lloyds' share of the amended costs order has been recognised as a receivable.

The remainder of trade creditors are non-interest bearing and normally settled on 30 day terms.

- (c) Amounts payable to profit share partners are non-interest bearing and are normally settled on 20 – 30 day terms.

9. UNEARNED INCOME (Current)

	Consolidated	
	2011	2010
	\$	\$
Unearned Licensing Revenue	3,788,164	1,646,261
	3,788,164	1,646,261

Unearned revenue represents licence fees charged, the revenue for which will be recognised over the life of the licence. Included in Unearned Revenue is \$275,000 of sales which were subject to an evaluation period at 30 June 2011 (2010: \$395,000). All licences subject to the evaluation period subsequently continued after the expiry of the evaluation period and no cancellations were received.

10. PROVISIONS (Current)

	Consolidated	
	2011	2010
	\$	\$
Employee benefit provisions – Long service leave	158,777	153,541
Litigation provisions (i)	-	-
Profit share partners payments (ii)	-	-
	158,777	153,541

(i) Litigation provisions

Beginning of financial year	-	1,690,078
Arising during the year	-	857,145
Reduction as a result of deconsolidation of subsidiary	-	(2,547,223)
End of financial year	-	-

During the previous financial year, following ipernica ltd's decision not to fund any further appeals and to wind-up QPSX Europe GmbH, a company involved in the program, the Directors of QPSX Europe GmbH filed a petition for insolvency with the German Insolvency Court. Following the Directors' decision to file the petition for insolvency for the Company and the subsequent order of the German Insolvency Court to formally institute insolvency proceedings in relation to the Company, the Group deconsolidated its interest in QPSX Europe GmbH effective from the date of filing the petition.

(ii) Profit share partners payments

Beginning of financial year	1,000,000	1,000,000
Extinguished during the year (now included in payables)	(1,000,000)	-
End of financial year	-	1,000,000

Disclosed as:

Non current profit share partners payments	-	1,000,000
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Following the Group's settlement in the Stat Mux program, the amount previously provided for as a provision payable to Curtin University has now been recognised as a payable and is included in amounts other than trade creditors payable to other related parties as disclosed in Note 8.

Notes to Preliminary Final Report (continued)**11. CONTRIBUTED EQUITY**

	Consolidated	
	2011	2010
	\$	\$
(a) Issued and paid up capital		
323,056,101 ordinary shares fully paid (2010: 323,056,101)	26,610,948	26,610,948

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

(b) Movement in shares on issue

	2011		2010	
	Number of	\$	Number of	\$
	Shares		Shares	
Beginning of the financial year	323,056,101	26,610,948	322,556,101	26,535,948
Issued during the year				
- exercise of options (i)	-	-	500,000	75,000
	<u>323,056,101</u>	<u>26,610,948</u>	<u>323,056,101</u>	<u>26,610,948</u>

(i) No shares were issued during the 2011 year pursuant to the exercise of employee share options. During 2010 500,000 shares were issued pursuant to the exercise of employee share options at an exercise price of \$0.15 per share.

12. ACCUMULATED PROFITS/(LOSSES)

	Consolidated	
	2011	2010
	\$	\$
Balance at beginning of the year	(9,986,407)	(2,597,327)
Profit/(loss) attributable to members of ipernica ltd	1,604,572	(7,389,080)
Balance at end of year	(8,381,835)	(9,986,407)

13. NOTE TO CASH FLOW STATEMENT**(a) Financing facilities available**

Lloyd's of London ("Lloyd's") (through a syndicate) has provided a funding facility of up to US\$4 million for up to 80% of litigation expenses incurred in relation to litigation authorised by Lloyd's in Germany and the UK. The facility allows for three actions, which may proceed concurrently, to enforce the Company's intellectual property rights under certain of its patents. Where the litigation results in the Company receiving an economic benefit or presumed economic benefit through either monetary settlement, an award of damages or non-monetary arrangements with an infringer, the Company must repay the funds advanced by Lloyd's together with a premium of 30% thereon. If litigation is unsuccessful, and no economic benefit or presumed economic benefit is received, no amount is repayable by the Company to Lloyd's, who forego the full amount advanced. The term of the insurance policy under which the facility is provided remains in effect for the previous German actions. As a result of the settlement of the Company's case against Lloyd's in the Supreme Court of Western Australia in March 2007, the terms of the facility were amended in respect of adverse costs orders made in authorised litigation. The maximum amount of the facility has not changed.

	\$AUD		\$USD	
	2011	2010	2011	2010
At balance date, the following financing facility from Lloyd's had been negotiated and was available:				
Total facility	3,724,742	4,693,183	4,000,000	4,000,000
Facility used at balance date	(2,550,823)	(3,214,043)	(2,739,329)	(2,739,329)
Facility unused at balance date	<u>1,173,919</u>	<u>1,479,140</u>	<u>1,260,671</u>	<u>1,260,671</u>

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities undertaken by the Company during the 2011 year (2010: \$nil).

Notes to Preliminary Final Report (continued)

14. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent liabilities

The Company is liable to pay certain profit share amounts in respect of some of its patent licensing cases to third parties. Each of the profit share amounts are only eligible to be paid from the proceeds of future revenue streams.

No other contingent liabilities have arisen in respect of the Company or the consolidated entity.

(b) Contingent assets

No contingent assets have arisen in respect of the Company or the consolidated entity.

15. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There are no significant post balance date events that need to be disclosed.

16. CURRENT STATUS OF THE AUDIT

This report is based on accounts which are in the process of being audited and accordingly no audit report is attached.

Signed



Graham Griffiths
Managing Director
31 August 2011