



SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996

FINANCIAL REPORT
FOR YEAR ENDED 30 JUNE 2009

Registered Office and Principal Place of Business:
Level 25 Chifley Tower
Sydney NSW 2000
AUSTRALIA

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
DIRECTORS' REPORT

Your directors present this report on Select Design Technologies Limited, "the Company", for the twelve months financial period ended 30 June 2009.

Directors

The names of each person who has been a director during that twelve months period and to the date of this report are:

David Francis Diamond, Chairman & Company Secretary
Stephen Michael Hargreaves, Chief Executive Officer
Rodney Gaskell (Appointed 1 November 2007, resigned 16 February 2009)

Operating Results

The loss of the Company for the financial period to 30 June 2009, after providing for income tax and outstanding regulatory payments, amounted to \$251,893 (2008 loss: \$7,508).

Fund Raising Activities

Issued Capital increased during the year from \$4,363,278 to \$4,573,278, an increase of \$210,000. This issue was to a director at 1 cent in respect of services rendered.

The Company has on issue 158,216,423 options (2008 309,782,421 options) exercisable at 0.066 cents expiring on 31 December 2010. No options were exercised during the year.

Key Actions during the Twelve Months to 30 June 2009 and To This Date

Key actions during the period were mainly related to seeking Investors or Research and Development partners that would work with us to further develop the Smartmatic and aggressively market it to the world's major car and transmission manufacturers.

- A mutual licence agreement was signed with International Innovations Limited in February 2006 whereby the company's Smartmatic technology will be marketed and the benefits shared between it and International Innovations Limited's Quick Inducting Shifting Device ("QISS") technology. Under this agreement the two companies agreed to build prototype transmissions using either QISS and/or Smartmatic gear actuation systems at shared costs and benefits in a 50-50 proportion.
- Shareholders unanimously resolved at a general meeting held on 11 September 2007 jointly with the shareholders of International Innovations Limited, to merge these two companies. Accordingly offers were sent out to SDTL shareholders offering a one for one exchange whereby SDTL shareholders gave up their SDTL shares and received instead one IIL share. This occurred successfully and 63% of SDTL shareholders agreed to exchange the shares. SDTL then became a subsidiary of IIL.

The Smartmatic technology and all assets and patents related to it are now owned by the merged Group.

The patents held by the Company have been reviewed and maintained in protection of the Company's major assets.

SELECT DESIGN TECHNOLOGIES LIMITED

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DIRECTORS' REPORT (CONT'D)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company has become a subsidiary of International Innovations Limited as a result of shareholders accepting an offer from that Company during the year. International Innovations Limited now owns 63% of the shares in Select Design Technologies Limited.

Otherwise no significant changes in the state of affairs of the Company occurred during the financial period, from 1 July 2008 to 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial period was:

- Maintaining and Expanding on the Patent Protection Regime for our Technology
- Marketing and Promotion of SDTL and its Intellectual Property

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

No dividends were paid or declared during the 12 months period ended 30 June 2009. No recommendation for payment of dividends has been made.

INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or were agreed to be given, or insurance premiums paid or agreed to be paid, during the reporting period or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

INFORMATION ON DIRECTORS

DAVID FRANCIS DIAMOND Executive Chairman and Company Secretary (Born 16/4/1948)
Bachelor of Business Studies, Trinity College Dublin, Chartered Accountant

David Diamond has a background of 30 years in accounting, audit and reconstruction with major accounting firms. This involved many differing financial and managerial assignments mainly at the request of banks, financiers and investors.

Since 1995, David has been an independent consultant and adviser to companies requiring financial, strategic and managerial advice over a wide range of industries. These industries include gold mining, construction, media, manufacturing, hospitality management. This has included positions as a director and chairman of private as well as publicly listed companies, as well as adviser to financial institutions in the resolution of disputes and claims.

David was a director and Chairman of the company since 2000, and resigned in June 2005. Together with Steve Hargreaves he took up directorship again on 3 February 2006 and became Chairman again on that date.

Interest in Shares and Options of Select Design Technologies Limited as at the date of this report.

- NIL. (All shares held sold to International Innovations Limited and options redeemed).

