



# **RGM MEDIA LIMITED**

ABN 45 071 781 363

(Formerly Biosignal Limited)

**REPORT FOR THE  
SIX MONTHS ENDED  
31 DECEMBER 2010**

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## CORPORATE DIRECTORY

### Directors

Mr Greg Coote  
Mr Andrew Hosking  
Mr Devesh Chetty  
Ms Robyn Gardiner  
Mr Tim Morrison

### Secretary

Mr Tim Morrison

### Registered Office

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Email: [rgmmedia@rgm.com.sg](mailto:rgmmedia@rgm.com.sg)

Website: [www.rgmmedia.com](http://www.rgmmedia.com)

### Solicitors

Quinert Rodda & Associates

### Share Registry

Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

PO Box R67  
Royal Exchange  
Sydney NSW 1223

Telephone: (02) 9290 9600

Facsimile: (02) 9279 0664

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Website: [www.registriesltd.com.au](http://www.registriesltd.com.au)

### Auditor

HLB Mann Judd  
Level 19, 207 Kent Street  
SYDNEY NSW 2000

### Stock exchange listing

RGM Media Limited shares are listed on the Australian Securities Exchange (ASX).

Company security code: RGM

## DIRECTORS' DETAILS

### **Mr Greg Coote (Chairman)**

For 12 years Mr Coote was the joint Managing Director of Village Roadshow, a leading international entertainment company with core businesses in cinemas, movie production, film distribution, radio and theme parks. During his tenure, he played a key role in developing Australia's fledgling film industry.

Following Village Roadshow, Mr Coote joined Rupert Murdoch as Managing Director of the Ten Network and was credited with leading Ten from last to first place in the ratings. Mr Coote then joined Columbia Pictures in Los Angeles as Executive Vice President, Office of the Chairman where he was responsible for worldwide acquisition, marketing and distribution. During his tenure, he acquired the multi-Academy Award winning "The Last Emperor" and re-established Columbia's international division with hits like "La Bamba" and "Roxanne".

Mr Coote rejoined Village Roadshow when it became publicly listed and was made a member of the parent Village Roadshow Limited Board. He established a US base for expansion outside Australia that included worldwide production.

As the founding President of Village Roadshow Pictures in Los Angeles he established the company as a respected worldwide player with 10 consecutive years of profits. Among his key achievements as President was the forging of a multi-million dollar production deal with Warner Brothers.

After giving the green light for the making of The Matrix, which proved to be a worldwide success and spawned 2 sequels, Mr Coote led a management buy-out of Village Roadshow Pictures' TV Division to form US-based TV production company Coote Hayes Productions.

Mr Coote is also the founding Executive Director of 2DAYFM, the leading FM radio license in Australia, a Trustee of the Sydney Opera House and a member of the original Darling Harbour Development Trust. For his services to the motion picture industry in Australia, he was awarded the Order of Australia.

Mr Coote continues to contribute actively to the development of the motion picture industry. He is a member of the Academy of Motion Picture Arts and Sciences, the Academy of Television Arts and Sciences, the British Academy of Film and Television Arts and the Los Angeles Australian Film and Television Association. He is co-chairman with Mel Gibson of For the Arts, a foundation supporting the arts in the Santa Monica-Malibu school district where he lives.

### **Mr Andrew Hosking**

Andrew brings significant music industry experience to the Board. Andrew started in the music industry 30 years ago and has had extensive experience both in marketing and performing over that period of time. Through his company Hosking Music he has guided a number of musicians and bands, sourced sound track music and scores for film and has also worked in television as Musical Director.

**Mr Devesh Chetty (Director and CEO)**

Devesh has been executive producing films for over 15 years, having arranged the funding for over twenty films. He has raised facilities well in excess of \$500 million for film production and throughout his career has built distribution networks for US video and international sales.

With Robyn Gardiner, Devesh led RGM's expansion, taking its artist management into the Asian regions and launching the executive production unit of RGM which has subsequently executive produced titles including *"The Girl In the Park"* starring Kate Bosworth and Sigourney Weaver, *"Just Buried"* with Rose Byrne and Jay Baruchel and *"Winged Creatures"* with Kate Beckinsale, Forest Whitaker and Jennifer Hudson. Devesh has negotiated and built the relationships RGM and its associates have with the key US and international distributors, as well as with some of the most successful film and television producers worldwide.

**Ms Robyn Gardiner**

After running a casting agency for nine years, Robyn established an actor's management business (Robyn Gardiner Management) in 1982. The business expanded its representation base to include writers and directors, and established expertise across voice over, corporate speaking and celebrity endorsements, making RGM the first full service agency in Australia. This was followed by a 'packaging' department which later grew to be RGM's executive production division. The business soon developed an international reputation for recognising artists at an early stage and implementing strategies that resulted in greater work opportunities for clients and higher financial returns to the company. Robyn also established a literary department within RGM.

RGM clients have won many prestigious international awards including BAFTA's, Golden Globes and an Academy Award. In 2006 RGM had an unprecedented 15 clients represented in projects at the Cannes Film Festival. The company now has over 70 clients co-represented internationally.

Prior to and concurrent with RGM's establishment in Asia, Robyn grew the brand through the regular success of her Australian artists in international territories, resulting in every major agency in Hollywood co-representing a number of RGM clients. Robyn is now leading efforts for the firm to expand its 'on the ground' presence in the US and the Asian regions, as well as expanding the EP and Management presence into the UK and Europe.

**Mr Timothy Morrison (Independent non- executive Director and Company Secretary)**

Timothy Morrison has extensive experience in early stage technology development and investment. Mr Morrison has Board positions on a number of early stage private equity financed biotechnology companies. Mr Morrison sits on the investment committee of a significant private equity investment fund that has an early technology focus. In addition to these roles Mr Morrison is Director of Strategy, Innovation and Commercialisation at Murdoch University in Western Australia.

## CHAIRMAN'S LETTER

To our shareholders

On behalf of your Board of Directors, as recently appointed Chairman I am pleased to present my first report to fellow RGM Media Limited (RGM) shareholders.

The company relisted on the Australian Securities Exchange on 3 August 2010, and has recorded a consolidated net loss after tax for the 6 months ended 31 December 2010 of \$3,198,988. Accordingly, no dividends will or have been declared or paid.

Since listing through using Biosignal Limited (now RGM Media Limited) as the vehicle, your Board and management have been active in laying a foundation on which future earnings can be based with a view to generating capital growth for shareholders.

Your company has been prudently managed, maintaining a minimal cash burn rate through 2010 to conserve financial resources to complete the acquisition of the RGM Group businesses. The RGM transaction was completed on 29 July 2010. As a result, shares in the company were consolidated on a 25 for 1 basis, and 70,000,000 new shares were issued to the vendors of the RGM business. A further 20,338,308 shares were issued to raise \$4,000,000.

Robyn Gardiner, Devesh Chetty and Jason Fisher were appointed to the Board of Directors. Manraj Khosa and Prof. Michael Henderson tendered their resignations. Subsequently Andrew Hosking and I were appointed to the Board and Jason Fisher resigned as a Director.

We have focused our activities in establishing a reputation for your company by fostering relationships with key media and entertainment sector players, and building partnerships that your Board believe offer synergies that are directed at generating future and ongoing revenues while minimising risk.

In November 2010 we advised the market of your company's investment in a US\$250 million new fund, Hemisphere Media Capital, in partnership with the founders of Winchester Capital Management.

In December 2010 RGM advised that the company had conducted a capital raising through an equity and convertible note placement totalling AU\$22 million, to be applied to new and existing projects. The placement was approved by shareholders at the meeting of members on 18 March 2011.

Our initial focus has been on establishing these partnerships through Hemisphere for the production of projects targeting world wide markets, and with Fox International Productions

## CHAIRMAN'S LETTER (CONTINUED)

producing for local markets in the world's most populous countries including China and India.

Your company now comprises two operating divisions, namely Artist Management and Film/Television Production, and the Board believes it is well positioned to build shareholder value through each division.

The media and entertainment sector continues to have great strength in content production and distribution and recently proved to be somewhat impervious to economic fluctuations.

Our international reputation in Artist Management under Robyn Gardiner and Annabelle Sheehan is second-to-none. The talent we have under management includes many long-standing clients whose achievements and accolades internationally position them as leaders in their respective fields.

Prudent production of Filmed Entertainment under Devesh Chetty provides guaranteed Producer fees with possible future revenue from motion picture productions that are successful and TV via library exploitation.

Finally, it was an honour to be appointed Chairman of your company and I trust that my experience in the media and entertainment sector in Australia and the US for the past 25 years will add value to RGM and therefore to you as shareholders in the company.

I am confident that the structural corporate achievements to date auger well for a bright future where shareholders will see their investment applied to opportunities in the sector that have both short-term and long-term positive impacts.



Greg Coote AM

Chairman

Dated: 29 March 2011

## DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the 6 months ended 31 December 2010.

### Directors

The names of the Directors who held office at any time during the financial year and until the date of this report are as follows:

Mr G Coote Chairman (non-executive) (appointed 15 January 2011)  
Mr D Chetty (executive) (appointed 27 July 2010)  
Mr J Fisher (executive) (appointed 27 July 2010 , resigned 29 October 2010)  
Ms R Gardiner (executive) (appointed 27 July 2010)  
Mr A Hosking (non-executive) (appointed 26 August 2010)  
Mr T Morrison (non-executive) (appointed 7 May 2009)  
Mr T A Boyd (non-executive) (appointed 11 May 2009, resigned 26 August 2010)  
Prof. M V Henderson (non-executive) (appointed 7 May 2009, resigned 27 July 2010)  
Mr M S Khosa (non-executive) (appointed 7 May 2009, resigned 27 July 2010)

Further details of the Directors can be found on page 4.

### Company Secretary

Mr Timothy Morrison.

### Corporate Structure

RGM Media Limited (RGM or Company) is a company limited by shares that is incorporated and domiciled in Australia. RGM has prepared a consolidated financial report incorporating the entities it controlled during the year (Group).

