UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A-1

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ______________ to _______________.

Commission File Number 0-49801

MEDIANET GROUP TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	**13-4067623**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5200 Town Center Circle, Suite 601
Boca Raton, FL 33486
(Address of principal executive offices)

561-417-1500
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for the such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐
Non-accelerated filer	☐
Accelerated filer	☐
Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of preferred stock outstanding as of August 23, 2010:	3,858,067
Number of shares common stock outstanding as of August 23, 2010:	28,621,680

EXPLANATORY NOTE

On December 16, 2010, the Board of Directors of the Company determined that the unaudited consolidated financial statements for the three months and six months ended June 30, 2010, should be restated as a result of material misstatements. The determination to restate the unaudited consolidated financial statements was made in connection with management's assessment of accounting errors it discovered in connection with the preparation of the audited consolidated financial statements for the year ended September 30, 2010.

The Company has restated its balance sheet as of June 30, 2010 and its Statements of operations, shareholders' equity and cash flows for the three and nine months then ended to correct errors in its accounting. Certain reclassifications to conform to the presentations used in fiscal year 2010 have also been made to prior quarter's consolidated financial statements, none of which had any effect on previously reported net income or loss, or related per share amounts, of any period.

The descriptions of the error corrections and the effects of the restatements of the June 30, 2010 financial statements are as follows:

(1) adjust cash for currency transaction losses not previously recorded;
(2) reclassify deferred expenses previously netted to deferred revenue;
(3) reclassify cash previously reported as a deposit;
(4) adjust commissions payable for currency transaction losses not previously recorded;
(5) record liability for unearned subscription revenue not previously recorded;
(6) intercompany transactions not previously eliminated;
(7) adjust for costs erroneously recorded in 2010; and
(8) correct 2010 tax provision.

As a result, on December 16, 2010, after discussion with the Company's independent registered public accounting firm, the Company's Board of Directors determined that the previously issued financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2009 and in its Forms 10-Q for the periods ended December 31, 2009, March 31, 2010 and June 30, 2010 should not be relied upon. The Company simultaneously herewith is filing amendments to its Quarterly Reports on Form 10-Q for the quarters ended December 31, 2009, March 31, 2010 and June 30, 2010 to reflect these restatements. The Company restated its financial statements for the year ended September 30, 2009 concurrently with the filing of its Annual Report for the year ended September 30, 2010.

For the convenience of the reader, this Form 10-Q/A sets forth the Company's original Form 10-Q for the quarter ended June 30, 2010 (the "Original 10-Q") in its entirety, as amended by, and to reflect, the restatement. No attempt has been made in this Form 10-Q/A to update other disclosures presented in the Original 10-Q, except as required to reflect the effects of the restatement. This Form 10-Q/A does not reflect events occurring after the filing of the Original 10-Q, or modify or update those disclosures, including the exhibits to the Original 10-Q affected by subsequent events.

The following sections of this Form 10-Q/A have been amended to reflect the restatement:

Part I – Item 1 – Financial Statements;

Part I – Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations;

Part II – Item 1 – Legal Proceedings.

This Form 10-Q/A has been signed as of a current date and, as required by Rule 12b-15 of the Securities Exchange Act of 1934, all certifications of the Company's Chief Executive Officer and our Chief Financial and Accounting Officer are given as of a current date. Accordingly, this Form 10-Q/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the Original 10-Q, including any amendments to those filings.

USE OF NAMES

In this quarterly report, the terms “MediaNet,” “Company,” “we,” or “our,” unless the context otherwise requires, mean MediaNet Group Technologies, Inc. and its subsidiaries.

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PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MediaNet Group Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets

	June 30, 2010 (Unaudited)	September 30, 2009 (Audited Note 2)
Assets		
Current Assets		
Cash and cash equivalents	$ 893,570	$ 2,533,649
Restricted cash	2,129,723	721,987
Accounts receivable, net	-	72,985
Inventory	687,747	401,113
Prepaid customer acquisition costs	4,297,599	2,577,168
Prepaid expenses and other current assets	49,321	127,165
Total current assets	8,057,960	6,434,067
Property and equipment, net	1,801,829	94,109
Other Assets		
Deposits	80,630	32,212
Option agreement	250,000	-
Real estate contract	2,219,138	-
Total other assets	2,549,768	32,212
Total assets	$ 12,409,557	$ 6,560,388
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 248,872	$ 121,451
Accrued liabilities	18,874	585,623
Accrued incentives	-	644,075
Loyalty points payable	287,222	209,025
Commissions payable	1,150,675	2,116,250
Deferred rent	116,456	-
Customer deposits	9,760	18,342
Deferred revenue	8,696,910	5,560,762
Note Payable-related party	399,322	191,322
Total current liabilities	10,928,091	9,446,850
Stockholders' Equity (Deficit)		
Preferred stock - $.01 par value, 5 million shares authorized, 3,858,067 issued and outstanding	38,581	-
Common stock - $.001 par value, 50,000,000 shares	-	-
authorized, 28,621,680 outstanding (See Notes 11 and 13)	28,621	27,304
Additional paid-in capital	2,042,440	(768,528)
Accumulated other comprehensive income (loss)	(894,521)	(96,014)
Retained earnings (Deficit)	266,345	(2,049,224)
Total stockholders' equity	1,481,466	(2,886,462)
Total liabilities and stockholders' equity	$ 12,409,557	$ 6,560,388

See accompanying notes to condensed consolidated financial statements

MediaNet Group Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the three months ended June 30, 2010	For the three months ended June 30, 2009	For the nine months ended June 30, 2010	For the nine months ended June 30, 2009
Revenues	$ 6,102,897	$ 3,753,679	$ 16,718,961	$ 9,837,048
Direct cost of revenues	1,840,894	405,577	8,601,810	4,210,739
Gross Profit	4,262,003	3,348,102	8,117,151	5,626,309
Operating Expenses	3,431,770	3,195,156	5,569,190	5,094,829
Income (loss) from operations	830,233	152,946	2,547,961	531,480
Interest income (expense) –net	(265)	-	(7,404)	(3,607)
Income (loss) from continuing operations before income taxes	829,968	152,946	2,540,557	527,873
Income taxes -benefit, (expense)	-	-	-	-
Income (loss) from continuing operations	829,968	152,946	2,540,557	527,873
Discontinued operations				
Loss from discontinued segment	-	(373,166)	-	(1,605,423)
Gain from sale of subsidiary	-		-	74,990
Net income (loss)	829,968	(220,220)	2,540,557	(1,002,560)
Foreign currency translation adjustment	(386,197)	(27,991)	(798,506)	(75,716)
Comprehensive Income (Loss)	$ 443,771	$ (248,211)	$ 1,742,051	$ (1,078,276)
Earnings (loss) per share:				
Continuing operations				
Basic	$ 0.03	$ 0.01	$ 0.09	$ 0.03
Fully Diluted	$ 0.00	$ 0.01	$ 0.01	$ 0.03
Discontinued operations				
Basic	$ 0.00	$ (0.02)	$ 0.00	$ (0.08)
Fully Diluted	$ 0.00	$ (0.02)	$ 0.00	$ (0.08)
Weighted average number of shares outstanding during the period				
Basic	28,621,680	20,674,802	28,100,031	20,674,802
Fully Diluted	337,450,905	20,674,802	318,399,072	20,674,802

See accompanying notes to condensed consolidated financial statements.

MediaNet Group Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the nine months ended June 30, 2010	2009
Cash flows from operating activities		
Net Income from continuing operations	$ 2,540,557	$ 527,873
Reconcile net income (loss) to net cash used in operating activities:		
Prior period adjustment	(1,560,795)	-
Currency gains and losses	(141,307)	-
Depreciation and amortization	523,022	17,583
Discontinued operations	-	(1,605,423)
Stocks & Warrants issued for services	-	97,709
(Increase) decrease in assets:		
Restricted cash	(1,422,709)	(1,248,451)
Accounts receivable	71,398	(764,931)
Inventory	(288,842)	33,693
Prepaid customer acquisition costs	(1,724,125)	(1,255,480)
Prepaid expenses	77,844	225
Other Current Assets	(2,217)	-
Increase (decrease) in liabilities:		
Accounts payable	126,580	406,336
Accrued liabilities	(562,154)	19,414
Accrued incentives	(635,401)	-
Loyalty points payable	78,197	47,339
Commission payable	(932,430)	1,152,168
Deferred rent	116,456	-
Customer deposits	(7,901)	(71,649)
Deferred revenue	3,200,891	2,777,618
Notes Payable-related party	-	88,000
Net cash provided (used) in operating activities	(542,936)	222,024
Cash flows from investing activities:		
Deposits	(48,419)	-
Option agreement	(250,000)	-
Purchase of software license	(743,750)	-
Purchase equipment	(152,794)	(78,750)
Net cash provided (used) in investing activities	(1,194,963)	(78,750)
Cash flows from financing activities		
Borrowings under Note Payable related party	825,535	56,500
Repayments of Note Payable related party	(654,021)	-
Proceeds from issuance of common shares	133,185	511,035
Net cash provided (used) by financing activities	304,699	567,535
Effect of exchange rate changes on cash	(206,879)	110,662
Net increase (decrease) in cash and equivalents	(1,640,079)	821,471
Cash at beginning of period	2,533,649	80,037
Cash at end of period	$ 893,570	$ 901,508
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 7,404	$ 3,607
Cash paid for income taxes	-	-
Supplemental disclosures of non-cash transactions:		
Foreign translation adjustment - comprehensive loss	$ (798,507)	-
Stock issued for software	$ 1,337,673	$ (75,716)
Shareholder contribution for real estate contract	$ 1,440,708	-
Recapitalization	$ 6,874,886	-
Cashless warrant	$ 482	-

See accompanying notes to condensed consolidated financial statements.