SELECT DESIGN TECHNOLOGIES LIMITED
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DIRECTORS' REPORT (CONT'D)

INFORMATION ON DIRECTORS (CONT'D)

STEPHEN MICHAEL HARGREAVES Chief Executive Officer (Born 8/4/1959)

Steve's experience includes the successful establishment and capital raising for public companies, and management of those companies for commercialising inventions. For 15 years Steve has been involved in dealings with the largest automotive laboratories involved in the research and development of new products for the car industry. This led to his involvement with Select Design Technologies Limited which he founded in 1999. He developed the company for the purpose of marketing the product around the world in order to provide benefit to shareholders. Steve resigned as director in December 2003 and was asked to return in early 2006, which resulted in him becoming a director again on 3 February 2006, as well as taking the position again as Chief Executive Officer on that date.

Steve, in the period after initially leaving Select Design, founded International Innovations Limited, a public company involved in developing the QISS automotive product as well as WASTE HEAT energy generating products known as "The Amps Family" (AMPS, Euroamps & Moreamps).

Interest in shares and options as at the date of this report:

Ordinary Shares - NIL
Options at 6.66 cents each - NIL

Stephen accepted the offer from International Innovations and sold his shares in SDTL and all options held were redeemed.

RODNEY GASKELL – Non-Executive Director
Bachelor of Commerce, Diploma of Education

Rodney was appointed on 01/11/2007. He has a wide and varied experience in education, counselling and administration. Rodney resigned 1 November 2009.

Interest in shares and options as at the date of this report:

Ordinary shares - NIL
Options at 6.6 cents each - NIL

Directors Name	Directors' Meetings	
	Number Eligible to Attend	Number Attended
David Francis Diamond	1	1
Stephen Michael Hargreaves	1	1
Rodney Gaskell	1	1

SUBSEQUENT EVENTS

Re SDTL's Technology and R&D Program:

The major challenge has been to raise sufficient funds to build much-needed demonstration transmissions and cars to showcase the numerous and significant advantages of the Smartmatic transmission over and above its competitors.

During the financial year reported on herein, negotiations continued to market the company's technology together with International Innovations Limited's QISS technology.

The purpose of the project is to develop a transmission which is smaller, cheaper and lighter than what is currently available. It is hoped to reduce the costs of a transmission thereby which Directors believe will offer a substantial competitive, and to provide recommendations for refinements. The Directors of the Company have yet to decide on the timetable and plan for this activity, and are being advised by Franz Jegel at www.ghm-engineering.at on future developments.

SELECT DESIGN TECHNOLOGIES LIMITED

ABN 50 087 910 996

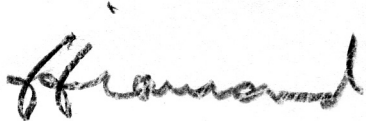
DIRECTORS' REPORT (CONT'D)

SHARE OFFER FROM INTERNATIONAL INNOVATIONS

Since the year-end 2008 International Innovations Limited made an offer of 1 share in that company for each share in SDTL. 63% of the SDTL shareholders accepted the offer. As part of that offer the accepting shareholders in SDTL agreed to redeem their options held in SDTL, which has resulted in the options reducing from 309,782,421 as at 30 June 2008 to 158,216,423 as at 30 June 2009, a reduction of 151,565,998 options.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is attached on page 5.



D F Diamond
Director



S M Hargreaves
Director

16 June 2010
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Select Design Technologies Limited for the year ended 30 June 2009, 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 Select Design Technologies Limited during the year.



R A Dean
Partner
PKF

16 June 2010
Melbourne

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Liability limited by a scheme approved under Professional Standards Legislation.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
		\$	\$
Revenue	2	-	19
Directors salaries and fees(share based payment)		(210,000)	(909)
Legal costs		-	(1,623)
Travel costs		-	(5,567)
Occupancy costs		-	(3,668)
Patent maintenance		(11,908)	(23,827)
Consultants fees		-	(10,200)
Accounting and audit		(14,528)	-
Shareholder and investor expenses		-	(11,197)
Other (expenses)credits		(15,457)	49,464
Loss before income tax		(251,893)	(7,508)
Income tax expense	4	-	-
Loss for the period		(251,893)	(7,508)