### Principal Activities

The Company and its subsidiaries provide media, production and artist agency services.

### Significant Changes in the State of Affairs

On 29 July 2010 the Company completed a reverse takeover of ASX listed Biosignal Limited, a biotech company, and changed its name to RGM Media Limited. The intellectual property asset of the biotech business remains within the company.

The Company also changed its balance date from 30 June to 31 December. Information in this Directors' Report is in respect of the 6 months ended 31 December 2010.

## DIRECTORS' REPORT (CONTINUED)

### Results

The consolidated net loss after tax for the 6 months ended 31 December 2010 was \$3,198,988 (period ended 30 June 2010: \$1,311,461).

### Dividends

No amounts have been paid, declared or recommended by the company by way of dividend since the commencement of the financial period (2010: nil).

### Operating and Financial Review

The company maintained a minimal cash burn rate through 2010 in order to conserve financial resources to complete the reverse takeover of RGM Media Ltd (Biosignal Ltd) and to establish its film production slates.

The reverse takeover of RGM Media Limited was approved by shareholders at an Extraordinary General Meeting (EGM) on 19 March 2010. Shareholders at the EGM voted against the proposed sale of the RGM Intellectual Property portfolio to Commonwealth Biotechnologies Inc. Accordingly, the company retains ownership of that asset.

### Significant Events Subsequent to Balance Date

On 19 January 2011 the Company announced the appointment of Greg Coote as Director and Chairman of the Company.

On 25 January 2011 the company announced that it was seeking shareholder approval to issue convertible notes to raise \$15,772,871. These notes will be issued in April 2011. The notes will expire in March 2016, and will be convertible into ordinary shares at 20c per share, at the discretion of the note holder.

On 25 January 2011 the company announced that it was seeking shareholder approval to issue additional equity to raise \$6,850,000. These shares will be issued in April 2011. The issue price of the shares will be 13c.

On 18 March 2011 a General Meeting of the Shareholders of the company approved the issue of the shares and convertible notes announced on 25 January 2011 as well as reappointing Greg Coote as Director and Chairman of the Company.

## DIRECTORS' REPORT (CONTINUED)

### Likely Developments and Expected Results

Likely developments in the operations of RGM and the expected results have been identified above Operating and Financial Review and elsewhere in the Annual Report. Further disclosure of information on these matters has not been included, as it may prejudice the position of RGM.

### Environmental Regulation and Performance

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

### Directors' Meetings

Directors held 10 meetings during the year. The number of meetings attended by each director was as follows:

Director	Eligible	Attended
Mr Andrew Hosking	5	4
Mr Devesh Chetty	7	7
Ms Robyn Gardiner	7	6
Mr Timothy Morrison	8	8
Mr Jason Fisher	5	5
Mr Tim Boyd	3	2
Mr Manraj Khosa	2	2
Prof. Michael Henderson	2	1

### Audit Committee

The Audit Committee has not met due to an inability to find an appropriate quorum amongst Board members. Further comments on the Audit Committee are included in the Corporate Governance section of this report.

## DIRECTORS' REPORT (CONTINUED)

### Share Options

As at 31 December 2010 there were 972,000 options (June 2010: 132,000) on issue to take up one ordinary share per option in the capital of the Company. Details of the options on issue at year end can be found in Note 19 to the Financial Statements. Options granted to Directors during the year are set out in Note 19 to the Financial Statements. 200,000 new options were issued to Mr Tim Boyd on 29 July 2010. No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

### Indemnification and Insurance of Directors and Officers

Under the Company's Constitution the Company must indemnify the Directors and Secretary against certain liabilities and legal costs in defending relevant actions. In addition, the Company may make payments by way of advance, loan or otherwise in respect of such legal costs and it may pay premiums for a contract insuring such officers, to the extent permitted by law. The current premium for Directors and Officers insurance being paid is \$27,750 per annum.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of good corporate governance. The company's corporate governance statement is contained in the section following this report entitled "Corporate Governance Practices".

## REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of RGM Media Limited.

### Remuneration philosophy

The performance of the company depends upon the quality of its Directors and executives. To prosper, the company must attract, motivate and retain highly skilled Directors and executives.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

### Remuneration committee

Given the size and structure of the company, the Board have decided not to form a separate Remuneration Committee. Instead, the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the chief executive (CEO) and the senior management team.

## REMUNERATION REPORT (CONTINUED)

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

### Non-Executive Director Remuneration

#### Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

#### Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed.

The latest determination was at the Extraordinary General Meeting held on 29 May 2008 when shareholders approved a fee pool of \$200,000 per annum from which to pay Directors. The intention is to pay a fee of \$40,000 per annum to non-executive Directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Non-executive Directors are encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for Directors to have a stake in the company on whose Board he or she sits.

### Senior Manager and Executive Director Remuneration

#### Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- Reward executives for company and individual performance;
- Ensure total remuneration is competitive by market standards.

## REMUNERATION REPORT (CONTINUED)

### Structure

It is the Board's policy that employment contracts are entered into with all senior executives.

Remuneration consists of the following key elements:

- Fixed Remuneration;
- Variable Remuneration;
  - Short Term Incentive ('STI');
  - Long Term Incentive ('LTI').

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior manager by the Board of Directors.

### **Fixed Remuneration**

#### Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of company and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

#### Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the company.

### **Variable Remuneration – Short Term Incentive (STI)**

#### Objective

The objective of the STI program is to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets.

#### Structure

Actual STI payments granted to each senior manager depend on the extent to which specific operating targets are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance

The aggregate of annual STI payments available for executives across the company is subject to the approval of the Board of Directors. Payments made are usually delivered as a cash bonus.

### **Variable Remuneration – Long Term Incentive (LTI)**

#### Objective

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

## REMUNERATION REPORT (CONTINUED)

### Structure

LTI grants to executives are delivered in the form of options. The company uses the achievement of key performance milestones as the performance hurdle for the long term incentive plan.

#### (i) Remuneration of Specified Directors and Specified Executives

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total	Linked to Performance
	Salary & fees	Cash Bonus	Non-monetary benefits	Superannuation	Long service leave			

#### For the 6 months ended 31 December 2010

	\$	\$	\$	\$	\$	\$	\$	%
<b>Specified Directors</b>								
T A Boyd	177,273	-	-	-	-	-	177,273	-
M S Khosa	-	-	-	-	-	-	-	-
M V Henderson	-	-	-	-	-	-	-	-
T Morrison	20,000	-	-	-	-	-	20,000	-
Devesh Chetty	205,970	97,798	-	3,190	-	-	306,958	32
Robyn Gardiner	205,970	97,798	-	-	-	-	303,768	32
Jason Fisher	110,388	97,798	-	-	-	-	208,186	47
Andrew Hosking	10,000	-	-	-	-	-	10,000	-
<b>Specified Executives</b>								
Annabelle Sheehan	78,198	-	-	6,919	-	3,738	88,855	4
Stephen Clark	69,585	-	-	-	-	-	69,585	-
Mark Glazier	85,823	-	-	-	-	-	85,823	-
	963,207	293,394	-	10,109	-	3,738	1,270,448	23

Of the amounts paid to Mr T Boyd, \$77,273 was paid by Biosignal Limited prior to the reverse takeover by RGM Group Pte Ltd. Mr Boyd ceased being a director of the company on 25 August 2010. M Khosa and M Henderson ceased being directors on 27 July 2010.

Options granted to Mr T Boyd represented 0% of his remuneration for the year.

## REMUNERATION REPORT (CONTINUED)

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total	Linked to Performance
	Salary & fees	Cash Bonus	Non-monetary benefits	Superannuation	Long service leave			

## For the year ended 30 June 2010

	\$	\$	\$	\$	\$	\$	\$	%
<b>Specified Directors</b>								
T A Boyd	77,000	-	-	-	-	-	77,000	-
M S Khosa	5,500	-	-	-	-	-	5,500	-
M V Henderson	-	-	-	-	-	-	-	-
T Morrison	-	-	-	-	-	-	-	-
Devesh Chetty	103,231	-	-	1,564	-	-	104,795	-
Robyn Gardiner	103,231	-	-	-	-	-	103,231	-
Jason Fisher	102,822	-	-	-	-	-	102,822	-
<b>Specified Executives</b>								
Annabelle Sheehan	110,911	-	-	9,865	-	-	120,776	-
	502,695	-	-	11,429	-	-	514,124	-

The amounts paid to T Boyd and M Khosa were paid by Biosignal Limited prior to the reverse takeover by RGM Group Pte Ltd. The amounts paid to D Chetty, R Gardiner and J Fisher were paid by RGM Group Pte Ltd.

## (ii) Options held and issued to Directors and Specified Executives

## 31 December 2010

Name	Balance at start of the period	Granted as Compensation	Exercised	Other changes	Balance at end of the year	Vested and Exercisable*	Unvested
	No.	No.	No.	No.	No.	No.	No.

**Directors of RGM Media Limited**

Tim Boyd	-	200,000	-	-	200,000	28 July 2010*	-
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\*This tranche of options granted are restricted for 24 months from 4 August 2010 and therefore are not exercisable until 4 August 2012.

## 30 June 2010

Name	Balance at start of the year	Granted as Compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
	No.	No.	No.	No.	No.	No.	No.

**Directors of RGM Media Limited**

N/A	-	-	-	-	-	-	-
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## REMUNERATION REPORT (CONTINUED)

(iii) Shares held and issued to Directors and Specified Executives

### 31 December 2010

Name	Balance at start of the period	Granted in lieu of payments	Received during the year on the exercise of options	Other changes during the period	Balance at end of the period
	No.	No.	No.	No.	No.
<b>Directors of RGM Media Limited</b>					
<b>Ordinary shares</b>					
Robyn Gardiner	-	34,302,266	-	-	34,302,266
Devesh Chetty	-	34,302,266	-	-	34,302,266
Jason Fisher	-	6,137,154	-	-	6,137,154
Tim Morrison	3,089	173,311	-	-	176,400
Tim Boyd	10,000	1,066,552	-	(876,552)	200,000
<b>Other key management personnel of the group</b>					
<b>Ordinary shares</b>					
Mark Glazier	-	-	-	10,000	10,000
Stephen Clark	-	-	-	10,000	10,000
Annabelle Sheehan	-	-	-	10,000	10,000

Tim Boyd ceased being a director of the company on 26 August 2010. The shares held by Robyn Gardiner and Devesh Chetty each include shares held by a related party, RGM Entertainment Pte Ltd, of 25,802,308 shares.