MediaNet Group Technologies, Inc. and Subsidiaries
Condensed Notes to Consolidated Financial Statements
(Unaudited)

Note 1 - Description of Business

MediaNet Group Technologies, Inc. ("MediaNet Group" or the "Company"), through its wholly owned subsidiaries, is a global marketing company that sells merchandise to consumers through Internet-based auctions conducted under the trade name "DubLi.com." As of June 30, 2010, our online auctions were conducted in Europe, North America, Australia and New Zealand and a global auction portal serving the balance of the world. We have a network of independent business associates that sold "credits", or the right to make a bid in one of our auctions (referred to herein as "Credit" or "DubLi Credits"). These auctions are designed to offer consumers real savings on these goods. The Company, through its subsidiary, BSP Rewards, Inc., also offers private branded loyalty and reward web malls where members receive rebates (rewards) on products and services from participating merchants.

The Company is organized in Nevada and has its principal executive offices in Boca Raton, Florida. The Company's wholly owned subsidiaries are domiciled in Delaware, Florida and Nevada in the United States and in the, British Virgin Islands, Cyprus and Berlin, Germany.

As of August 23, 2010, our President and Chief Executive Officer, through his beneficial ownership of the Company's outstanding Series A Preferred Stock, has the indirect shared power to cast approximately 88% of the combined votes that can be cast by the holders of the Common Stock and the Series A Preferred Stock, which generally vote together as a single class on all matters submitted to the vote of shareholders. Accordingly, he, along with another person who is not an officer or director of the Company, has the power to influence or control the outcome of important corporate decisions or matters submitted to a vote of our shareholders, including, but not limited to, increasing the authorized capital stock of the Company, the dissolution, merger or sale of the Company's assets and the size, membership of the Board of Directors and all other corporate actions.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not contain all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments which are necessary for the fair presentation of the condensed consolidated financial statements have been included and all such adjustments are of a normal and recurring nature. The operating results for the three months ended June 30, 2010 are not necessarily representative of the results of future quarterly or annual periods. The following information should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

The unaudited condensed consolidated financial statements include the accounts of MediaNet Group Technologies, Inc. and its subsidiaries which are wholly owned or otherwise under common control. All intercompany accounts and transactions have been eliminated in consolidation. The following subsidiaries are included in the consolidation at June 30, 2010 and 2009.

BSP Rewards, Inc.	Wholly owned	Actively engaged in business
CG Holdings, Ltd.	Wholly owned	Actively engaged in business
DUBLICOM Limited	Wholly owned	Actively engaged in business
DubLi Network Limited	Wholly owned	Actively engaged in business
Lenox Logistik und Service GmbH	Wholly owned	Actively engaged in business
Lenox Resources, LLC	Wholly owned	Actively engaged in business
DubLi Logistics LLC	Wholly owned *	Actively engaged in business
DubLi Properties, LLC	Wholly owned *	Actively engaged in business
DubLi.com, LLC	Under Common Control	Discontinued operations
DubLi.com GmbH	Under Common Control	Discontinued operations
DubLi Network, LLC	Under Common Control	Discontinued operations

* Acquired May 24, 2010

As is more fully described in Note 12 to the Financial Statements, DubLi Logistics was identified as one of the consolidated subsidiaries of the Company in Amendment No. 1 to the Company's Form 8-K filed with the SEC on February 4, 2010 (the "Form 8-K") and the Company's Form 10-Q for the quarter ended December 31, 2009 (the "Form 10-Q") based upon DubLi Logistics' historical and current operation as an affiliated, profitless, product purchasing agent of DUBLICOM. DubLi Logistics is operated exclusively by employees of Lenox Logistik.

The results of operations and assets and liabilities of DubLi.com, LLC's subsidiaries were also included in the Company's consolidated results of operations as reported in the Form 8-K and Form 10-Q based upon their common ownership and historical relationship to CG Holdings Limited ("CG") and its other consolidated subsidiaries. DubLi.com, LLC, which is a holding company, has never directly operated a business and its subsidiaries were sold or their businesses were discontinued in the second quarter of 2009.

The condensed balance sheet as of September 30, 2009 has been derived from financial statements audited by Lake & Associates LLC, independent public accountants, as indicated in their report included in the Company's 10-K for September 30, 2009.

The Company has evaluated subsequent events and determined no adjustment or additional disclosure other than that already made to these financial statements, specifically in Note 12, is considered necessary based on this evaluation.

Accounting Principles

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

Recent Authoritative Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board ("FASB") issued ASC 605-25, *Revenue Recognition - Multiple-Deliverable Revenue Arrangements.* This guidance addresses how to separate deliverables and how to measure and allocate consideration to one or more units of accounting. Specifically, the guidance requires that consideration be allocated among multiple deliverables based on relative selling prices. The guidance establishes a selling price hierarchy of (1) vendor-specific objective evidence, (2) third-party evidence and (3) estimated selling price. This guidance is effective for annual periods beginning after December 15, 2009 but may be early adopted as of the beginning of an annual period. The Company is currently evaluating the effect that this guidance will have on its consolidated financial position and results of operations, if any.

Foreign Currency

Financial statements of foreign subsidiaries operating in other than highly inflationary economies are translated at year-end exchange rates for assets and liabilities and historical exchange rates during the year for income and expense accounts. The resulting translation adjustments are recorded within accumulated other comprehensive income or loss. Financial statements of subsidiaries operating in highly inflationary economies are translated using a combination of current and historical exchange rates and any translation adjustments are included in current earnings. Gains or losses resulting from foreign currency transactions are recorded in other operating expense.

Reclassifications

Certain amounts reported in previous periods have been reclassified to conform to the Company's current period presentation.

Management's Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates, judgments and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities, deferred income, accruals for incentive awards and unearned auction Credits at the date of the consolidated financial statements, and the reported amounts of revenue and expense during the reporting periods. Examples, though not exclusive, include estimates and assumptions of: loss contingencies; depreciation or amortization of the economic useful life of an asset; stock-based compensation forfeiture rates; estimating the fair value and impairment of assets; potential outcome of future tax consequences of events that have been recognized in our financial statements or tax returns; estimates of incentive awards and unearned auction Credits and determining when investment impairments are other-than temporary. The Company bases its estimates on historical experience and on various assumptions that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions and conditions.

Cash, Cash Equivalents and Financial Instruments

The Company considers all highly liquid instruments with original maturities of three months or less at the date of purchase to be cash equivalents. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short term investments.

Concentrations

The Company maintains its cash in bank deposit accounts in the United States, Germany and Cyprus, which at times may exceed the federally insured limits in those countries. The Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair Value of Financial Instruments

The Company has adopted and follows ASC 820-10, *"Fair Value Measurements and Disclosures"* for measurement and disclosures about the fair value of its financial instruments. ASC 820-10 establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820-10 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by ASC 820-10 are:

> *Level 1* — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
>
> *Level 2* — Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
>
> *Level 3* — Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Valuation of instruments includes unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

As defined by ASC 820-10, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale, which was further clarified as the price that would be received to sell an asset or paid to transfer a liability ("an exit price") in an orderly transaction between market participants at the measurement date. The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, prepaid and other current assets, and other assets, accounts payable, accrued expenses, accrued interest, taxes payable, and other current liabilities, approximate their fair values because of the short maturity of these instruments. The Company's notes payable to shareholders approximates the fair value of such instrument based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2010.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis and, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at June 30, 2010, nor any gains or losses reported in the statements of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date.

Inventory

The inventory represents merchandise purchased at cost. Inventories are stated at lower of cost or market. Cost is determined on the first-in, first-out basis. Shipping and handling costs are included in purchases for all periods presented.

Property, Software and Leasehold Improvements

Property is recorded at cost. The cost of maintenance and repairs of equipment is charged to operating expense when incurred. Depreciation and amortization is determined based upon the assets' estimated useful lives, and is calculated on a straight-line basis when the asset is placed in service. When the Company sells, disposes or retires equipment or replaces a leasehold improvement, the related gains or losses are included in operating results. Property is depreciated over three or seven years and begins when it is placed in service.

Depreciation and amortization are provided for financial reporting on the straight-line methods over the five year estimated useful lives of the assets. Leasehold improvements are recorded at cost and are amortized over the remaining lease term.

Impairment of Long-Lived Assets

In accordance with Statement of ASC 360-10-35, *Property, Plant and Equipment – Subsequent Measurement*, the Company reviews the carrying value of its long-lived assets, which includes property and equipment, and intangible assets (other than goodwill) annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. Estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the business model or changes in operating performance. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, an impairment loss will be recognized, measured as the amount by which the carrying value exceeds the fair value of the asset. Fair value is determined using available market data, comparable asset quotes and/or discounted cash flow models. Management conducted an evaluation of long-lived assets and determined no impairments currently exist.

Revenue Recognition

Product Sales and Services - The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10"). ASC 605-10 requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the selling price is fixed and determinable; and (iv) collectability is reasonably assured. Determination of criteria (iii) and (iv) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Sales of "DubLi Credits" - Consumers bid on the Company's online auctions by purchasing "DubLi Credits" either directly on DubLi.com or from DubLi's independent business associates who are members of the DubLi Marketing Network. All proceeds from the sales of "DubLi Credits" are recorded as deferred revenue until used by the consumer in the bidding process and the related revenue is earned. Purchases of DubLi Credits are non-refundable after six months. Unused Credits remaining in deferred revenue after 12 months are recorded as revenue as if earned. Management makes this estimated adjustment to reduce the deferred revenue liability and to increase revenue recognized based upon historical statistical utilization rates.