The accompanying notes form part of the financial statements

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
BALANCE SHEET
AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	5	100	127
TOTAL CURRENT ASSETS		<u>100</u>	<u>127</u>
TOTAL ASSETS		<u>100</u>	<u>127</u>
CURRENT LIABILITIES			
Trade and other payables	8	218,533	176,998
Bank overdraft	5	<u>331</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>218,864</u>	<u>176,998</u>
TOTAL LIABILITIES		<u>218,864</u>	<u>176,998</u>
DEFICIENCY IN NET ASSETS		<u>(218,764)</u>	<u>(176,871)</u>
EQUITY			
Issued capital	9	4,573,278	4,363,278
Accumulated losses		<u>(4,792,042)</u>	<u>(4,540,149)</u>
TOTAL DEFICIENCY		<u>(218,764)</u>	<u>(176,871)</u>

The accompanying notes form part of these financial statements

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance as at 30 June 2007	4,194,038	(4,532,641)	(338,603)
Issue of share capital	191,240	-	191,240
Profit/(Loss) for the period	-	(7,508)	(7,508)
Share issue costs	(22,000)	-	(22,000)
Balance as at 30 June 2008	<u>4,363,278</u>	<u>(4,540,149)</u>	<u>(176,871)</u>
Issue of share capital	210,000		210,000
Loss for the period	-	(251,893)	(251,893)
Balance as at 30 June 2009	<u>4,573,278</u>	<u>(4,792,042)</u>	<u>(218,764)</u>

	Notes	2009 \$	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers		(1,858)	-
Interest received		-	19
GST paid		-	-
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	14	<u>(1,858)</u>	<u>19</u>
Net proceeds from issue of shares	9	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advance from related party		<u>1,500</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net increase/(decrease) in cash held		(358)	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>127</u>	<u>108</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR - (Overdraft)	14	<u>(231)</u>	<u>127</u>

The accompanying notes form part of these financial statements.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

INTRODUCTION

The financial report is for the entity Select Design Technologies Limited for the year ended 30 June 2009 as an individual entity. Select Design Technologies Limited is a public company, incorporated and domiciled in Australia. International Innovations limited owns 63% of the Company. The registered office and principal place of business is c/- Servcorp, Chifley Tower 25/2 Chifley Square NSW 2000. The operations and principal activities of the company comprise:

- Maintaining and expanding on the Patent protection Regime for our technology.
- Marketing and Promotion of the Company's intellectual property together with QISS, a technology owned by International Innovations Limited.

The financial report is in Australian dollars and was authorised for issue by the Directors on the date shown on the Director's declaration attached to the financial report.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001, and complies with other requirements of the law.

The report is prepared on a going concern and accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies have been adopted in the preparation and presentations of the financial report. The accounting policies have been consistently applied and are consistent with those of the previous year.

Financial report complies with AIFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with the Australian equivalents to IFRS (AIFRS) ensures that the financial report, comprising the financial statements and notes of Select Design Technologies Limited, complies with IFRS.

Going Concern

The financial report has been prepared in accordance with generally accepted accounting principles, which are based on the Company continuing as a going concern.

The Company was incorporated in 1999 to acquire and further develop the Smartmatic transmission system. Since that time the Company has further developed the technology, sought commercial opportunities and protected the technology through the registration and maintenance of patents. The cost of these activities and general administration costs have been met from capital raisings. During the 2009 financial year International Innovations Limited ("IIL") has become the parent entity of the Company with a 63% shareholding. As the Company has not received any revenue streams from these activities it has incurred losses from incorporation to the current date and for the year ended 30 June 2009 these amounted to \$251,983. The Company had a deficiency of net assets of \$218,764 as at that date. The Company has received confirmation of support from the parent Company IIL. However the directors note that IIL itself has a deficiency of net assets and is dependent upon the ongoing support of its creditors, future capital raisings or ongoing support from the Company's chairman, Mr Hargreaves.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

These matters give rise to a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Company's liabilities comprise loans from directors amounting to \$90,223, a loan from the holding company, IIL, amounting to \$77,463 and accruals of \$41,078.

A letter of support has been received from Mr Hargreaves who undertakes to continue to provide funding to the Company such that it is able to meet its liabilities as and when they fall due for as long as the Company requires such funding. The directors of Select Design Technologies Limited have satisfied themselves as to the capacity of Mr Hargreaves to provide the required financial support.

The directors of IIL have advised the Company that they are working to prepare a disclosure document to raise capital from existing shareholders through a rights issue to be followed by the preparation of a prospectus to raise further capital through an initial public offering by IIL.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(a) Income Tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering/(settling) all assets/(liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(b) Property, Plant and Equipment

Property plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets.

All items of plant and equipment are depreciated using the straight line method. Plant and equipment are depreciated over their useful lives commencing from the time the asset is held ready for use.