### 30 June 2010

Name	Balance at start of the period	Granted in lieu of payments	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
	No.	No.	No.	No.	No.
<b>Directors of RGM Media Limited</b>					
<b>Ordinary shares</b>					
Tim Morrison	-	-	-	3,089	3,089
Tim Boyd	-	10,000	-	-	10,000

### Service Agreements of Directors and Executives

Details of service agreements with the Directors and Executives of the Company are detailed in the following table. All service agreements may be terminated early by either party subject to the following requirements:

	Term of agreement	Notice period	Termination benefit
Robyn Gardiner	1 April 2010 to 31 December 2012	4 months	Payment in lieu of notice only
Devesh Chetty	1 April 2010 to 31 December 2012	4 months	Payment in lieu of notice only
Stephen Clark	1 August 2010 to 30 April 2011	4 months	Payment in lieu of notice only
Mark Glazier	1 August 2010 to 31 December 2012	4 months	Payment in lieu of notice only
Annabelle Sheehan	12 May 2008 onwards	3 months	Payment in lieu of notice only

### Auditor's Independence Declaration

We have obtained the independence declaration from the lead auditor for the audit undertaken by HLB Mann Judd, a copy of which is included on page 64 of the financial report.

### Non-Audit Services

No non-audit services were provided by the entity's auditors, HLB Mann Judd.

This report is made in accordance with a resolution of Directors.



Greg Coote AM

Chairman

Dated: 29 March 2011

## CORPORATE GOVERNANCE STATEMENT

### Background

The Directors have considered the structures, policies and codes of behaviour for the company which are appropriate for its size and stage of development.

A process of review will continue as the company develops and the Directors determine best practice for RGM.

### ASX Corporate Governance Guidelines

The Board is committed to a culture of best practice governance which is appropriate to RGM and have considered the guidelines of ASX in establishing its policies, procedures and codes. The Company's policies and charters together form the basis of the Company's governance framework.

### Website

The Board's policies and charters are set out in full in the Board Operating Manual which can be found on the website under Investor Relations – <http://www.rgmmedia.com>.

A summary follows.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Governance Roles to achieve the Vision

The Board has determined those matters which are the province of the Board, clearly separating them from the responsibilities of the CEO. The Board's role includes the following:

- Setting and reviewing the vision, goals and strategy
- Approving the annual strategic plan and major operating plans
- Approving the annual budget
- Reviewing and providing feedback on the performance of the CEO
- Reviewing the performance of the Board, individual Directors and committee every three years
- Reviewing the half-year and full year financial statements and reports and quarterly cash-flow statements
- Determining policies and ensuring adequate procedures are in place to manage the identified risks
- Having regard to the stage of development and size of the company the full Board will carry out the functions sometimes delegated to a nominations committee and remuneration committee.

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

### Role of the CEO

The role of the CEO includes:

- **Vision/Strategy.** Formulating with the Board the vision and strategy, developing action plans to achieve the vision and reporting regularly to the Board on progress.
- **Management team and employees.** Providing leadership, appointing and negotiating terms of employment of senior executives (with Board approval where necessary), developing a succession plan, ensuring procedures are in place for education and training to ensure compliance with laws and policies.
- **Board.** Responsible for bringing all matters requiring review/approval to the Board, advising on the changes in risk profile, providing certification regarding the financial statements for the half-year and full year, reporting to the Board on a monthly basis the performance of the company and for informing Directors on relevant matters.
- **Delegated authority.** Levels for capital expenditure, sale of assets, etc.

### Role of the Chairman

The role of the Chairman includes:

- **Vision/Strategy.** Ensures leadership in setting and reviewing vision;
- **Board meetings.** Setting agenda with the CEO/Company Secretary, ensures Directors receive all relevant information, chairs meetings and deals with conflicts;
- **AGM.** Chairs the AGM and ensures shareholders as a whole have an opportunity to speak on relevant matters, ensures audit partner attends;
- **External.** Spokesperson with the CEO, on company matters;
- **CEO.** Primary point of contact between the Board and CEO, kept fully informed on major matters by the CEO, chairs the performance appraisal of the CEO, and provides mentoring;
- **Board.** Initiates Board and committee performance appraisal, ensures agreed composition is maintained and director induction plans are in place.

### Board, Committees and Directors

The Board, through the Chairman, will carry out an evaluation, at least every three years, to review the:

- role of the Board
- performance of the Board with a view to assisting the Board to better perform its duties
- type and timing of information provided to Directors
- performance of the committees, and
- performance and contribution of each of the non-executive Directors.

The Board may, from time to time, use an independent adviser to assist in the reviews.

### Chief Executive Officer

The Board will annually review the performance of the CEO having regard to performance measures set out at the commencement of each year. These will include financial measures, achievement of strategic objectives and other key performance indicators, and compliance.

## 2. STRUCTURE OF THE BOARD TO ADD VALUE

### Composition and Balance of Skills of Directors

The composition of the Board is critical for the success of the company and the number of Directors and their skills will vary from time to time depending on the circumstances of the company;

- The Board believes that the appropriate number of Directors is four to six;
- The Board will comprise a variety of persons with diverse skills and experience relevant to the company and its circumstances at the time;
- The CEO will be a director and will also have the title of Managing Director.

The Board aims to include a mixture of financial, media industry, sales and governance skills.

### Independence of Directors

The Board reviews annually whether or not each director is independent. It believes that the best interests of the company, when it is fully operational, will be served by a majority of the Directors being independent, and the chairman being an independent director. This is in accordance with the terms of ASX Corporate Governance Guideline 2.2.

However, in the early stages of the development of the company, the Board considers that it may not be appropriate or cost-effective for there to be such a majority.

The definition of director independence used by the company is as set out in the ASX Corporate Governance Guideline 2.2. Materiality levels used by the company for the purposes of this definition are as follows:

Professional advisers – Material if either:

- a. Fees received by the adviser from RGM exceeds 10% of the total fees received by the adviser/company in the last 12 months, or
- b. Fees paid to the adviser exceed 10% of the total fees paid to all professional advisers by RGM in the last 12 months.

Suppliers/Customers – Material if either:

- a. Purchases from RGM or sales to RGM exceed 10% of RGM's total sales or total purchases (respectively) in the last 12 months, or
- b. Purchases from RGM or sales to RGM exceed 10% of the customer's total purchases or supplier's total sales for the last 12 months.

The Board believes in the renewal of Board members to ensure the ongoing vitality of the company. Generally, Directors will serve for 10 years and will not seek re-election at the next AGM at which they retire by rotation, unless unanimously agreed otherwise by the other non-executive Directors. The best interests of the company at the time will be a significant factor in any such decision.

## 2. STRUCTURE OF THE BOARD TO ADD VALUE (CONTINUED)

### Appointment of Directors

If the Board determines that there is a need to appoint another director for any reason they will:

- determine the skills, experience, qualifications --appropriate, having regard to those of the existing Directors;
- agree the process to seek such a person;
- set a timetable to appoint, having regards to the timing of the AGM and requirements of the Constitution; and
- prepare a short list and meet the candidates.

### Access to Independent Advice

Directors may obtain independent experts' advice to enable them to fulfill their obligations, at the expense of the company and after obtaining approval of the Chairman.

### Directors' Induction

The objective of Directors' induction is to inform the Directors such that they can become as effective a director as possible, as soon as possible. Induction covers:

- the company's financial, strategic, operational and risk management position;
- the culture and values of the company;
- Directors' duties;
- roles and responsibilities of senior executives;
- the Company's business and Board structures, policies and issues;
- Directors interaction with each other and stakeholders; and
- meeting arrangements.

### Director Indemnification, Access and Insurance

To enable Directors to fulfill their obligations they must have access to information. It is also considered appropriate that Directors, during and after their period of service, have access for a proper purpose, including defending a legal action. It is also common practice for Directors to be indemnified out of the assets of the company, except where there has been a willful breach of duty. It is also common practice for companies to maintain Directors and Officers Liability insurance. The current premium for Directors and Officers insurance being paid is \$27,750 per annum.

It is a policy of this Board that Deeds of Protection covering the above matters (and other appropriate matters) will be entered into with each of the Directors. Shareholder approval was obtained at the 2004 AGM to ratify the entering into of Deeds with the existing Directors and to enter into deeds with future Directors.

### Code of conduct of Directors

The Directors are expected to use their skills commensurate with their knowledge and experience to increase the value of the company. To meet this obligation they must act honestly and should:

- execute due care and diligence;
- not misuse information or their position for their own gain;
- avoid or fully disclose conflicts;
- ensure that the market is fully informed of all matters that require disclosure; and
- actively promote the reputation of the company.

### 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

#### **Code of conduct of Directors (continued)**

Conflicts of interest that arise must be immediately disclosed and addressed by eliminating the conflict, abstaining from participation or, in exceptional cases, resigning. Directors must comply with the law on disclosure of benefits and related party transactions. Directors must have access to all relevant information on the company and this is to be sought through the CEO or agreed arrangements. All Directors must maintain strict confidentiality in relation to company matters. Directors must be aware of insider trading laws and strictly abide by the law and company policies. Directors are to ensure that the financial statements are drawn up to comply with Australian Corporations Law and Accounting Standards. Directors must also be aware of environmental impacts of the company's business and ensure the health, safety and well-being of their employees. Deeds of access indemnity and insurance will be entered into with the Directors to the extent permitted by law.