BSP Rewards revenue is earned principally from revenue rebates (commissions) earned from merchants participating in its online shopping malls, gift card sales from each rewards mall program and, web design/maintenance/hosting fees it earns for building and hosting its private-branded online mall platform for outside organizations. The Company receives rebates from participating merchants on all transactions processed by BSP through its online mall platform. The percentage rebate paid by merchants varies between 1% and 30% and BSP normally shares 50% of the rebate with the member who made the purchase.

Direct Cost of Revenues

Included in Direct Cost of Revenues are the costs of goods sold and commissions and incentive bonuses earned by business associates on the sales of DubLi Credits. Commissions are based upon each business associate's volume of Credit sales and that of other business associates who are sponsored by the subject business associate. Commissions are paid to business associates at the time of the sale of the Credits and are recognized as a deferred expense until the Credits are used and then are charged to expense. Incentive bonuses are paid either monthly or quarterly and the related expense is recorded when the business associate meets the stated sales goal for each particular promotional event.

Advertising and Marketing Expenses

Advertising and marketing costs are expensed as incurred and include the costs associated with internally developed websites and other marketing programs and materials.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include costs associated with distribution activities, research and development, information technology, and other administrative costs, including finance, legal and human resource functions. Research and development is performed by in-house staff and outside consultants and those costs are expensed as incurred.

Comprehensive Income

Comprehensive income consists of net earnings, unrealized gains or losses on investments, foreign currency translation adjustments and the effective portion of the unrealized gains or losses on derivatives. Comprehensive income is presented in the consolidated statements of shareholders' equity and comprehensive income.

Income Taxes

The Company accounts for income taxes under ASC 740-10, *Income Taxes*. Deferred income tax assets and liabilities are recognized based on differences between the financial statements and tax basis of assets and liabilities using presently enacted tax rates. At each balance sheet date, the Company evaluates the available evidence about future taxable income and other possible sources of realization of deferred tax assets, and records a valuation allowance that reduces the deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

Computation of Income and Loss per Share

The Company computes income and loss per share in accordance with ASC 260, previously SFAS No. 128, *Earnings per Share.* ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the statements of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential Common Stock outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. In periods in which a net loss has been incurred, all potentially dilutive shares of Common Stock are considered anti-dilutive and thus are excluded from the calculation. As of June 30, 2010, the Company had two classes of potentially dilutive derivatives of Common Stock as a result of warrants granted and convertible preferred stock issued.

Dividends

The Company's policy is to retain earnings to provide funds for the operation and expansion of our business and not to pay dividends.

Share-Based Payments

The Company accounts for stock-based compensation in accordance with the provisions of ASC 718, *Stock Compensation*, which establishes the accounting for share-based awards and the inclusion of their fair value in net earnings in the respective periods the awards, were earned. Consistent with the provisions of ASC 718, the Company estimates the fair value of stock options and shares issued under its employee stock purchase plan using the Black-Scholes option-pricing model. Fair value is estimated on the date of grant and is then recognized (net of estimated forfeitures) as expense in the Consolidated Statements of Operations over the requisite service period (generally the vesting period).

ASC 718 requires companies to estimate the fair value of stock-based compensation on the date of grant using an option-pricing model. The Company uses the Black-Scholes model to value stock-based compensation. The Black-Scholes model determines the fair value of stock-based payment awards based on the stock price on the date of grant and is affected by assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions and are fully transferable. Although the fair value of stock options granted by the Company is determined in accordance with ASC 718 and Staff Accounting Bulletin ("SAB") No. 107, *Share-Based Payment,* ("SAB 107") as amended by SAB No. 110, using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

Subsequent Events

(Included in Accounting Standards Codification ("ASC") 855 "Subsequent Events", previously SFAS No. 165 "Subsequent Events")

SFAS No. 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued ("subsequent events"). An entity is required to disclose the date through which subsequent events have been evaluated and the basis for that date. For public entities, this is the date the financial statements are issued. SFAS No. 165 does not apply to subsequent events or transactions that are within the scope of other GAAP and did not result in significant changes in the subsequent events reported by the Company. SFAS No. 165 became effective for interim or annual periods ending after June 15, 2009 and did not impact the Company's financial statements. The Company evaluated for subsequent events through the issuance date of the Company's financial statements. No recognized or non-recognized subsequent events were noted except as described below in Note 11.

Note 3 – Restricted Cash

The Company has agreements with organizations that process credit card transactions arising from purchases of products by customers of the Company. Credit card processors have financial risk associated with the products and services purchased because the processor generally forwards the cash related to the purchase to the Company soon after the purchase is completed. The organization that processes MasterCard/Visa transactions allows the credit card processor to create and maintain a reserve account that is funded by retaining cash that it otherwise would deliver to the Company (i.e., "restricted cash"). Our credit card processor requires a 20% reserve on each sale for a period of six months. The reserve requirements have ranged from a low of 5% to a high of 50%. The restricted cash is on deposit with two such merchant account providers, one in Europe and one in the United States. Both companies are large established organizations with whom the company had on deposit $293,533 and $ 1,836,190, respectively at June 30, 2010.

Note 4 – Foreign Currency

All of the Company's foreign subsidiaries designate the Euro as their functional currency. As of June 30, 2010, the total amount of cash held by foreign subsidiaries was $.7 million unrestricted and $.3 restricted for credit card holdback.

Note 5 – Inventory

Inventory consists of the following at the dates indicated:

	June 30, 2010	September 30, 2009
Merchandise	$ 279,556	$ 321,067
Gift Cards	408,191	80,046
Total	$ 687,747	$ 401,113

Note 6 – Property and Equipment

Equipment at cost consists of office furniture, computer equipment and software. Depreciation expense for the three months and nine months ended June 30, 2010 was $174,341 and $523,022, respectively.

	June 30, 2010	September 30, 2009
Cost	$ 2,311,410	$ 140,484
Accumulated Depreciation	(509,581)	(46,375)
Net	$ 1,801,829	$ 94,109

Note 7 – Real Estate Contract

DubLi Properties, LLC was contributed to the Company by Mr. Hansen on May 24, 2010 in satisfaction of Mr. Hansen's oral pledge to contribute the Cayman Property Rights (described below) to the Company. The Cayman Property Rights, which had a book value of $2,219,138 as of June 30, 2010, were acquired by DubLi Properties, LLC in December 2009 in exchange for 34 parcels of real property valued at $2,132,375, $43,381 of cash and an agreement by DubLi Properties LLC to make an additional $824,244 of payments for a total contract price of $3,000,000. The Company will receive title to the land upon payment of the remaining installments due under the agreement at June 30, 2010, as follows:

July 2010	$ 200,000
August 2010	290,431
September, 2010	290,431
Total	$ 780,862

The primary purpose of the Cayman Property Rights, which consists of a purchase deed with respect to 15 lots in the Cayman Islands, is to reward DubLi business associates upon completion of certain performance objectives. See also Note 13 Merger for a description of the May 24, 2010 acquisition of DubLi Properties, LLC and its land purchase agreement. Subsequent to end of the quarter, the Company has made both the July and August payments leaving only the September payment due at the date of this report. To aid the Company in making the August payment, Mr. Hansen lent the Company $190,431 under a short-term note payable with the same terms and conditions of his prior loan as described in Note 9.

Note 8 – Commitments and Contingencies

The Company has non-cancellable operating leases for office space in Berlin, Germany and Boca Raton, Florida that expire in 2014 and 2020, respectively. Under the lease agreement in Berlin, the Company leases 589.9 square meters of office space and is obligated to pay property taxes, insurance and maintenance costs. The lease agreement in Boca Raton is for 10,476 square feet of office space and the Company is obligated to pay common area maintenance and sales tax. Total rental expense for the three and nine months ended June 30, 2010 was $91,112 and $173,093, respectively.

Future minimum rental commitments for non-cancellable operating leases at June 30, 2010, were as follows:

2010	$ 250,120
2011	343,535
2012	346,127
2013	348,720
2014	351,312
Thereafter	1,605,830
Total	$ 3,245,644

Note 9 – Loans from Shareholders

During 2009, Michael Hansen, the President and Chief Executive Officer of the Company, loaned the Company $99,855. That loan together with a $116,500 loan from the Company's former CEO Martin Berns were repaid in the second quarter.

During the quarter ended June 30, 2010, Michael Hansen advanced the Company $399,356 (290,244€) for working capital purposes. The loan is evidenced by an unsecured note dated August 22, 2010, payable by the Company to Mr. Hansen in the amount referenced above. The note is interest free and due and payable 364 days from the date of the initial advance and thereafter it will be payable upon demand of Michael Hansen.

Note 10 – Income Taxes

The provision (benefit) for income taxes from continuing operations consisted of the following:

	June 30, 2010	September 30, 2009
Current tax benefit:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred tax benefit:		
Federal	-	-
	$ -	$ -

The tax effect of significant items comprising our net deferred tax assets as of June 30, 2010 and September 30, 2009 are as follows:

	June 30, 2010	September 30, 2009
Deferred tax assets:		
Stock options	$ 248,009	$ 90,535
Federal and state net operating loss carryforwards	1,995,278	1,738,948
Foreign net operating loss carryforwards	371,326	109,157
Other	55,346	526
Gross deferred tax assets	2,669,959	1,939,166
Less: valuation allowance	(2,546,601)	(1,939,166)
Net deferred tax assets	123,358	-
Deferred tax liabilities	(123,358)	-
Net deferred taxes	$ -	$ -

At June 30, 2010, the Company had $5,302,362 of net operating loss carryforwards for US federal income tax purposes that expire beginning in 2025. Due to Internal Revenue Code Section 382 limitations related to the change in ownership of the Company, the utilization of pre-acquisition net operating losses is limited on an annual basis. The Company had approximately $3,713,258 of foreign net operating loss carryforwards at June 30, 2010.