On disposal of an item of plant and equipment, the difference between the sales proceeds and the carrying amount of the asset at the time of disposal is recognised as income or expense.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Leases

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

(d) Intangibles

Patents and Trademarks

Patents and trademarks are valued in the accounts at cost of acquisition and are amortised over their useful life. Not all patents for the Smartmatic Selector and Gearbox have been recognised as a standard patent, the costs capitalised, representing for the most part, a patent application. The patents and trademarks are being amortised over twenty (20) years.

(e) Financial Assets and Financial Liabilities

Financial assets and liabilities are recognised on the balance sheet when the Company becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(g) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

(h) Revenue

Interest is recognised using the effective interest method.

(i) Goods and Services Tax (GST)

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

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Trade and Other Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

The collectability of debts is assessed at balance date. A provision is raised against this balance to cover any accounts considered doubtful.

(k) Trade and Other Payables

Payables represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

Payables are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

(l) Interest Bearing Liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(m) Comparative Figures

Comparatives have been reclassified where appropriate so as to be consistent with the figures presented in the current year. Australian equivalents to International Financial Reporting Standards have been applied to all current and comparative figures consistently.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 2: REVENUE		
Other income	-	
- interest	-	19
	<u>-</u>	<u>19</u>

NOTE 3: ITEMS INCLUDED IN LOSS

Loss before income tax has been determined after:

Expenses:

Deferred Superannuation Fund contributions

-

Remuneration of the auditors for:

- audit or review services

9,000

8,000

- other services

-

-

9,000

8,000

NOTE 4: INCOME TAX EXPENSE

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on loss before income tax at 30% (2008: 30%)

(75,568)

(2,252)

Add:

Tax effect of:

- other non-allowable items

-

-

Less:

Tax effect of: Deferred Tax benefit arising from tax losses not brought to account at balance date as realisation of the benefit is not regarded as immediately probable at 30%

75,568

2,252

Income tax expense attributable to loss

-

-

Deferred Tax benefit of \$1,441,843 as at 30 June 2009, (2008: \$1,366,275) arising from tax losses was not brought to account at balance date as the likelihood of realisation in the immediate future is not regarded as probable. The directors have not undertaken full assessment to determine the future availability of the losses.

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash on hand

100

100

Cash at bank

-

27

Bank overdraft

(331)

-

(231)

127

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
NOTE 8: TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities		
- Directors (and former directors)	53,949	55,719
- Loan payable - former director	36,274	36,274
- Short-term loan - Holding Company	77,463	26,574
- Accruals- other	50,847	58,431
	<u>218,533</u>	<u>176,998</u>

NOTE 9: ISSUED CAPITAL

409,149,178 (2008: 388,149,178) fully paid ordinary shares 4,573,278 4,363,278

Capital Contributed	2009		2008	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	388,149,178	4,363,278	371,107,845	4,194,038
Issued during the year	21,000,000	210,000	17,041,333	169,240
End of financial year	<u>409,149,178</u>	<u>4,573,278</u>	<u>388,149,178</u>	<u>4,363,278</u>

The issues of shares during the year were: 21,000,000 shares at nil consideration.

Options

The Company has on issue 158,216,423 options (2008: 309,782,421 options) exercisable at \$0.066 cents expiring on 31 December 2010. No options were exercised during the year.

NOTE 10: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise the directors.

Short term employee and contractor benefits received by the directors during the year are:

	2009	2008
	\$	\$
Mr Stephen Hargreaves	100,000	-
Mr David Diamond	100,000	-
Mr Rodney Gaskill	10,000	-
	<u>210,000</u>	<u>-</u>

The remuneration was satisfied by way of the issue of 21,000,000 shares at the directors assessed value of 1 cent per share.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: RELATED PARTY TRANSACTIONS

Directors:

The names of directors who have held office during the financial year were:

Stephen Hargreaves
David Diamond
Rod Gaskell Appointed: 01/11/2007
Mark Webb Resigned: 18/07/2007

(a) Director Related Transaction

Mr Klaricic, whilst a director, provided a loan to the Company of \$36,274. This loan is on an unsecured interest free basis and is only repayable once free funds are available to the Company from revenue.

(b) Director Related Party Transactions

As referred to in note 10 above Messrs Hargreaves, Diamond (and the since retired director Mr Gaskell) provide managerial and administrative services to the Company and are remunerated as shown.