#### **Code of Conduct for Employees**

The purpose of the Code of Conduct is to:

- Ensure compliance with all relevant legislation;
- Fulfill the reasonable expectations of the communities in which the company operates, by acknowledging the rights of various stakeholders;
- Enhance the reputation of the company with the financial and broader community;
- Improve the performance of the company;
- Inform employees of the Board's expectations of them, including the obligations of raising and pursuing concerns of non-compliance or unethical behaviour; and
- Assist in achieving the company vision.

The Code acknowledges the responsibility to shareholders, employees and the community. Other matters covered by the Code include commitments to:

- Quality;
- Confidentiality, and to not use knowledge or position improperly; and
- Compliance with laws and regulations.

#### **Diversity**

The company has a policy to encourage diversity in its workforce and on its Board. The Board intends to annually assess this policy and the company's success in achieving the targeted objectives. The company will also undertake to publish its diversity policy when the new RGM business is fully established in the company.

#### **Interaction with the media**

To ensure clear and consistent messages to the Stock Exchange and media, unless specifically approved otherwise, the Chairman and CEO are the only authorised spokespersons of the company.

### 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

#### Code of Conduct for Employees

The purpose of the Code of Conduct is to:

- Ensure compliance with all relevant legislation;
- Fulfill the reasonable expectations of the communities in which the company operates, by acknowledging the rights of various stakeholders;
- Enhance the reputation of the company with the financial and broader community;
- Improve the performance of the company;
- Inform employees of the Board's expectations of them, including the obligations of raising and pursuing concerns of non-compliance or unethical behaviour; and
- Assist in achieving the company vision.

The Code acknowledges the responsibility to shareholders, employees and the community. Other matters covered by the Code include commitments to:

- Quality;
- Confidentiality, and to not use knowledge or position improperly; and
- Compliance with laws and regulations.

### 4. SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING

#### Resolution of Board of Directors

The Board of Directors has resolved that the financial reports provide a true and fair view and are in accordance with accounting standards.

#### Audit Committee

The company's audit committee was suspended in November 2006 due to lack of a quorum. As of the date of this statement there is still not a quorum. The Board notes that, as a company is outside the ASX Top 300, it is not required by listing rules to have an audit committee. Nonetheless it is the intention of the Board to reinstate an audit committee once the Board can provide a suitably skilled quorum for that committee.

Whilst the audit committee is suspended, functions of that committee are being undertaken by the Board. Where sufficient Directors are available, it is the intention of the Board to reform the audit committee. The audit committee will comprise only non-executive Directors, and the chairman of the audit committee will not be the Chairman of the Board. The company will seek to have a majority of independent Directors.

The committee will assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- external reporting of financial information;
- internal control and risk management;
- legal and regulatory compliance; and
- selection, appointment, independence and effectiveness of the external audit and lead partner rotation.

#### 4. SAFEGUARDING INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

The audit committee, or in its absence the Board, will review annually:

- quality and vigour of the audit;
- quality of the service provided;
- audit firm's internal quality control procedures; and
- auditor independence.

The audit committee, or Board, will approve all non-audit work which is proposed to be carried out by the auditors and ensure that it will not compromise the independence of the audit.

Appointment will be made taking various matters into consideration and in consultation with management.

The Board will ensure that the audit partner rotation policy is effective and the overall succession plan is designed to minimise the effect on the company.

##### **Contracts and Transactions between the Company and its officers**

A proposed contract between an Officer and RGM must be approved by the Board prior to its execution. 'Officer' includes any director, or an employee who has the ability to enter into agreements on behalf of the company.

The contract may be either directly with the Officer, a member of the Officer's family or an entity in which the Officer or a member of the Officer's family holds an interest. Holdings in publicly listed companies of less than 5% are excluded.

#### 5. MAKE TIMELY AND BALANCED DISCLOSURE

##### **Continuous Disclosure**

The company has established procedures to ensure that the share market in which the company's shares are traded is properly informed of matters which may have a material impact on the price at which the shares are traded.

#### 6. RESPECT THE RIGHTS OF SHAREHOLDERS

##### **Communication Policy**

The Board will seek to ensure that shareholders are informed of all major developments affecting the company's state of affairs through:

- the Annual Report.
- the Interim Report.
- disclosures made to ASX.
- notices and explanatory memorandum of Annual --General Meetings
- the Company's website, [www.rgmmedia.com](http://www.rgmmedia.com).

It is the Company's policy that the lead engagement partner of the auditors be present at the AGM and be available to answer relevant questions.

## 7. RECOGNISE AND MANAGE RISK

### **Resolution by Board**

The Board has resolved that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board of Directors. The Directors also state that, to their knowledge, the risk management and internal compliance and control systems of the company and consolidated entities are operating efficiently and effectively in all material respects.

### **Risk Management and Internal Compliance and Control**

The Board determines the company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policy. This includes:

- establishing and monitoring the company's strategies, goals and objectives;
- identifying and measuring risks that might impact upon the achievement of those strategies, goals and objectives;
- formulating risk management strategies to manage the identified risks; and
- monitoring and improving the effectiveness of risks and internal compliance controls.

The process of establishing appropriate management procedures and controls is ongoing and will continue as the Company develops.

## 8. REMUNERATE FAIRLY AND RESPONSIBLY

### **Remuneration Policies**

The Company has not established a remuneration committee as recommended by the ASX Principles. The Board believes that due to the current development stage and size of the Company these matters are best handled by the Board itself.

### ***Non-Executive Directors***

Fees paid to non-executive Directors will generally be around the market average and such fees will be inclusive of statutory superannuation. Directors will not be entitled to a retirement benefit. Directors will not participate in share or option plans except with the approval of the shareholders.

The fee pool available to the Board is \$200,000. The intention is that, from this pool, non-executive Directors will receive an annual fee of \$40,000.

### ***Senior Executives***

The following section explains the company's policy with regard to remuneration of executives. Remuneration packages will generally be set to be competitive to both retain executives and attract executives to the company. Packages will comprise a fixed (cash) element and variable incentive components. Short term incentives will be in the form of cash and be subject to various performance measures linked to the short term objectives of the company. Long term incentives will be through participation in an option plan or an issue of options, the exercise of which will be subject to achievement of major performance milestones. For further information refer to the Remuneration Report included in the Directors' Report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the 6 months ended 31 December 2010

	Note	Dec 2010 \$	Jun 2010 \$
<b>Revenue from continuing operations</b>			
Commission revenue		1,415,714	1,970,827
Interest received		4,389	1,781
Net gain on foreign exchange		-	14
Profit/(Loss) on sale of fixed assets		1,216	-
		<u>1,421,319</u>	<u>1,972,622</u>
<b>Expenses</b>			
Accountants and auditors		134,641	37,540
Corporate advisory fees		233,478	42,972
Depreciation		9,785	7,039
Directors fees and expenses		965,722	310,848
Employment expenses		1,279,876	1,330,211
Impairment of intangible assets - goodwill		1,304,214	33,885
Interest Expense - convertible notes		2,514	503,328
- other		46,153	24,464
Legal fees		72,431	80,708
Advertising		7,034	18,580
Rent		111,759	90,418
Bad debts written off		5,067	-
Service fee		47,784	461,417
Shareholder and listing fees		31,136	-
Travel & accommodation		155,410	128,409
Net loss on foreign exchange		33,349	-
Other expenses		196,317	197,827
		<u>4,636,670</u>	<u>3,267,646</u>
<b>(Loss) before income tax</b>		<b>(3,215,351)</b>	<b>(1,295,024)</b>
Income tax expense (credit)	5	(16,363)	16,437
<b>(Loss) for the period</b>		<b>(3,198,988)</b>	<b>(1,311,461)</b>
<b>Other comprehensive income (loss)</b>			
Exchange differences on translation of foreign operations		(105,892)	(75,736)
<b>Total comprehensive (loss) for the period</b>		<b>(3,304,880)</b>	<b>(1,387,197)</b>
<b>Earnings per Share</b>			
Basic and diluted loss per share (cents)	28	0.03	-
Dividends per share (cents)		-	-

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2010

	Note	Dec 2010 \$	Jun 2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	476,625	238,763
Trade and other receivables	7	148,449	324,022
Loans receivable	8	-	1,259,605
<b>Total Current Assets</b>		<b>625,074</b>	<b>1,822,390</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	94,056	70,959
Deferred tax assets	10	94,229	85,107
Film project investments	11	1,760,759	129,537
Intangible assets	12	754,662	254,662
<b>Total Non-current Assets</b>		<b>2,703,706</b>	<b>540,265</b>
<b>TOTAL ASSETS</b>		<b>3,328,780</b>	<b>2,362,655</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	779,707	1,536,672
Borrowings	14	2,205,182	1,868,277
Current tax liabilities		47,746	84,800
Provisions	15	157,765	128,534
<b>Total Current Liabilities</b>		<b>3,190,400</b>	<b>3,618,283</b>
<b>Non-Current Liabilities</b>			
Provisions	16	129,722	131,567
<b>Total Non-Current Liabilities</b>		<b>129,722</b>	<b>131,567</b>
<b>TOTAL LIABILITIES</b>		<b>3,320,122</b>	<b>3,749,850</b>
<b>NET ASSETS (DEFICIENCY)</b>		<b>8,658</b>	<b>(1,387,195)</b>
<b>EQUITY</b>			
Contributed equity	17	4,700,735	2
Reserves	18	(181,628)	(75,736)
Accumulated losses		(4,510,449)	(1,311,461)
<b>TOTAL EQUITY</b>		<b>8,658</b>	<b>(1,387,195)</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the 6 months ended 31 December 2010