In assessing the ability to realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the period in which these temporary differences become deductible. Management considers the projected future taxable income and prudent and feasible tax planning strategies in making this assessment. As of June 30, 2010 and September 30, 2009, valuation allowances of $2,546,601 and $1,939,166 have been recorded, respectively.

A reconciliation of U.S. statutory federal income tax rate related to pretax income (loss) from continuing operations to the effective tax rate for the quarter ended June 30, 2010 and the year ended September 30 is as follows:

	June 30, 2010	September 30, 2009
Statutory rate	35%	-35%
Permanent difference	7%	0%
Effect of foreign earnings	-72%	
State income taxes, net of federal benefit	1%	0%
Valuation allowance	27%	35%
Other	2%	
	0%	0%

Under ASC 740, an entity may only recognize or continue to recognize tax positions that meet a more likely than not threshold. In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based on management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recognized the largest amount of tax benefit with a greater than 50 percent likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Company's financial statements. Management believes that the Company has not taken any material tax positions that would be deemed to be uncertain, therefore the Company has not established a liability for uncertain tax positions for the years ended September 30, 2010 and 2009.

MediaNet Group Technologies Inc. and its subsidiaries file income tax returns in the U.S. federal jurisdiction and Germany. MediaNet Group Technologies Inc. and each of its subsidiaries file separate income tax returns.

Note 11 – Stock and Equity

Common Stock

The Company had authorized 50,000,000 shares of Common Stock, par value $.001 per share, at June 30, 2010 and September 30, 2009, respectively. At September 30, 2009, the Company had 27,843,552 shares of Common stock outstanding. At June 30, 2010 the Company had 28,621,680 shares of Common Stock outstanding.

Preferred Stock

The Company had authorized 5,000,000 shares of Preferred Stock, par value $0.01 per share, at June 30, 2010 and September 30, 2009, respectively. As of September 30, 2009, there were -0- shares of Preferred Stock outstanding. As of June 30, 2010, there were 3,858,067 shares of Preferred Stock outstanding, all of which were designated as "Series A Convertible Preferred Stock" (the "Series A Preferred Stock").

On October 16, 2009, the Company filed a Certificate of Designation for the Series A Preferred Stock pursuant to which the Company, at the direction of its Board of Directors, designated the rights and preferences of all 5,000,000 authorized shares of Preferred Stock. The Certificate of Designation was subsequently amended on December 24, 2009 and May 24, 2010 to adjust the Conversion Ratio (defined below).

Under the Certificate of Designation in effect at June 30, 2010, the Series A Preferred Stock is automatically convertible into shares of the Common Stock at the conversion ratio of 55.514574 shares of Common Stock for each share of the Series A Preferred Stock (the "Conversion Ratio") in the event the shareholders approve an increase in the number of authorized shares of Common Stock to not less than five hundred million. The holders of the Series A Preferred Stock are not entitled to any dividend preference but are entitled to participate pari passu in dividends declared with respect to the Common Stock as if the Series A Preferred Stock was converted in Common Stock at the Conversion Ratio. Similarly, the holders of the Series A Preferred Stock are not entitled to any liquidation preference but, in the event of any liquidation, dissolution or winding up of the Company, the outstanding shares of Series A Preferred Stock shall be deemed converted into shares of Common Stock at the Conversion Ratio and shall participate pari passu in the distribution of liquidation proceeds. Holders of the Series A Preferred Stock are entitled to vote on matters presented to the holders of Common Stock as if the Series A Preferred Stock was converted into the Common Stock at the Conversion Ratio. Except as provided by Nevada law, holders of Series A Preferred Stock vote together with the holders of Common Stock as a single class.

The Company does not have reserved and available out of its authorized but unissued shares of Common Stock the number of shares of common stock that shall be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock. The Company's shareholders have not yet effectively approved an increase in the Company's authorized shares of Common Stock to five hundred million (500,000,000) shares. These financial statements for the three and nine month periods ended June 30, 2010 have been prepared using the Conversion Ratio in effect as of June 30, 2010 (55.514574 shares of Common Stock for each share of Series A Preferred Stock).

Change in control

On October 19, 2009, there was a change in the effective control of the Company. On that date, pursuant to the Merger Agreement (the "Merger Agreement"), dated as of August 10, 2009, and subsequently amended on September 25, 2009, among the Company, the Company's then subsidiary MediaNet Merger Sub, Inc., a Nevada corporation, and CG Holdings Limited, the Company acquired all of the issued and outstanding shares of CG for 5,000,000 shares of the Company's Series A Preferred Stock (the "Merger"). Holders of the Series A Preferred Stock are entitled to vote on matters presented to the holders of Common Stock as if the Series A Preferred Stock was converted into the Common Stock at the Conversion Ratio. In addition, the Series A Preferred Stock will automatically convert into shares of the Common Stock at the Conversion Ratio in the event the shareholders approve an increase in the number of authorized shares of Common Stock to not less than five hundred million. Accordingly, Zen Holding Group Limited ("Zen"), the sole record holder of CG owns approximately 88% of the voting power of the Company. Michael Hansen, the President and Chief Executive Officer of the Company, and Michel Saouma, who is neither a director nor executive officer of the Company, indirectly share the right to vote and make investment decisions with respect to the shares held by Zen.

In addition, as a condition to the Merger, the Company agreed to appoint:

- Michael Hansen as a director and as President and Chief Executive Officer of the Company;
- Kent Holmstoel as Chairman of the Board and Chief Operating Officer of the Company; and
- Andreas Kusche as a director and as General Counsel of the Company.

In connection with the Merger, all of the persons serving as directors of the Company as of October 19, 2009, other than Mr. Martin Berns, resigned as of such date. On October 29, 2009, the Company appointed Mr. Hansen as President and Chief Executive Officer, Mr. Holmstoel as Chief Operating Officer and Mr. Kusche as General Counsel of the Company. Also on such date, Steven Adelstein was appointed to the Board by Mr. Berns, who was then the sole remaining Board member. On February 23, 2010, Mr. Adelstein resigned and was replaced by Andreas Kusche. The appointment of Messrs. Hansen and Holmstoel is expected to be effective in early September 2010, upon our compliance with Securities and Exchange Commission Rule 14f-1. The Company intends to file a Schedule 14f-1 with Securities and Exchange Commission in September 2010 and make a distribution of such schedule to its shareholders. The Company will file a Form 8-K announcing the effectiveness of the appointment of Messrs. Hansen and Holmstoel.

Note 12 – Warrants and Options

As of September 30, 2009 and June 30, 2010, the Company had outstanding warrants to purchase up to 3,058,000 and 2,219,750 shares of Common Stock, respectively. These securities give the holder the right to purchase shares of the Common Stock in accordance with the terms of the instrument.

	Warrants
Balance, September 30, 2009	3,098,000
Exercised	(878,250)
Expired	(56,000)
Balance, June 30, 2010	2,163,750

The following table summarizes information with respect to the above referenced warrants outstanding at June 30, 2010 which have expiration dates ranging from June 2010 to February 2011:

	Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Life Years
Warrants	$ 0.25— $0.50	2,163,750	$ 0.43	1.0

Note 13 – Merger

The Merger and Merger Related Transactions

Pursuant to the Merger Agreement, the Company acquired on October 19, 2009 all of the outstanding shares of CG in exchange for the issuance to CG's shareholders of 5,000,000 shares of the Series A Preferred Stock. The agreement provides that the Series A Preferred Stock will be automatically converted into Common Stock of at such time as the Company's Articles of Incorporation are amended to increase the number of authorized shares of Common Stock to 500,000,000 shares. Assuming all of the shares of Series A Preferred Stock were converted into Common Stock as of October 19, 2009, the former record holder of CG, Zen Holding Group Limited ("Zen"), would have become the record holder of approximately 88% of the then issued and outstanding Common Stock, on a fully diluted basis.

The Company and CG originally contemplated that Zen would receive Common Stock upon consummation of the Merger and the Merger would be completed in the first quarter of 2010 in order to:

- provide the Company sufficient time to prepare a complex proxy statement and hold a shareholder meeting to consider approval of the Merger Agreement and an amendment to the Company's articles of incorporation to increase the number of authorized shares of common stock from 50 million to 500 million shares; and
- provide the beneficial owners of CG adequate time to contribute and/or transfer a number of entities or properties to CG.

For instance, upon completion of the merger the Company expected that CG would own directly or indirectly all of the following subsidiaries or assets:

- DUBLICOM LIMITED ("DUBLICOM"), a Cyprus limited company, which runs DubLi's auction websites;
- Lenox Resources, LLC, a Delaware limited liability company, that holds DubLi's intellectual property;
- DUBLI NETWORK LIMITED ("DUBLI NETWORK"), a British Virgin Islands limited company, that operates DubLi's global network with its business associates;
- Lenox Logistik und Service GmbH ("Lenox Logistik"), a German corporation, serves as the product purchasing agent of DUBLICOM for products sold to customers outside of North America, Australia and New Zealand. Lenox Logistik also serves as an outsourced service provider that employs persons who are collectively responsible for DubLi's administrative, accounting, marketing and purchasing activities.
- DubLi Logistics, LLC, a Delaware limited liability company ("DubLi Logistics"), serves exclusively as the product purchasing agent of DUBLICOM for products sold to customers in North America (United States, Mexico, Puerto Rico, Canada), Australia and New Zealand;
- certain rights to real estate in the Cayman Islands (the "Cayman Property Rights") now held by DubLi Properties, LLC, a Delaware limited liability corporation.

In compliance with Generally Accepted Accounting Principles, the Company also expected to include in its consolidated financial statements DubLi.com, LLC, a Delaware limited liability company that was the holding company for two subsidiaries that have since discontinued operations: DubLi.com GmbH, a German corporation, and DubLi Network, LLC, a Delaware limited liability company.