(c) Equity Instruments of Directors Interests at Balance Date

Interest in the equity instruments of the Company held by the directors are:

	Ordinary Shares		Options Over Fully Paid Ordinary Shares	
	2009 No.	2008 No.	2009 No.	2008 No.
David Francis Diamond	-	22,000,000	-	17,500,000
Stephen Michael Hargreaves	-	61,120,456	-	59,495,078
Mark Webb	-	180,000	-	180,000
Rod Gaskell	-	3,710,000	-	410,000
Total	-	93,010,456	-	77,585,078

The directors transferred their entitlement in shares and options in the Company to International Innovations Limited in response to the offer from that company during the year. Consequently they hold no shares or options at the balance date 30 June 2009.

(d) Financial Support

During the year the company received financial support in meeting its commitments from International Innovations limited (IIL) which owns 63% of the Company. At 30 June 2009 the Company owes IIL \$77,463 which is interest free and at call. The Company has received confirmation of ongoing support from International Innovations Limited and from the director Mr Stephen Hargreaves.

NOTE 12: SEGMENT REPORTING

The Company's principal activities relate to its continuing research and development and marketing of its Smartmatic technology together with QISS, owned by International Innovations, as a selector and launch device for the automotive market. These activities are undertaken worldwide, with emphasis on Europe, United States of America and Asia.

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13: FINANCIAL INSTRUMENTS

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities.

	Floating Interest		Non-Interest Bearing	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash assets	-	27	100	100
Prepayments/other debtors	-	-	-	-
Total Financial Assets	-	27	100	100
Interest rate	5%	5%		
Financial Assets				
Bank overdraft	331	-	-	-
Payables	-	-	218,533	176,998
Net Financial Assets/(Liabilities)	(331)	27	(218,433)	(176,898)

NOTE 14: CASH FLOW INFORMATION

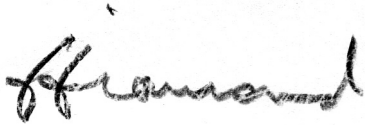
	2009	2008
	\$	\$
(a) Reconciliation of cash		
Cash at the end of the financial year is reconciled to the related items in the Balance Sheet as follows:		
Cash on hand	5	100
Cash at bank	5	-
Bank overdraft	5	(331)
	(231)	127
(b) Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(251,893)	(7,508)
Share capital raised banked in director related entity	210,000	169,240
Decrease/(increase) in other debtors and prepayments	-	110,544
Increase/(decrease) in trade and other payables	40,035	(272,257)
Cash flow generated by/(used in) operations	1,858	19

SELECT DESIGN TECHNOLOGIES LIMITED
ABN 50 087 910 996
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes
 - (a) comply with accounting standards and the Corporations Act 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and performance for the period ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable for the reason stated in Note 1 to the Statement of Accounting Policies.

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



D F Diamond
Chairman



S M Hargreaves
Director

16 June 2010
Melbourne

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SELECT DESIGN TECHNOLOGIES LIMITED**

Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Select Design Technologies Limited, which comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for Adverse Auditor's Conclusion

The Directors have prepared the financial report on the going concern basis as described in Note 1 "Going Concern" and state in the Director's declaration that in their opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The Company has previously received financial support from its parent entity, International Innovations Limited (IIL) and its director, Mr Steve Hargreaves. IIL itself has a deficiency of assets and is reliant on future capital raisings or ongoing support from Mr Hargreaves. Both IIL and Mr Hargreaves have provided letters indicating their ongoing support, however we have been unable to obtain sufficient appropriate evidence as to whether the company will be able to raise funds or the Director, Mr Steve Hargreaves, has the capacity to provide funding to ensure the company will be able to continue to pay its debts as and when they fall due.

The Company's parent entity is considering methods of raising additional capital to meet its liabilities and fund its ongoing operations and research and development activities. At the date of this report no funding has been received. We have not been able to obtain sufficient appropriate evidence to conclude that it is not highly improbable that the company will continue as a going concern.

Adverse Auditor's Conclusion

For the reasons set out in the Basis for Adverse Auditor's Conclusion paragraph above, we conclude that the financial report of Select Design Technologies Limited is not in accordance with the Corporations Act 2001, and does not:

- (a) give a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) comply with Australian Accounting Standards and the Corporations Regulations 2001.



PKF

16 June 2010
Melbourne



R A Dean
Partner

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