	<b>Contributed Equity</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
<b>Balance at date of incorporation (11 September 2009)</b>	<b>2</b>	-	-	<b>2</b>
Total comprehensive income (loss) for the year	-	(75,736)	(1,311,461)	(1,387,197)
<b>Balance at 30 June 2010</b>	<b>2</b>	<b>(75,736)</b>	<b>(1,311,461)</b>	<b>(1,387,195)</b>
Total comprehensive income/(loss) for the period	-	(105,892)	(3,198,988)	(3,304,880)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,700,733	-	-	4,700,733
<b>Balance at 31 December 2010</b>	<b>4,700,735</b>	<b>(181,628)</b>	<b>(4,510,449)</b>	<b>8,658</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the 6 months ended 31 December 2010

		<b>Consolidated</b>	
		<b>Dec 2010</b>	<b>Jun 2010</b>
		<b>\$</b>	<b>\$</b>
	Note		
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		1,586,220	1,571,070
Payments to suppliers and employees		(4,182,887)	(1,446,681)
Interest received		4,389	1,781
<b>Net Cash Flows From (Used in) Operating Activities</b>	29	<b>(2,592,278)</b>	<b>126,170</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant & equipment		(31,666)	(77,999)
Payment for project investments		(1,631,221)	(129,537)
<b>Net Cash Flows From (Used in) Investing Activities</b>		<b>(1,662,887)</b>	<b>(207,536)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from loans received		-	320,127
Proceeds from issue of securities		4,700,733	2
Repayment of loans outstanding		(207,706)	-
<b>Net Cash Flows from Financing Activities</b>		<b>4,493,027</b>	<b>320,129</b>
Net increase (decrease) in cash and cash equivalents		237,862	238,763
Opening cash and cash equivalents		238,763	-
<b>Cash and cash equivalents at end of period</b>	6	<b>476,625</b>	<b>238,763</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Company has changed its financial reporting period end to 31 December. This financial report is in respect of the 6 months ended 31 December 2010.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

##### (i) *Compliance with IFRS*

The consolidated financial statements of RGM Media Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### (ii) *Historical cost convention*

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

##### (iii) *Critical accounting estimates*

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

The financial report is presented in Australian dollars. Amounts shown are in whole dollars unless otherwise stated. Comparative amounts have been reclassified where appropriate to enhance comparability.

#### (b) Principles of consolidation and reverse acquisition

##### (i) *Overview of reverse acquisition*

On 29 July 2010 RGM Media Limited (formerly Biosignal Limited) acquired ownership of RGM Group Pte Ltd and its controlled entities. This acquisition has been accounted for in accordance with Australian Accounting Standard AASB3: Business Combinations as a reverse acquisition. Accordingly, RGM Group Pte Ltd has been treated as the "accounting acquirer", and RGM Media Limited as the "accounting acquiree". These consolidated financial statements are a continuation of the financial statements of RGM Group Pte Ltd.

RGM Group Pte Ltd was incorporated on 11 September 2009.

The comparative information included in the consolidated financial statements is in respect of the period from the date of incorporation of RGM Group Pte Ltd (11 September 2009) to 30 June 2010.

On this basis, the comparative net tangible asset backing and earnings per share values have been excluded as they do not provide meaningful information.

##### (ii) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RGM Media Limited as at 31 December 2010 and the results of all subsidiaries for the year then ended. RGM Media Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsidiaries are 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 group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

#### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of RGM Media Limited.

#### (d) Foreign currency translation

##### *(i) Functional and presentation currency*

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

##### *(ii) Transactions and balances*

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 profit or loss.

Foreign exchange gains and losses that relate to borrowings are included in the profit or loss within finance costs. All other foreign exchange gains and losses are included in profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (iii) Group companies

The results and financial position of foreign operations (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 date of that balance sheet,
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in the statement of comprehensive income.

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 recognised in equity, in the foreign currency translation reserve.

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

#### (e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

##### (i) Agency commission

Revenue from consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised.

##### (ii) Film income

Revenue from film projects is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) *Interest income*

Interest income is recognised using the effective interest method.

(f) **Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the consolidated entity operates.

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

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

RGM Media Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation. As a consequence, these entities are taxed as separate entities and the deferred tax assets and liabilities of these entities are not set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) 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 for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

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

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

#### (h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful 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 assets are tested 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 amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### (i) Film investment projects

Investments in film projects are carried at cost. The recoverable amount of the investments is determined on an individual project basis, having regard to the stage of completion, expected completion date, actual versus expected costs and expected revenues.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### (k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used 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.

#### (l) Property plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Machinery 10-15 years
- Vehicles 3-5 years
- Furniture, fittings and equipment 3-8 years
- Leased plant and equipment 10-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Intangible assets

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

#### (n) 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. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### (p) Employee benefits

##### (i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### (ii) *Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### (iii) *Retirement benefit obligations*

The group, as part of fixed remuneration, provides defined contributions to the employees choice of defined contribution fund. Employees of the group are entitled to benefits on retirement, disability or death subject to the terms of the employee's defined contribution fund. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

#### (r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2010 reporting periods. The group's assessment of the impact of these new standards and interpretations is that they will have little or no impact on the group's recognition and measurement policies and may require some amended disclosures.

#### (s) Parent entity financial information

The financial information for the parent entity, RGM Media Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### *(i) Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of RGM Media Limited.

#### (t) Going concern basis

The consolidated financial statements have been prepared on a going concern basis notwithstanding that the consolidated balance sheet of the group as at 31 December 2010 discloses net assets of \$8,658 and a deficiency of current assets in relation to current liabilities of \$2,565,326.

As disclosed in note 26 detailing events subsequent to 31 December 2010, the company has announced the issue of convertible notes and additional equity which mitigate this risk. The directors expect the convertible notes and equity to be issued as disclosed.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 2. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks including currency risk, interest rate risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close co-operation with the group's management and Board. The Board provides written principles for overall risk management, as well as policies covering the specific areas of risk to the Group. The Board has a policy of not dealing in derivative financial instruments given the risk profile of the company. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group holds the following financial instruments:

	Dec 2010	Jun 2010
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	476,625	238,763
Loans receivable	-	1,259,605
Trade and other receivables	148,449	324,022
	<b>625,074</b>	<b>1,822,390</b>
<b>Financial Liabilities</b>		
Trade and other payables	779,707	1,536,672
Borrowings	2,205,182	1,868,277
	<b>2,984,889</b>	<b>3,404,949</b>

#### (a) Market Risk

##### (i) Foreign Exchange Risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Singaporean dollar.

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

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Dec 2010		Jun 2010	
	USD	SDG	USD	SDG
<b>Financial Assets</b>	\$	\$	\$	\$
Cash and cash equivalents	1,742	8,230	954	53
Loans receivable	-	-	52,110	518,542
Trade and other receivables	-	24,734	-	-
	<b>1,742</b>	<b>32,964</b>	<b>53,064</b>	<b>518,595</b>
<b>Financial Liabilities</b>				
Trade and other payables	6,117	70,907	63,529	997,866
Borrowings		4,804,557	-	441,105
	<b>6,117</b>	<b>4,875,464</b>	<b>63,529</b>	<b>1,438,971</b>

The company conducts transactions in foreign currencies. The Group generally conducts these transactions at the prevailing spot rate. Where an advance commitment is made to a series of payments in a foreign currency over a period of time, the Group will convert some of its cash reserves to that currency to minimise foreign currency variation on that transaction after the commitment has been made.

*(ii) Price Risk*

The Group is not exposed to price risk, including exposure to commodity and equity securities price risk.

*(iii) Cash Flow and Interest Rate Risk*

The Group's exposure to the risk of changes in market interest rates relates to the Group's cash and term deposit holdings and convertible note borrowing. The Group's policy is to manage its interest revenue using a mix of fixed and variable rates. The Group's policy is to keep any cash excess to immediate working capital requirements in term deposits maturing every 30 days.

There are no convertible notes on issue at balance date. When they are issued, they have a fixed coupon rate, and are not sensitive to changes in market interest rate movements. The group's borrowings are not subject to interest and therefore there is no exposure to interest rate changes on borrowings.

As at reporting date the group held the following financial assets subject to interest rate movements:

	Balance		Weighted Average Effective Interest Rate	
	Dec 2010	Jun 2010	Dec 2010	Jun 2010
	\$	\$	%	%
<b>Financial assets</b>				
Cash and cash equivalents	476,625	238,763	1.40	1.10
	<b>476,625</b>	<b>238,763</b>	<b>1.40</b>	<b>1.10</b>

No other financial assets or liabilities were subject to interest charges.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Credit Risk

Credit risk for the Group is associated with deposits with banks. Only independently rated parties with a minimum rating of 'A' are accepted.

The Group policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group assesses their credit quality, taking into account their financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as shown at the start of this note.

The Group invests surplus funds only with banks approved by the Board. Otherwise there are no significant concentrations of credit risk within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has not experienced any default event in respect of its cash or receivables instruments.

#### (c) Liquidity Risk

The Group relies on surplus cash holdings to fund its working capital needs. Any surplus cash not required to meet immediate working capital needs is invested in 30, 60 or 90 day bank term deposits as appropriate.

The Group has allotted shares to settle the convertible notes on hand at 30 June 2010 during the year. These notes were issued as a short-term financing facility in order to raise funds for the acquisition of RGM Group Pte Ltd. Trade and other payables are typically payable in accordance with normal commercial terms.

The group's borrowings are held on a current liability basis and are not expected to be called on in the foreseeable future.

The Board ensures that sufficient funds are on hand to meet short term commitments to pay creditors and is appraised regularly of forecast cash demands and the ability of the company to meet those demands from its cash reserves.

#### (d) Fair value measurements

The fair value of financial assets and financial liabilities are approximately their carrying value.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (a) Critical accounting estimates and assumptions

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

##### *(i) Estimated impairment of goodwill*

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(h).

#### (b) Critical judgements in applying the entity's accounting policies

##### *(i) Revenue recognition*

The revenue recognition process for the talent management business involves recognising revenues when the services have been rendered. The finance team uses its professional judgement to assess when this occurs.

There has been no recognition of revenues in relation to film and television production to date.