In early September 2009, the Company and CG were advised by legal counsel that the merger could be effected sooner than previously anticipated if, in lieu of Common Stock, Zen received the Series A Preferred Stock, which was later converted into Common Stock and distributed to the beneficial holders of Zen. Accordingly, on October 19, 2009, the Merger was consummated and Zen was issued the Series A Preferred Stock.

Completed Post-Merger Adjustments

After completing the Merger, the Company determined that certain of its expectations with respect to the Merger had not been met. In particular, upon completion of the Merger on or about the targeted completion date of June 30, 2010, the Company expected that: it would (i) directly or indirectly hold 100% of the equity interests of DubLi Logistics; (ii) directly or indirectly hold certain real estate rights now held by DubLi Properties LLC; and (iii) certain investors in DubLi.com, LLC would become shareholders in the Company.

As a result of the acceleration of the Merger closing and the substantial amount of work required to complete the Merger and the related SEC disclosure documents, Mr. Hansen's oral pledge to, prior to the Merger, transfer his 100% ownership interest in DubLi Logistics to CG was not evidenced by definitive transfer documents until May 24, 2010. Similarly, Mr. Hansen's oral pledge to contribute his 100% indirect ownership interest in the Cayman Property Rights (now owned by DubLi Properties, LLC) to the Company in support of DubLi's marketing programs was not evidenced by definitive transfer documents until May 24, 2010.

As of May 24, 2010, the Company has acquired all of the equity interests in DubLi Logistics and DubLi Properties LLC that the Company expected it would own.

DubLi Logistics - Purchasing Agent of DUBLICOM

DubLi Logistics was identified as one of the consolidated subsidiaries of the Company in Amendment No. 1 to the Company's Form 8-K filed with the SEC on February 4, 2010 (the "Form 8-K") and the Company's Form 10-Q for the quarter ended December 31, 2009 (the "Form 10-Q") based upon DubLi Logistics' historical and current operation as an affiliated, profitless, product purchasing agent of DUBLICOM. DubLi Logistics is operated exclusively by employees of Lenox Logistik.

DubLi Properties - Property Orally Pledged to DubLi

DubLi Properties, LLC was contributed to the Company by Mr. Hansen on May 24, 2010 in satisfaction of Mr. Hansen's oral pledge to contribute the Cayman Property Rights to the Company. The value of the contract at the date of contribution was $1,440,708. The Cayman Property Rights, which had a book value of $2,219,138 as of June 30, 2010, were acquired by DubLi Properties, LLC in December 2009 in exchange for 34 parcels of real property, $43,381 of cash and an agreement by DubLi Properties LLC to make an additional $824,244 of payments. The primary purpose of the Cayman Property Rights, which consists of a purchase deed with respect to 15 lots in the Cayman Islands, is to reward DubLi business associates upon completion of certain performance objectives.

DubLi.com, LLC - Discontinued Businesses

The results of operations and assets and liabilities of DubLi.com, LLC's subsidiaries were also included in the Company's consolidated results of operations as reported in the Form 8-K and Form 10-Q based upon their common ownership and historical relationship to CG and its other consolidated subsidiaries. DubLi.com, LLC, which is a holding company, has never directly operated a business and its subsidiaries were sold or their businesses were discontinued in the second quarter of 2009.

The Company and Mr. Hansen had previously expected that the investors in DubLi.com, LLC (the "DubLi.com Investors") would receive from Zen certain shares of Common Stock. With the acceleration of the Merger closing and Merger restructuring, the DubLi.com Investors were expected to receive from Zen 62,679,116 shares of Common Stock upon the conversion of the Series A Preferred Stock to Common Stock. Since Zen has not transferred and does not intend to transfer Common Stock to the DubLi.com Investors as previously anticipated, the Company and Zen entered into an agreement, dated May 24, 2010 (the "Post-Merger Agreement"), pursuant to which Zen has returned to the Company 1,129,057 shares of Preferred Stock, which were otherwise convertible into 62,679,116 shares of Common Stock.

Pursuant to the Post-Merger Agreement, Zen has also returned to the Company 12,876 shares of Series A Preferred Stock which were convertible into 714,817 shares of Common Stock (the "Lenox Shares"). Since Zen had not distributed the Lenox Shares to various employees of Lenox, Zen returned the shares to the Company for future use in the Company's employee benefit plans.

Accordingly, as of August 23, 2010, the Company had 3,858,067 and 28,621,680 issued and outstanding shares of Series A Preferred Stock and Common Stock, respectively.

The following table sets forth the beneficial ownership of the Common Stock and the Preferred Stock as of August 23, 2010 for each of the Company's greater than 5% shareholders, directors, named executive officers and by all of the Company's directors and executive officers as a group. For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, which rule focuses on the power to vote shares or make investment decisions with respect to such shares, potentially irrespective of any pecuniary interest in such shares. The information as to the securities beneficially owned by Zen, Mr. Hansen and Mr. Saouma are based upon a Schedule 13D filed by Mr. Hansen and Mr. Saouma on June 24, 2010.

Title of Class	Name of Beneficial Owner		Amount and Nature of Beneficial Ownership (1)	Percentage of Class Owned (2)
Series A Convertible Preferred Stock	Zen Holding Group Limited	(3)	3,858,067(4)	100%
	Michael B. Hansen	(5)	3,858,067(4)	100%
	Michel Saouma	(6)	3,858,067(4)	100%
Common Stock	Zen Holding Group Limited		214,178,946(4), (7)	88.2%
	Michael B. Hansen**		214,178,946(4), (7)	88.2%
	Michel Saouma		214,178,946(4), (7)	88.2%
	Joseph Saouma	(8)	—(9)	*
	Martin A. Berns	(10)	5,907,511(11)	20.6%
	Kent L. Holmstoel**	(12)	—	*
	Andreas Kusche**	(13)	—	*
	Betina Dupont Sorensen**	(5)	—(14)	*
	Directors and Executive Officers as a Group	(4),(7)	214,588,946	88.4%

* Indicates less than 1% of outstanding shares beneficially owned.

** Serves as an executive officer or director of the Company as of August 23, 2010.

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from August 23, 2010 upon exercise of options and warrants and upon conversion of convertible securities. The Series A Preferred Stock is automatically convertible into shares of Common Stock upon our amendment of our Articles of Incorporation to increase the authorized number of shares of Common Stock to 500,000,000 (the "Articles Amendment"). For purposes of this table, we have assumed that the Articles Amendment will be approved by our shareholders and filed with the Nevada Secretary of State within 60 days of August 23, 2010 and, accordingly, that the holders of the Series A Preferred Stock beneficially own the shares of Common Stock into which the shares of Series A Preferred Stock are convertible. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable or convertible within 60 days from August 23, 2010 have been exercised or converted.

(2) Applicable percentage ownership is based on 3,858,067 shares of Series A Preferred Stock and 28,621,680 shares of Common Stock outstanding as of August 23, 2010.

(3) Zen Holding Group Limited's ("Zen") address is 197 Main Street, Road Town, Tortola, British Virgin Islands.

(4) All of the outstanding shares of Preferred Stock are held of record by Zen. Mr. Hansen and Mr. Saouma have the indirect shared right to vote and make investment decisions with respect to these shares held by Zen pursuant to an oral agreement. Mr. Hansen and Mr. Souma have a 24% and 2% pecuniary interest, respectively, in Zen's assets as of August 23, 2010 and, accordingly, claim a 21.6% and 1.8% pecuniary interest, respectively, in the outstanding shares of our Common Stock as of August 23, 2010 (assuming conversion of the Series A Preferred Stock). Each of Mr. Hansen and Mr. Saouma disclaim a pecuniary interest in any other shares of Common Stock. The figures provided do not include the 1,141,933 shares of Series A Preferred Stock returned by Zen to the Company and otherwise representing a 20.70 % beneficial interest in the Company.

(5) Mr. Hansen's and Ms. Dupont Sorensen's address is The Palm Jumeirah, P.O. Box 283612, Dubai, U.A.E.

(6) Mr. Michel Saouma's address is Amine Gemayelstreet 226, Beirut, Achrafieh, Lebanon.

(7) Includes 214,178,946 shares issuable upon the conversion of the Series A Preferred Stock at the conversion ratio of 55.514574 shares of Common Stock for each share of Series A Preferred Stock.

(8) Mr. Joseph Saouma's address is Amine Gemayelstreet 226, Beirut, Achrafieh, Lebanon. Mr. Joseph Saouma is the father of Mr. Michel Saouma.

(9) Although Mr. Joseph Saouma does not beneficially own any shares of Series A Preferred Stock or Common Stock of the Company, he has a 21.39% pecuniary interest in Zen's assets as of August 23, 2010 and, accordingly, claims a 19.39% pecuniary interest in the outstanding shares of our Common Stock as of August 23, 2010 (assuming conversion of the Preferred Stock). Mr. Joseph Saouma disclaims a pecuniary interest in any other shares of Common Stock.

(10) Mr. Martin A. Bern's address is 2936 Via Napoli, Deerfield Beach, FL 33442.

(11) Assuming that the Series A Preferred Stock was converted to Common Stock as of August 23, 2010, Mr. Berns' percentage beneficial ownership would decrease to 2.4%.

(12) Mr. Kent L. Holmstoel's address is Urbanización Haza del Algarrobo 32, Carretera de Mijas, 2,2 km, 29639 Mijas Costa, Malaga, Spain.

(13) Mr. Kusche's address is Wisbyer Stasse 10B, 10439 Berlin, Germany.

(14) Ms. Dupont Sorensen lives with Mr. Michael Hansen; however, she disclaims beneficial ownership of any shares of Series A Preferred Stock or Common Stock of which Mr. Hansen is the beneficial owner. As a member of Mr. Hansen's household, Ms. Dupont Sorensen may be deemed to have a pecuniary interest in any shares in which Mr. Hansen has a pecuniary interest. See footnote 4 above. Ms. Dupont Sorensen disclaims a pecuniary interest in any other shares of Common Stock.