##### *(ii) Film investments*

These are recognised at cost in the group's financial statements given the unreliability and subjectivity of determining a fair value. The Board has deemed this the most appropriate value to recognise the film investments to date.

### 4. SEGMENT INFORMATION

#### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board and that are used to make strategic decisions.

Management oversees the business from two operating divisions, namely Artist Management and Film/Television Production, which results in two reportable segments. Management monitors the performance in those two segments separately. The Groups operations are based both in Australia and in Singapore, however geographic location is not considered by the Board in reviewing the financial performance of each segment.

The Film/Television Production segment is seen as a growth segment and is expected to materially contribute to group revenue in the future.

The segment information provided to the Board for the reportable segments for the 6 months ended 31 December 2010 is as follows:

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 4. SEGMENT INFORMATION (CONTINUED)

	Artist Management \$	Film/Television \$	Elimination \$	Total \$
<b>Comprehensive income</b>				
Total revenues	1,413,072	308,247	(300,000)	1,421,319
Total expenses	(1,478,426)	(3,458,244)	300,000	(4,636,670)
Income tax expense	8,870	7,493	-	16,363
<b>Net profit/ (loss)</b>	<b>(56,484)</b>	<b>(3,142,504)</b>	<b>-</b>	<b>(3,198,988)</b>
<b>Balance sheet</b>				
Total assets	961,351	2,623,302	(255,873)	3,328,780
Total liabilities	(798,730)	(2,777,265)	255,873	(3,320,122)
<b>Net assets</b>	<b>162,621</b>	<b>(153,963)</b>	<b>-</b>	<b>8,658</b>

	Artist Management \$	Film/Television \$	Elimination \$	Total \$
<b>Comprehensive income</b>				
Total revenues	1,894,642	77,980	-	1,972,622
Total expenses	(1,599,199)	(1,668,447)	-	(3,267,646)
Income tax expense	(16,437)	-	-	(16,437)
<b>Net profit/ (loss)</b>	<b>279,006</b>	<b>(1,590,467)</b>	<b>-</b>	<b>(1,311,461)</b>
<b>Balance sheet</b>				
Total assets	1,497,143	911,167	(45,655)	2,362,655
Total liabilities	(1,278,038)	(2,517,467)	45,655	(3,749,850)
<b>Net assets</b>	<b>219,105</b>	<b>(1,606,300)</b>	<b>-</b>	<b>(1,387,195)</b>

#### (b) Other segment information

##### (i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 4. SEGMENT INFORMATION (CONTINUED)

#### (ii) Segment assets

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

#### (iii) Segment Liabilities

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

### 5. INCOME TAX

#### Income tax expense

	Dec 2010 \$	Jun 2010 \$
	<u>                    </u>	<u>                    </u>
Current tax from continuing operations	-	101,544
Increases in deferred tax assets	(9,122)	(85,107)
Adjustments for current tax of prior periods	(7,241)	-
<b>Income tax expense (credit)</b>	<b>(16,363)</b>	<b>16,437</b>
	<u>                    </u>	<u>                    </u>
Reconciliation of Income Tax Expense to Prima Facie Tax Payable:		
Profit (loss) before income tax	<b>(3,215,351)</b>	<b>(1,295,024)</b>
Tax expense (benefit) recognised at the Australian tax rate of 30%	-	101,544
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unrealised foreign exchange gains (losses)	7	-
Increases in provisions	(9,129)	(85,107)
Adjustments for current tax of prior periods	(7,241)	-
	<b>(16,363)</b>	<b>16,437</b>
	<u>                    </u>	<u>                    </u>
<b>Tax Losses</b>		
Unused Tax Losses for which no deferred tax asset has been realised	4,510,449	1,311,461
Potential Tax Benefit at 30%	1,353,135	393,438
	<u>                    </u>	<u>                    </u>

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 5. *INCOME TAX (CONTINUED)*

#### Income Tax Losses

The Group has tax losses that are available for offset against taxable profits of the company in which those losses arose provided that company continues to meet the requirements of the income tax legislation within its relevant jurisdiction.

### 6. *CURRENT ASSETS – CASH AND CASH EQUIVALENTS*

	Dec 2010	Jun 2010
	\$	\$
Cash at bank and in hand	254,971	105,387
Cash held in trust	221,654	133,376
	<b>476,625</b>	<b>238,763</b>

### 7. *CURRENT ASSETS – TRADE AND OTHER RECEIVABLES*

	Dec 2010	Jun 2010
	\$	\$
Trade receivables	55,074	323,669
Less: provision for impairment	-	-
Other receivables	55,875	353
Prepayments	37,500	-
	<b>148,449</b>	<b>324,022</b>

#### (a) *Past due but not impaired*

As at the end of the period, current trade receivables of the group with a nominal value of \$55,074 are passed due. However, the Board is satisfied that based on current circumstances the balance will be received in full within the next 12 months.

### 8. *CURRENT ASSETS – LOANS RECEIVABLE*

	Dec 2010	Jun 2010
	\$	\$
Unsecured Loans	-	1,259,605
	<b>-</b>	<b>1,259,605</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 9. NON-CURRENT ASSETS - PLANT & EQUIPMENT

	Dec 2010	Jun 2010
	\$	\$
Plant and Equipment		
At cost	118,044	86,401
Accumulated depreciation	(23,988)	(15,442)
Total property, plant & equipment	<b>94,056</b>	<b>70,959</b>

#### Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period:

Carrying amount at beginning	70,959	-
Acquisitions at cost	31,666	-
Acquisitions at net book value	-	77,998
Disposals	1,216	-
Depreciation	(9,785)	(7,039)
Net carrying amount	<b>94,056</b>	<b>70,959</b>

### 10. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Dec 2010	Jun 2010
	\$	\$
<b>The balance comprises temporary differences attributable to:</b>		
Provision for employee benefits	82,056	81,023
Retirement benefit obligations	4,680	4,084
Provisions for operating expenses	7,493	-
	<b>94,229</b>	<b>85,107</b>

### 11. NON-CURRENT ASSETS - FILM PROJECT INVESTMENTS

	Dec 2010	Jun 2010
	\$	\$
Film project investments		
Point Break 2	1,705,753	117,521
Young Guy	44,104	-
The Proving Ground	10,902	12,016
	<b>1,760,759</b>	<b>129,537</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 12. *NON-CURRENT ASSETS - INTANGIBLE ASSETS*

	Dec 2010	Jun 2010
	\$	\$
Goodwill at cost	2,092,761	288,547
Accumulated amortisation	(1,338,099)	(33,885)
	<b>754,662</b>	<b>254,662</b>
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the period:		
Carrying amount at beginning of period	254,662	-
Goodwill on acquisition	1,804,214	288,547
Impairment of goodwill	(1,304,214)	(33,885)
Carrying amount at end of period	<b>754,662</b>	<b>254,662</b>

### 13. *CURRENT LIABILITIES - TRADE AND OTHER PAYABLES*

	Dec 2010	Jun 2010
	\$	\$
<b>Current</b>		
Trade payables	448,254	413,790
Sundry payables	30,116	570,231
Accruals	35,000	-
Employee benefits payable	44,684	419,275
Trust monies held	221,653	133,376
	<b>779,707</b>	<b>1,536,672</b>

### 14. *CURRENT LIABILITIES - BORROWINGS*

	Dec 2010	Jun 2010
	\$	\$
<b>Unsecured</b>		
Convertible notes	-	1,517,400
Biosignal Ltd	-	156,117
RGM Entertainment Pte Ltd	2,113,636	-
RGM Consolidated Holdings Pty Ltd	91,546	194,760
	<b>2,205,182</b>	<b>1,868,277</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the 6 months ended 31 December 2010

**15. CURRENT LIABILITIES - PROVISIONS**

	Dec 2010	Jun 2010
	\$	\$
<b>Current</b>		
Employee Provisions	<b>157,765</b>	<b>128,534</b>

The current provision for employee benefits includes accrued annual leave.

**16. NON-CURRENT - PROVISIONS**

	Dec 2010	Jun 2010
	\$	\$
Employee Provisions	<b>129,722</b>	<b>131,567</b>

The non-current provision for employee benefits includes accrued long service leave. The entire amount of the provision is presented as non-current as the balance is conditional and will not vest within the next 12 months.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 17. CONTRIBUTED EQUITY

	Dec 2010	Jun 2010
	\$	\$
Ordinary shares	4,700,735	2

	Dec 2010		Jun 2010	
	\$	Number	\$	Number

#### MOVEMENTS IN ISSUED CAPITAL

##### Ordinary shares on issue

Balance at beginning of period	2	2	2	2
Issue of shares to acquire RGM Group Pte Ltd – 29 July 2010	-	70,000,000	-	-
Deduct number of shares issued by RGM Group Pte Ltd	(2)	(2)	-	-
Number of shares on issue on 29 July 2010 held by existing RGM Media Limited shareholders		5,217,026		-
Placement – 29 July 2010	4,066,061	20,330,308	-	-
Issued to advisors	340,000	1,700,000	-	-
Issued to Directors	120,000	1,039,863	-	-
Conversion of convertible notes	952,891	13,873,423	-	-
Equity raising costs	(699,301)	-	-	-
Future equity raising costs incurred	(78,916)	-	-	-
Balance at end of period	<b>4,700,735</b>	<b>112,160,620</b>	<b>2</b>	<b>2</b>

- On 29 July 2010 RGM Media Ltd issued 70,000,000 shares as consideration for the acquisition of RGM Group Pte Ltd.
- In accordance with the reverse acquisition requirements of Australian Accounting Standard AASB 3 *Business Combinations*, the amounts of shares disclosed includes the amounts issued by RGM Group Pte Ltd prior to the acquisition date (29 July 2010), and amounts issued by RGM Media Limited after that acquisition. From the date of acquisition (29 July 2010) the number of shares disclosed is the number of shares issued by RGM Media Limited.
- A prospectus was issued on 21 April 2010, with supplementary prospectuses issued on 3 and 17 May 2010 and 6 June 2010, to issue up to 30,000,000 shares to raise up to \$6,000,000. The offer was closed on 20 July 2010 raising \$4,066,061 with 20,330,308 ordinary shares in RGM Media Limited being issued.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 17. CONTRIBUTED EQUITY (CONTINUED)

4. In accordance with the prospectus dated 21 April 2010, on completion of the abovementioned capital raising 1,000,000 ordinary shares were issued to Stonebridge Securities (Lead Manager), and 500,000 ordinary shares were issued to Peregrine Corporation (Corporate Advisor).
5. On 29 July 2010 RGM Media Limited issued 200,000 shares and 200,000 options to Directors, advisors and consultants, as consideration for professional fees associated with the abovementioned transactions.
6. The convertible notes that were issued to Empire Equity Limited and Chalmersbury Nominees Pty Ltd on 16 September 2009 were converted into 13,873,423 ordinary shares on 29 July 2010.