Outstanding Post-Merger Adjustments

Amendment of Certificate of Designation

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and a review of the transfer agent records, it came to the Company's attention that the number of shares of the Company's Common Stock outstanding prior to the Merger was understated by a total of 439,878 (the "Additional Common Stock"), comprised of 500,000 shares purchased by a shareholder in July 2007 (although the certificate was not issued until January 2010) offset by an accounting error in connection with the net exercise of warrants involving approximately 60,000 shares. In light of this understatement, as of May 24, 2010 the Company amended the Certificate of Designation setting forth the terms of the Preferred Stock (the "Adjustment Amendment"). In the Adjustment Amendment, the Conversion Ratio was increased from 54.7229736 to 55.514574 to permit the holders of the Preferred Stock to maintain their expected percentage ownership after taking into account the Additional Common Stock.

Proposed Two Step Transfer of Common Stock to DubLi.com Beneficiaries and Lenox Beneficiaries

In May 2010 Company announced that:

- Zen Holding had returned to the Company 1,141,933 shares of Preferred Stock, which were convertible into 63,393,933 shares of Common Stock (the "Loyalty Shares");
- the Company intended to use 62,679,116 of the Loyalty Shares to purchase, in a registered tender offer, various outstanding interests in DubLi.com, LLC from persons (the "DubLi.com Beneficiaries") other than Mr. Michael Hansen; and
- the Company intended to transfer 714,817 of the Loyalty Shares to various employees (the "Lenox Beneficiaries" and together with the DubLi.com Beneficiaries, the "Beneficiaries") of Lenox Resources, LLC.

The Company has since determined not to seek to acquire interests in DubLi.com, LLC. Nonetheless, the Company would still like to provide the Beneficiaries a significant ownership interest in the Company.

Accordingly, the Company anticipates transferring the Loyalty Shares to a trust (the "Trust") on or about March 28, 2011, (the "Initial Transfer Date") and, on March 28, 2012 (the "Final Transfer Date"), have the Trust transfer the Loyalty Shares to the Beneficiaries (the "Two Step Transfer"). The Loyalty Shares are expected to be freely transferrable after the Final Transfer Date.

The Company believes the Two Step Transfer process is preferable to conducting some form of registered offerings in the United States and numerous other countries due to, among other things, the projected expense and time required to complete registered offerings in numerous jurisdictions.

Establishment of the Trust and Issuance of the Loyalty Shares

The Two Step Transfer process is governed by the share transfer agreement, dated February 25, 2011 ("Share Transfer Agreement"), a copy of which is filed as Exhibit 10.14 hereto. The Trust will be established on or before March 28, 2011, and is expected to be administered by Batista Guerra y Asociados, an independent offshore trust company (the "Trustee"), pursuant to the terms and conditions set forth in the trust agreement which has been signed on or before February 25, 2011 (the "Trust Agreement"), a draft of which is filed as Exhibit 10.15 hereto. The following summary of the Share Transfer Agreement and the Trust Agreement is qualified in its entirety by the actual forms of agreement filed as exhibits hereto and which are hereby incorporated by reference herein.

The Company is not required to issue the Loyalty Shares to the Trust until prior satisfaction of the following, among other things: (1) the terms of the Share Transfer Agreement have been publicly disclosed by the Company at least 20 days prior to the issuance of the Loyalty Shares to the Trust; (2) on or prior to the Initial Transfer Date, the Company shall not have received any comments from the SEC or any other comparable foreign or U.S. State regulator with respect to the transactions contemplated by the Share Transfer Agreement (other than comments that are resolved to the satisfaction of the Company, in its sole and absolute discretion); and (3) on or prior to the Initial Transfer Date, the Company shall not have received notice of any demand, claim or a threatened claim with respect to the transactions contemplated by the Share Transfer Agreement (other than comments, demands, claims or threatened claims that are resolved to the satisfaction of the Company, in its sole and absolute discretion).

Terms and Conditions of the Trust

The Trustee is required to transfer the Loyalty Shares to the Beneficiaries without requiring any payment or other consideration from the Beneficiaries (other than any transfer taxes or tariffs that may be imposed in connection with the transfer). In order to receive the Loyalty Shares, each Beneficiary will be required to complete execute and return to the Company a Beneficiary Representation Affidavit certifying that the Beneficiary, among other things: (1) has received an information memorandum relating to the transfer of the Loyalty Shares; (2) has had access to such financial information and other information concerning the Company and the Loyalty Shares; and (3) understands and agrees that the Beneficiary is receiving the Loyalty Shares pursuant to Regulation S, Regulation D or another applicable exemption from the registration requirements of the U.S. Securities Act of 1933 (the "Securities Act"). No Beneficiary shall have any right, title or interest of any kind in the Loyalty Shares until such time, if ever, that the Trustee transfers Loyalty Shares to the subject Beneficiary in accordance with the terms of the Trust.

Until the Final Transfer Date, the Trustee has agreed not to, among other things: (1) vote the Loyalty Shares or enter into any form of voting agreement to vote other shares of common stock of the Company or to allow another person to vote the Loyalty Shares; (2) propose nominees to the Company's board of directors or solicit proxies with respect to election of directors; (3) voluntarily pledge, encumber or in any other way subject the Loyalty Shares to any form of liens or security interests of any kind; (4) incur indebtedness of any kind (5) acquire any additional shares of the Company's common stock; (6) engage in any form of hedging transaction involving the Company's common stock; or (7) take any other action to control or influence the control of the Company.

The Company would like to provide the Beneficiaries a significant ownership interest in the Company since: (i) virtually all of the DubLi.com Beneficiaries are former business associates of DubLi Network, LLC a wholly owned subsidiary of DubLi.com, LLC, and current business associates of DUBLI NETWORK LIMITED, a wholly owned subsidiary of the Company; (ii) virtually all of the Lenox Beneficiaries have been and are currently employees or consultants of the Company, (iii) notwithstanding the financial failure of DubLi.com, LLC, the Company believes that the DubLi Network, LLC business associates assisted the Company build brand awareness for the DubLi.com trade name; and (iv) consistent with many of their expectations, the Company likes the Beneficiaries to have a significant ownership interest in the entity which owns and is further developing the DubLi brand.

Note 14 – Discontinued Operations

In May 2009, the Company determined it was in the best long-term interest of the Company to discontinue the operations of Dubli.com GMBH., a wholly-owned subsidiary, and put the assets and business up for sale. The decision to sell this wholly owned subsidiary was primarily influenced by management's decision to concentrate its efforts on its wholly owned subsidiary, Dubli Network.

The Company recognized a net loss of $1,980,285 during the year ended September 30, 2009 on the disposal of the subsidiary and reported in the Consolidated Statements of Operations and Cash Flows within the caption, "discontinued operations".

Note 15 - Restatement of Previously Issued Financial Statements

On December 16, 2010, the Board of Directors of the Company determined that the unaudited consolidated financial statements for the three and nine months ended June 30, 2010, should be restated as a result of material misstatements. The determination to restate the unaudited consolidated financial statements was made in connection with management's assessment of accounting errors it discovered in connection with the preparation of the audited consolidated financial statements for the year ended September 30, 2010.

The Company has restated its balance sheet as of June 30, 2010 and its statements of operations, shareholders' equity and cash flows for the three and nine months then ended to correct errors in its accounting. Certain reclassifications to conform to the presentations used in fiscal 2010 have also been made to prior quarter's consolidated financial statements, none of which had any effect on previously reported net income or loss, or related per share amounts, of any period.

The descriptions of the error corrections and the effects of the restatements of the June 30, 2010 financial statements are as follows:

(1) adjust cash for currency transaction losses not previously recorded;
(2) reclassify deferred expenses previously netted to deferred revenue;
(3) reclassify cash previously reported as a deposit;
(4) adjust commissions payable for currency transaction losses not previously recorded;
(5) record liability for unearned subscription revenue not previously recorded;
(6) eliminate Intercompany transactions not previously eliminated;
(7) adjust for costs erroneously recorded in 2010; and
(8) correct 2010 tax provision.

As a result, on December 16, 2010, after discussion with the Company's independent registered public accounting firm, the Company's Board of Directors determined that the previously issued financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2009 and in its Forms 10-Q for the periods ended December 31, 2009, March 31, 2010 and June 30, 2010 should not be relied upon. The Company simultaneously herewith is filing amendments to its Quarterly Reports on Form 10-Q for the quarters ended December 31, 2009, March 31, 2010 and June 30, 2010 to reflect these restatements. The Company restated its financial statements for the year ended September 30, 2009 concurrently with the filing of its Annual Report for the year ended September 30, 2010.