#### Terms and Conditions of Contributed Equity outstanding at period end - Ordinary Shares

The rights and liabilities attaching to Shares can be summarised as follows:

##### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act 2001 and the Constitution of the Company.

##### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have only one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (or credited) bears to the total amounts paid and payable (including amounts credited).

##### (c) Capital Risk Management

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

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 18. RESERVES

	Dec 2010	Jun 2010
	\$	\$
Foreign currency translation	(181,628)	(75,736)
	<b>(181,628)</b>	<b>(75,736)</b>
<i>Movements</i>		
Balance at beginning of the period	(75,736)	-
Currency translation differences arising during the period	(105,892)	(75,736)
Balance at end of the period	<b>(181,628)</b>	<b>(75,736)</b>

**(b) Nature and purpose of foreign currency translation reserve**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

**(a) Key management personnel compensation**

	Dec 2010	Jun 2010
	\$	\$
Short-term employee benefits	1,256,601	502,695
Post-employment benefits	10,109	11,429
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	3,738	-
	<b>1,270,448</b>	<b>514,124</b>

Detailed remuneration disclosures are provided in the remuneration report commencing on page 11.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### (b) Equity instrument disclosures relating to key management personnel

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

There are currently no share based payment plans in place for the Group. The options granted to other parties during the 6 months ended 31 December 2010 were part of the reverse acquisition transaction undertaken by the group. No options have lapsed or been exercised during the period. No amount has been recognised on the issue of options during the period as the value of the options issued was negligible.

Options on issue at year end are as follows:

	Dec 2010		Jun 2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of period	132,000	7.98	52,000	4.87
Granted to key management personnel	200,000	0.25	80,000	10.00
Granted to other parties	640,000	0.50	-	-
Balance at end of period	<b>972,000</b>	<b>1.46</b>	<b>132,000</b>	<b>7.98</b>
Exercisable at end of period	<b>772,000</b>	<b>1.78</b>	<b>132,000</b>	<b>7.98</b>

##### (ii) Option holdings

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

#### 31 December 2010

Name	Balance at start of the period	Granted as Compensation	Exercised	Other changes	Balance at end of the period	Vested and Exercisable*	Unvested
	No.	No.	No.	No.	No.	No.	No.

#### Directors of RGM Media Limited

Tim Boyd	-	200,000	-	-	200,000	28 July 2010*	-
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\*This tranche of options granted are restricted for 24 months from 4 August 2010 and therefore are not exercisable until 4 August 2012.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

30 June 2010

Name	Balance at start of the year	Granted as Compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
	No.	No.	No.	No.	No.	No.	No.

#### Directors of RGM Media Limited

N/A

#### (iii) Share holdings

The numbers of shares in the company held during the financial year by each director of RGM Media Limited and other key management personnel of the group, including their personally related parties, are set out below.

31 December 2010

Name	Balance at start of the period	Granted in lieu of payments	Received during the year on the exercise of options	Other changes during the period	Balance at end of the period
	No.	No.	No.	No.	No.

#### Directors of RGM Media Limited

##### Ordinary shares

Robyn Gardiner	-	34,302,266	-	-	34,302,266
Devesh Chetty	-	34,302,266	-	-	34,302,266
Jason Fisher	-	6,137,154	-	-	6,137,154
Tim Morrison	3,089	173,311	-	-	176,400
Tim Boyd	10,000	1,066,552	-	(876,552)	200,000

#### Other key management personnel of the group

##### Ordinary shares

Mark Glazier	-	-	-	10,000	10,000
Stephen Clark	-	-	-	10,000	10,000
Annabelle Sheehan	-	-	-	10,000	10,000

Tim Boyd ceased being a director of the company on 26 August 2010. The shares held by Robyn Gardiner and Devesh Chetty each include shares held by a related party, RGM Entertainment Pte Ltd, of 25,802,308 shares.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

30 June 2010

Name	Balance at start of the year	Granted in lieu of payments	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
	No.	No.	No.	No.	No.
<b>Directors of RGM Media Limited</b>					
<b>Ordinary shares</b>					
Tim Morrison	-	-	-	3,089	3,089
Tim Boyd	-	10,000	-	-	10,000

#### (c) Loans to key management personnel

A number of Directors are majority shareholders of RGM Entertainment Pte Ltd, RGM Associates Pty Ltd and RGM Consolidated Holdings Pty Ltd for which the group had dealings with during the year. No loans to key management personnel exist at 31 December 2010.

#### (d) Loans from related parties

	Dec 2010	Jun 2010
	\$	\$
RGM Entertainment Pte Limited	2,113,636	-
RGM Consolidated Holdings Pty Limited	91,546	194,760
	<b>2,205,182</b>	<b>194,760</b>

#### (e) Loans to related parties

	Dec 2010	Jun 2010
	\$	\$
RGM Entertainment Pte Limited	-	1,164,590
RGM Consolidated Holdings Pty Limited	-	95,015
	-	<b>1,259,605</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### (f) Other transactions with key management personnel

A number of Directors are majority shareholders of RGM Entertainment Pte Ltd, RGM Associates Pty Ltd and RGM Consolidated Holdings Pty Ltd with which the group had dealings with during the year on an arms length commercial basis.

Aggregate amounts of each of the above types of other transactions with key management personnel of RGM Media Limited:

	Dec 2010	Jun 2010
	\$	\$
<b>Amounts recognised as expense</b>		
Debts written off as bad	2,987	-
Services fees	47,784	461,417
	<b>50,771</b>	<b>461,417</b>

Aggregate amounts of assets and liabilities at the end of the reporting period relating to the above types of other transactions with key management personnel of the group are as follows:

#### (g) Outstanding balances arising from the sales/purchases of goods and services

	Dec 2010	Jun 2010
	\$	\$
Trade receivables	55,074	323,669

### 20. AUDITOR'S REMUNERATION

Amounts charged by HLB Mann Judd, the auditors of the Company:

	Dec 2010	Jun 2010
	\$	\$
Audit / Review of Financial Statements	46,856	-

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 21. CONTINGENT LIABILITIES

#### (a) R&D Start Grant

RGM Media Limited held an R&D Start Program Grant Agreement with the Australian Government for the development of antibacterial contact lenses. The maximum grant to be received under this agreement was \$1,507,619 and was for the period from 10 September 2004 to 30 June 2009.

The Company is party to an Industry Cooperative Innovation Program Grant Agreement with the Australian Government for the development of antimicrobial coatings and materials for bio-medical devices. The maximum grant to be received under the agreement was \$1,497,080 and was for the period from 8 February 2007 to 30 June 2009.

A condition of these agreements was that, for an agreed period, RGM Media Limited must obtain written approval from the Australian Government prior to a change in control of the company or ownership of the intellectual property associated with the development projects. If prior approval is not obtained, the grant funds, or a portion thereof, may be required to be repaid.

On 29 July 2010 the company completed an acquisition of the RGM business. Approval from the Australian Government was not sought prior to the change in control of the company.

#### (b) Claim

The Company has received a claim that a fee of \$200,000 is payable by the Company in relation to a finance facility.

The Directors consider that no fee is payable and that no liability will accrue to the Company as a result of this claim.

### 22. COMMITMENTS

#### Lease commitments

The group leases various premises under non-cancellable operating leases expiring in future periods. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Dec 2010	Jun 2010
	\$	\$
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within one year	167,178	215,506
Later than one year but not later than five years	83,497	150,421
Later than five years	-	-
	<b>250,675</b>	<b>365,927</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### **23. RELATED PARTY TRANSACTIONS**

#### **(a) Parent entities**

The parent entity within the group is RGM Media Limited. There is no ultimate parent which controls the parent entity.

#### **(b) Subsidiaries**

Interests in subsidiaries are set out in note 25.

#### **(c) Outstanding balances arising from the sales/purchases of goods and services**

Outstanding balances arising from the sales and purchases of goods and services are as disclosed in note 19.

#### **(d) Transactions with related parties**

Transactions with related parties are as disclosed in note 19.

#### **(e) Loans to/from related parties**

Loans to/from related parties are as disclosed in note 19.

#### **(f) Terms and conditions**

A significant portion of balances outstanding to related parties relate to transactions which occurred prior to the reverse takeover of RGM Media Limited.

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

Outstanding balances are unsecured and are repayable in cash. No interest is payable on loans from or to related parties.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 24. BUSINESS COMBINATION

#### (a) Summary of acquisition

On 29 July 2010, the parent entity acquired 100% of the issued share capital of RGM Group Pte Limited, a Singapore based Film/Television group.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>Dec 2010</b>
	<b>\$</b>
Purchase consideration:	
Shares issued to owners of RGM Group Pte Limited	1,277,500
	<hr/>
Total purchase consideration	1,277,500

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value</b>
	<b>\$</b>
Cash	106,996
Prepayments	9,224
Goodwill	500,000
Trade payables	(47,093)
Convertible notes	(893,197)
Accruals	(263,443)
Current tax liabilities	60,799
Net identifiable assets acquired	<hr/> (526,714)
Add: goodwill	1,804,214
Net assets acquired	<hr/> 1,277,500

#### (b) Purchase consideration – cash outflow

The acquisition was undertaken through the issue of share capital, with no consideration being paid in cash.