The effects of the restatement adjustments on the consolidated financial statements are as follows:

Balance Sheets	June 30,2010	Adjust	Restated
Assets			
Current Assets			
Cash and cash equivalents	$ 1,024,427	$ (130,857)	$ 893,570
Restricted cash	1,860,447	269,276	2,129,723
Accounts receivable, net	205,155	(205,155)	-
Inventory	687,775	(28)	687,747
Prepaid Customer Acquisition costs	-	4,297,599	4,297,599
Prepaid expenses and other current assets	49,365	(44)	49,321
Total current assets	3,827,169	4,230,791	8,057,960
Property and equipment, net	1,801,859	(30)	1,801,829
Other Assets	2,549,778	(10)	2,549,768
Total Assets	$ 8,178,806	$ 4,230,751	$ 12,409,557
Liabilities and Stockholders' Deficit			
Current Liabilities			
Accounts payable	$ 248,882	$ (10)	$ 248,872
Accrued liabilities	19,183	(309)	18,874
Loyalty points payable	287,222	-	287,222
Commissions payable	751,190	399,485	1,150,675
Deferred rent	116,456	-	116,456
Income taxes payable	550,000	(550,000)	-
Customer deposits	9,766	(6)	9,760
Deferred revenue Credits	3,137,905	4,654,351	7,792,256
Deferred revenue Fees		904,654	904,654
Note Payable-related party	399,356	(34)	399,322
Total current liabilities	5,519,960	5,408,131	10,928,091
Stockholders' deficit			
Preferred Stock - $.01 par value5,000,000 shares authorized, 5,000,000 outstanding	38,581	-	38,581
Common stock - $.001 par value50,000,000 shares authorized, 28,621,380 outstanding	28,621	-	28,621
Additional paid-in capital	2,042,440	-	2,042,440
Accumulated other comprehensive income (loss)	(519,450)	(375,071)	(894,521)
Accumulated deficit	1,068,654	(802,309)	266,345
Total stockholders' equity (deficit)	2,658,846	(1,177,380)	1,481,466
Total liabilities and stockholders' equity (deficit)	$ 8,178,806	$ 4,230,751	$ 12,409,557

Statements of Operations	Three Months June 30,2010	Adjust	Restated	Nine Months June 30,2010	adjust	Restated
Revenues	$ 6,990,388	$ (887,491)	$ 6,102,897	$ 21,510,789	$ (4,791,828)	$ 16,718,961
Direct Cost of revenues	2,533,736	(692,842)	1,840,894	11,955,932	(3,354,122)	8,601,810
Gross Profit	4,456,652	(194,649)	4,262,003	9,554,857	(1,437,706)	8,117,151
Operating Expenses	4,046,641	(614,871)	3,431,770	6,904,399	(1,335,209)	5,569,190
Income (loss) from operations	410,011	420,222	830,233	2,650,458	(102,497)	2,547,961
Interest income (expense) net	(271)	6	(265)	(7,273)	(131)	(7,404)
Income (loss) from continuing operations before income taxes	409,740	420,228	829,968	2,643,185	(102,628)	2,540,557
Provision for income taxes	(389,976)	389,976	-	550,000	(550,000)	-
Income (loss) from continuing operations	799,716	30,252	829,968	2,093,185	447,372	2,540,557
Loss from operations of discontinued segment	(568,380)	568,380	-	(568,380)	568,380	-
Net income (loss) from operations	231,336	598,632	829,968	1,524,805	1,015,752	2,540,557
Foreign currency translation gain (loss)	(417,970)	31,773	(386,197)	(505,273)	(293,233)	(798,506)
Comprehensive income (loss)	$ (186,634)	$ 630,405	$ 443,771	$ 1,019,532	$ 722,519	$ 1,742,051
Earnings (loss) per share:						
Continuing operations - basic	0.03	-	0.03	0.07	0.02	0.09
Fully Diluted	-	-	-	0.01	-	0.01
Discontinued operations- basic	(0.02)	0.02	-	(0.02)	0.02	-
Fully Diluted	-	-	-	(0.00)	-	-
Weighted average number of shares outstanding :						
Basic	28,621,680	-	28,621,680	28,100,031	-	28,100,031
Fully Diluted	337,450,905	-	337,450,905	318,399,072	-	318,399,072

Statements of Operations	Three Months June 30,2009	Adjust	Restated	Nine Months June 30,2009	Adjust	Restated
Revenues	$ 4,801,895	$ (1,048,216)	$ 3,753,679	$ 12,989,305	$ (3,152,257)	$ 9,837,048
Direct Cost of revenues	824,143	(418,566)	405,577	6,081,237	(1,870,498)	4,210,739
Gross Profit	3,977,752	(629,650)	3,348,102	6,908,068	(1,281,759)	5,626,309
Operating Expenses	3,374,866	(179,710)	3,195,156	5,814,449	(719,620)	5,094,829
Income (loss) from operations	602,886	(449,940)	152,946	1,093,619	(562,139)	531,480
Interest income (expense) net	-	-	-	(3,437)	(170)	(3,607)
Income (loss) from continuing operations before income taxes	602,886	(449,940)	152,946	1,090,182	(562,309)	527,873
Provision for income taxes	-	-	-	-	-	-
Income (loss) from continuing operations	602,886	(449,940)	152,946	1,090,182	(562,309)	527,873
Loss from operations of discontinued segment	(399,511)	26,345	(373,166)	(1,718,763)	113,340	(1,605,423)
Gain from sale of subsidiary	74,990	(74,990)	-	74,990	-	74,990
Net income (loss) from operations	278,365	(498,585)	(220,220)	(553,591)	(448,969)	(1,002,560)
Foreign currency translation gain (loss)	(4,333)	(23,658)	(27,991)	-	(75,716)	(75,716)
Comprehensive income (loss)	$ 274,032	$ (522,242)	$ (248,211)	$ (553,591)	$ (524,685)	$ (1,078,276)
Earnings (loss) per share:						
Continuing operations- basic and diluted	$ 0.03	$ (0.02)	$ 0.01	$ 0.05	$ (0.02)	$ 0.03
Discontinued operations- basic and diluted	$ 0.01	$ (0.03)	$ (0.02)	$ 0.03	$ (0.11)	$ (0.08)
Weighted average number of shares outstanding						
Basic and diluted	20,674,802	-	20,674,802	20,674,802	-	20,674,802

Statements of Cash Flows	Nine Months June 30,2010	Adjust	Restated
Cash flows from operating activities			
Net Income (loss) from operations	$ 2,093,185	$ 447,372	$ 2,540,557
Net Loss from discontinued operations	(568,380)	568,380	-
Net Income (loss) from continuing operations	1,524,805	1,015,752	2,540,557
Prior period adjustment	-	(1,560,795)	(1,560,795)
Currency	-	(141,307)	(141,307)
Adjustments :			
Depreciation and amortization	523,022	-	523,022
(Increase) decrease in assets:			
Restricted cash	(1,138,217)	(284,492)	(1,422,709)
Accounts receivable	(132,157)	203,555	71,398
Inventory	(286,634)	(2,208)	(288,842)
Prepaid customer acquisition costs	-	(1,724,125)	(1,724,125)
Prepaid expenses	77,844	-	77,844
Deposits	94,070	(94,070)	-
Other current assets	-	(2,217)	(2,217)
Increase (decrease) in liabilities:			
Accounts payable	127,421	(841)	126,580
Accrued liabilities	(566,534)	4,380	(562,154)
Accrued incentives	(644,292)	8,891	(635,401)
Loyalty points payable	78,197	-	78,197
Commission payable	(1,125,415)	192,985	(932,430)
Deferred Rent	116,456	-	116,456
Income tax payable	262,162	(262,162)	-
Customer deposits	(8,582)	681	(7,901)
Deferred revenue	511,070	2,689,821	3,200,891
Net cash provided (used) in operating activities	(586,784)	43,848	(542,936)
Cash flows from investing activities:		-	
Deposits	(48,419)	-	(48,419)
Option Agreement	(250,000)	-	(250,000)
Purchase of software license	(743,750)	-	(743,750)
Purchase fixed assets	(149,319)	(3,474)	(152,793)
Net cash provided (used) in investing activities	(1,191,488)	(3,474)	(1,194,962)
Cash flows from financing activities			
Proceeds from warrants	133,185	-	133,185
Proceeds note payable-related party	824,297	1,238	825,535
Payments note payable-related party	(654,021)	-	(654,021)
Net cash provided (used) by financing activities	303,461	1,238	304,699
Effect of exchange rate changes on cash		(206,879)	(206,879)
Net increase (decrease) in cash	(1,474,811)	(165,267)	(1,640,078)
Cash at beginning of period	2,499,237	34,412	2,533,649
Cash at end of period	$ 1,024,426	$ (130,855)	$ 893,571
Supplemental disclosures of cash flow information:			
Cash paid for interest	-	$ 7,404	$ 7,404
Cash paid for income taxes	-	-	-
Supplemental disclosures of non-cash transactions:			
Foreign translation adjustment - comprehensive loss	(505,273)	(293,234)	(798,507)
Stock issued for Software	1,337,673	-	1,337,673
Recapitalization	6,874,886	-	6,874,886

Statements of Cash Flows	Nine Months June 30,2009	Adjust	Restated
Net Income (loss) from continuing operations	$ 1,090,182	$ (562,309)	$ 527,873
Net Loss from Discontinued operations	(1,718,763)	113,340	(1,605,423)
Cash flows from operating activities	(628,581)	(448,969)	(1,077,550)
Adjustments :			
Depreciation and amortization	17,583	-	17,583
Stock & Warrants issued for services	-	97,709	97,709
(Increase) decrease in assets:		-	-
Restricted cash	(1,248,451)	-	(1,248,451)
Accounts receivable	(676,931)	(88,000)	(764,931)
Inventory	33,693	-	33,693
Prepaid Customer Acquisition costs	-	(1,255,480)	(1,255,480)
Prepaid expenses	225	-	225
Increase (decrease) in liabilities:			
Accounts payable	406,336	-	406,336
Accrued liabilities	19,414	-	19,414
Loyalty points payable	47,339	-	47,339
Commission payable	1,152,168	-	1,152,168
Customer deposits	(71,649)	-	(71,649)
Deferred revenue	1,183,831	1,593,787	2,777,618
Note Payable-related party	-	88,000	88,000
Net cash provided (used) in operating activities	234,977	(12,953)	222,024
Cash flows from investing activities:			
Purchase fixed assets	(78,750)	-	(78,750)
Net cash provided (used) in investing activities	(78,750)	-	(78,750)
Cash flows from financing activities			
Proceeds note payable-related party	56,500	-	56,500
Proceeds from common shares	608,744	(97,709)	511,035
Net cash provided (used) by financing activities	665,244	(97,709)	567,535
Effect of exchange rate changes on cash		110,662	110,662
Net increase (decrease) in cash	821,471	-	821,471
Cash at beginning of period	80,037	-	80,037
Cash at end of period	$ 901,508	$ -	$ 901,508
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 1,989	$ 1,618	$ 3,607
Cash paid for income taxes	-	-	-
Supplemental disclosures of non-cash transactions:			
Foreign translation adjustment - comprehensive loss	-	(75,716)	(75,716)

Note 16 – Subsequent Events

Currency Translation Effects

Subsequent to the balance sheet date the exchange rate between the EURO and the US dollar decreased by approximately 4%. These recent changes would increase the currency translation adjustment and decrease comprehensive income and current assets by approximately $69,000.