#### *Acquisition-related costs*

Acquisition-related costs of \$27,007 are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 25. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

#### (a) Significant investments in subsidiaries

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

Name of entity	Country of Incorp	Class of shares	Registration/ acquisition date	Equity holding** Dec 2010 %	Equity holding** Jun 2010 %
RGM Group Pte Limited	Singapore	Ordinary	11 September 2009	100	100
RGM Management Pte Ltd (deregistered 2 December 2010)	Singapore	Ordinary	14 September 2009	-	100
RGM Media (Singapore) Pte Limited	Singapore	Ordinary	24 September 2009	100	100
RGM Film and Television Services Inc	USA	Ordinary	29 September 2009	100	100
RGM Media Film Television Investments Limited	BVI	Ordinary	21 September 2010	100	-
RGM Artist Group Pty Limited	Australia	Ordinary	1 October 2009	100	100
Biosignal Australia Pty Limited	Australia	Ordinary	29 July 2010	100	-

\*\* The proportion of ownership interest is equal to the proportion of voting power held.

### 26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 19 January 2011, the company announced the appointment of Greg Coote as Director and Chairman of RGM Media Limited.

On 25 January 2011, the Company announced that it was seeking shareholder approval to issue convertible notes to raise \$15,772,871. These notes will be issued in late April 2011. The notes will expire in March 2016, and will be convertible into ordinary shares at 20c per share, at the discretion of the note holder.

On 25 January 2011, the Company announced that it was seeking shareholder approval to issue additional equity to raise \$6,850,000. These shares will be issued in April 2011. The issue price of the shares will be 13c.

On 18 March 2011 a General Meeting of the Shareholders of the company approved the issue of the shares and convertible notes announced on 25 January 2011 as well as reappointing Greg Coote as Director and Chairman of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 27. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of loss after tax to the net cash from operating activities:

	Dec 2010	Jun 2010
	\$	\$
Profit (loss) for the year after tax	(3,198,988)	(1,311,461)
<b>Adjustments for:</b>		
Allowance for write down	-	-
Depreciation	9,785	7,039
Amortisation of other intangibles	1,304,214	33,885
Gain on disposal of property, plant and equipment	(1,216)	-
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	175,573	(324,022)
(Increase)/decrease in future income tax benefit	(9,129)	(85,107)
(Decrease)/increase in trade and other payables	(382,371)	1,117,394
(Decrease)/increase in deferred income tax	7	-
(Decrease)/increase in provision	(384,260)	764,177
(Decrease)/increase in reserve	(105,893)	(75,735)
Net cash from (used in) operating activities	<b>(2,592,278)</b>	<b>126,170</b>

### 28. EARNINGS PER SHARE

	Dec 2010	Jun 2010
	\$	\$
<b>Net (loss)</b>	<b>(3,198,988)</b>	<b>(1,311,461)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share:	112,160,620	-
Effect of dilutive securities:	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share:	<b>112,160,620</b>	<b>-</b>

Share options have been excluded from the calculation of the number of diluted securities as they have an anti-dilutive effect on the earnings per share calculation.

The comparative earnings per share values have been excluded as they do not provide meaningful information, refer to note 1(b).

## NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 31 December 2010

### 29. PARENT ENTITY DISCLOSURE

The financial information in relation to the parent company, RGM Group Pte Limited, is as follows:

	Dec 2010	Jun 2010
	\$	\$
Current assets	176,707	515,385
Total assets	1,989,911	839,687
Current Liabilities	(4,875,413)	(1,433,170)
Total Liabilities	(4,875,413)	(2,492,709)
<b>Net Assets</b>	<b>(2,885,502)</b>	<b>(1,653,022)</b>
Contributed equity	2	2
Accumulated losses	(3,012,391)	(1,567,417)
Other reserves	126,887	(85,607)
<b>Equity</b>	<b>(2,885,502)</b>	<b>(1,653,022)</b>
Net (loss) after tax	(1,444,974)	(1,567,417)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(1,444,974)</b>	<b>(1,567,417)</b>

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 26 to 60 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the 6 months ended on that date.
- (b) There are reasonable grounds to believe that RGM Media Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the chief executive officer and chief financial officer for the 6 months ended 31 December 2010 required by section 295A of the Corporations Act 2001.

The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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

On behalf of the Board:



Greg Coote AM

Chairman

Dated: 29 March 2011



Accountants | Business and Financial Advisers

**RGM MEDIA LIMITED**  
**(formerly Biosignal Limited)**

## **INDEPENDENT AUDITOR'S REPORT**

To the members of RGM Media Limited

### **Report on the Financial Report**

We have audited the accompanying financial report of RGM Media Limited, ("the company"), which comprises the consolidated balance sheet as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 6 months ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity as set out on pages 26 to 61. The consolidated entity comprises the company and the entities it controlled at the period's end or from time to time during the financial period.

### ***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 consolidated financial report complies 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 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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



**RGM MEDIA LIMITED**  
**(formerly Biosignal Limited)**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of RGM Media Limited on 29 March 2011 would be in the same terms if provided to the directors as at the time of this auditor's report.

***Basis for Qualified Opinion***

We were appointed as auditors of RGM Group Pte Ltd and its controlled entities on 29 July 2010. The financial statements of RGM Group Pte Ltd and its controlled entities for the period from the date of incorporation (9 September 2009) to 30 June 2010 included as comparatives in the consolidated financial statements of RGM Media Limited for the 6 months ended 31 December 2010 were not audited.

***Qualified Auditor's Opinion***

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

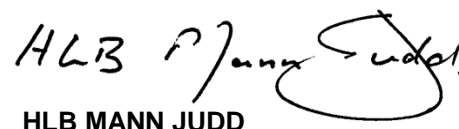
- (a) the financial report of RGM Media Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the 6 months ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).


**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the 6 months ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

***Auditor's Opinion***

In our opinion the Remuneration Report of RGM Media Limited for the 6 months ended 31 December 2010 complies with section 300A of the *Corporations Act 2001*.

  
HLB MANN JUDD

  
D K Swindells  
Partner

Sydney  
29 March 2011



Accountants | Business and Financial Advisers

**RGM MEDIA LIMITED**

**ABN 45 071 781 363**

## **AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of RGM Media Limited:**

As lead auditor for the audit of RGM Media Limited for the 6 months ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of RGM Media Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB MANN JUDD**

A handwritten signature in black ink that reads 'D K Swindells'.

**D K Swindells  
Partner**

**Sydney  
29 March 2011**

## ASX ADDITIONAL INFORMATION

### Analysis of Holdings as at 21 March 2011

Holdings Ranges	Holders	Total Units	%
1-1,000	993	286,080	0.255
1,001-5,000	340	788,642	0.703
5,001-10,000	323	3,014,361	2.688
10,001-100,000	93	3,261,178	2.907
100,001-99,999,999,999	51	104,810,359	93.447
<b>Totals</b>	<b>1,800</b>	<b>112,160,620</b>	<b>100.000</b>

There are currently 1,333 holders with less than a marketable parcel of 5,263 shares

#### Top 20 Holdings as at 21-03-2011

Holder Name	Fully paid ordinary shares	
	Balance at 21-03-2011	%
CHIMAERA CAPITAL LIMITED	25,802,308	23.005
DMG & PARTNERS SECURITIES PTE LTD <CLIENTS A/C>	12,628,000	11.259
MS ROBYN GARDINER	8,499,958	7.578
DEVESH CHETTY	8,499,958	7.578
LAOSHAN CAPITAL LLP	6,137,154	5.472
DYLIDE PTY LTD	3,917,275	3.493
GOLDEN VILLAGE MULTIPLEX PTE LTD	3,750,000	3.343
MR BERNARD FUNG	3,400,000	3.031
MR GEOFFREY GARROTT <THE OPAL A/C>	3,000,000	2.675
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,654,933	2.367
MARLOSS FIFTEEN PTY LTD	2,500,000	2.229
CHALMSBURY NOMINEES PTY LTD <BLACK A/C>	2,345,033	2.091
MR JULIAN REIS	2,222,222	1.981
NG KAI MAN CLEMENT	1,810,000	1.614
AMN NOMINEES PTY LIMITED	1,542,725	1.375
CORALCO PTY LTD	1,350,000	1.204
GUNNAR CHRISTIANI	1,262,250	1.125
ANDAMA HOLDINGS PTY LTD <J & M BARLOW PENSION A/C>	1,234,180	1.100
CAPITAL ACCRETION PTY LTD <THE FORTIFIED VALUE A/C>	858,565	0.765
CADG INTERNATIONAL PTY LTD	785,556	0.700
<b>Total</b>	<b>94,200,117</b>	<b>83.985</b>
<b>Issued Capital</b>	<b>112,160,620</b>	

## Substantial Holdings as at 21-03-2011

Holder Name	Fully paid ordinary shares	
	Balance at 21-03-2011	%
CHIMAERA CAPITAL LIMITED	25,802,308	23.005
DMG & PARTNERS SECURITIES PTE LTD <CLIENTS A/C>	12,628,000	11.259
MS ROBYN GARDINER	8,499,958	7.578
DEVESH CHETTY	8,499,958	7.578
LAOSHAN CAPITAL LLP	6,137,154	5.472

## Ordinary Share Capital

The following shares are held in Escrow

Shares	Release from Escrow
13,127,720	29/07/2012

## Options

Vesting date	Expiry date	Number of shares into which options convert	Exercise price (\$)
29 May 2009	29 May 2013	40,000	6.25
29 May 2010	29 May 2013	80,000	10.00
29 May 2011	29 May 2013	80,000	12.50
25 April 2009	25 April 2011	12,000	0.25
28 July 2010	28 July 2015	640,000	0.50
28 July 2010	1 October 2012	200,000*	0.25

TOTAL: 1,052,000

\* Restricted for 24 months from 4 August 2010.