Litigation

The Company has historically relied upon two service providers to process credit card transactions arising from purchases of the Company's services and products. Disagreements have emerged between the Company and one such service provider, National Merchant Center ("NMC"), as to the permitted amount of reserves, if any, that NMC is eligible to maintain. On September 22, 2010 certain of the Company's subsidiaries instructed NMC to return to them all of the cash held in reserve with respect to the Company's account. In response to such demand, on November 1, 2010, NMC informed the Company that it was terminating the Company's merchant account with NMC and holding all of the Company's funds and deposits for a period of 180 days after the last chargeback (which have averaged less than 1.2% of sales or approximately $63,000 since the account was established in December 2009).

On October 27, 2010, DUBLICOM Limited and DubLi Network Limited, both of which are wholly owned subsidiaries of the Company, initiated legal action against NMC in the Circuit Court for the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (Case No. 10-57829 CA 15) to seek recovery of approximately $2,162,000 of reserves held at the direction NMC plus various other awards, costs and expenses. On December 21, 2010, NMC removed this case to the United States District Court (the "Court") for the Southern District of Florida (Case No. 10-24563-Civ-Graham). DUBLICOM Limited and DubLi Network Limited (collectively, the "Subsidiaries") allege that NMC committed civil theft and conversion by depriving the Subsidiaries of the use of the funds by appropriating the funds to NMC's own use. NMC's legal counsel has since informed the Company that NMC is in bankruptcy, the subject funds are being held in escrow in California by a third party in a bank account and such funds are not involved in the NMC bankruptcy case.

On January 11, 2011, NMC filed a motion to dismiss the case for improper venue and failure to state any adequate claims. In addition, NMC moved the court to transfer the case to the U.S. District Court in the Central District of California (the "California Court") due to improper venue. On March 14, 2011, the Court issued an order granting NMC's request to transfer the case to the California Court, but denied NMC's motion to dismiss the case for improper venue and the failure to state a claim. In light of the Court's decision, the Subsidiaries are currently reviewing their options, but they will continue to aggressively pursue legal action against NMC for the purpose of recovering the funds.

On February 9, 2011, NMC filed suit against the Company in the Superior Court of the State of California (Case Number: 30-2011-00449062-CU-BC-CJC) seeking to recover approximately $706,000. NMC alleges that the Company breached the agreement between NMC and the Company by (i) failing to abide by the provision that requires that NMC be the exclusive credit card processing company for the Company between March 2010 and February 2013 and (ii) representing that the Company's website is www.DubLi.com and that the Company does business as "DubLi.com." NMC claims to have terminated the agreement due to the Company's alleged breach and that through the date of termination it had provided approximately $706,000 worth of services to the Company.

On January 28, 2011, the Company filed suit against Giant Equity, Inc. in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (Case No. 11-01537 CA 21) seeking damages of $250,000 plus interest. The Company's claims arise from a $250,000 payment made by the Company to Giant Equity, Inc. in connection with a "Deal Memorandum" entered into by the parties on January 29, 2010. The Company alleges fraudulent inducement, breach of contract, violation of Florida Statutes Chapter 501 et seq. (the Florida Deceptive and Unfair Trade Practices Act), civil theft and conversion.

Line of Credit

During 2010, Michael Hansen advanced the Company $399,356 for working capital purposes. The loan is evidenced by an unsecured note dated August 22, 2010, payable by the Company to Mr. Hansen in the amount referenced above. The note is interest free and payable upon demand of Michael Hansen made after August 21, 2011. During the fourth quarter of 2009, Mr. Hansen advanced an additional $441,528 to the Company without interest or repayment terms, which advance increased the total debt owed to Mr. Hansen to $840,884 at September 30, 2010. Subsequent to September 30, 2010, Mr. Hansen advanced the Company an additional $426,069 resulting in a total debt of $1,266,953 as of March 25, 2011, the date upon which the Company and Mr. Hansen entered into $5 million Promissory Grid Note ("Grid Note"). The amount of this Grid Note equals an existing outstanding balance of $1,266,953 now owed to Mr. Hansen plus any new borrowings under the Grid Note up to an aggregate of $5 million at any given time. This Grid Note is issued in replacement of the Promissory Note dated August 23, 2010 in the principal amount of $399,356. The Grid Note has a term of one year; bears interest at 6% per annum accruing from the date of the Grid Note and is guaranteed by DubLi Properties, LLC and secured by a pledge of the Cayman Property Rights, which consists of a purchase deed with respect to 15 lots in the Cayman Islands.

Two Step Transfer

See also Note 13 for subsequent events regarding the two step transfer of common shares pursuant to the restructured merger agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD LOOKING STATEMENTS

Introductory Note
Caution Concerning Forward-Looking Statements

The discussion contained in this 10-Q contains forward-looking statements that involve risks and uncertainties. The issuer's actual results could differ significantly from those discussed herein. These include statements about our expectations, beliefs, intentions or strategies for the future, which we indicate by words or phrases such as "anticipate," "expect," "intend," "plan," "will," "we believe," "the Company believes," "management believes" and similar language, including those set forth in the discussions under "Notes to Financial Statements" and "Management's Discussion and Analysis or Plan of Operation" as well as those discussed elsewhere in this Form 10-Q. The forward-looking statements reflect our current view about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The following important factors could prevent us from achieving our goals and cause the assumptions underlying the forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements:

- our inability to establish and maintain a large growing base of business associates;
- our inability to develop brand awareness for our online auctions;
- our failure to maintain the competitive bidding environment for our online auctions;
- our failure to adapt to technological change;
- an assertion by a regulatory agency that one or more of our auctions constitute some form of "gaming" or a "lottery";
- increased competition;
- increased operating costs;
- changes in legislation applicable to our business; and
- our failure to continue to improve our internal controls.

See also the risks discussed in under the heading "Risk Factors" in Part II, Item 1A and those discussed in other documents we file with the Securities and Exchange Commission.

Any forward-looking statements made by us herein speak as of the date of this 10-Q. We do not undertake to update any forward-looking statement, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

INTRODUCTION

The following discussion and analysis summarizes the significant factors affecting: (i) our consolidated results of operations for the Three Months and Nine Months Ended June 30, 2010 compared to the Three months and Nine Months Ended June 30, 2009; and (ii) our financial liquidity and capital resources. This discussion and analysis should be read in conjunction with our consolidated financial statements and notes included in this Form 10-Q.

MediaNet Group Technologies, Inc. ("MediaNet Group" or the "Company") through its wholly owned subsidiaries, is a global marketing company that sells branded merchandise to consumers through Internet-based auctions conducted under the trade name "DubLi.com." As of June 30, 2010, our online auctions were conducted in Europe, North America, Australia and New Zealand and a global auction portal serving the balance of the world. We have a network of independent business associates that sold "credits", or the right to make a bid in one of our auctions (referred to herein as "Credit" or "DubLi Credits"). These auctions are designed to offer consumers real savings on these goods. The Company, through its subsidiary, BSP Rewards, Inc., also offers private branded loyalty and reward web malls where members receive rebates (rewards) on products and services from participating merchants.

Online Auctions

The DubLi.com auctions are designed to provide consumers with the ability to obtain goods at discounts to retail prices through a fun and convenient shopping portal. These auctions offer only new inventory from the world's leading manufacturers.

In order to participate in and make bids in any the DubLi.com online auctions, consumers must purchase Credits. Each Credit costs US$0.80 (EUR 0.50) and entitles the consumer to one bid in one auction. Discounts are available on the purchase of a substantial volume of Credits at one time. Credits can be purchased directly from DubLi or from one of DubLi's business associates. Accordingly, we generate revenue from the DubLi.com auctions both on the sale of Credits and on the sale of products to the ultimate auction winners.

DubLi has two types of auctions which it operates on separate platforms for Europe, North America (United States, Mexico, Puerto Rico, Canada), Australia and New Zealand and a global portal serving the balance of the world: Xpress and Unique Bid.

In Xpress auctions, the product up for auction is displayed with a starting price, which is the lowest available retail price (the "Starting Price"). Each time a person makes a bid (which costs him or her one Credit), the Starting Price is decreased by US$0.25 (EUR 0.20) and the reduced price becomes visible to the person making a bid and to no other person. The bidder can choose to purchase the item at the reduced price so shown or can opt to wait in the hopes that others will make bids and drive down the price. The actual purchase price is always less than the Starting Price and is often a substantial discount to the Starting Price.

In Unique Bid auction, the auction is scheduled with a definitive start and end time. At any time prior to the auction end time, persons can make bids (one bid for one Credit) on the price at which it would purchase the product. Bids must be made in US$0.25 increments. The person who has placed the lowest unique bid (i.e. no other person has bid the same US$0.25 incremental amount) is entitled to purchase the product at such bid price.

In both styles of auctions, there are generally a high number of bidders and most bidders place more than one bid. Accordingly, between the sale of the product and Credits, DubLi often realizes more than the price which it paid for an item. Substantially all items sold by DubLi in the online auctions are purchased by DubLi on the open market at market price without any discount, although in the future DubLi may seek to work with wholesalers or retailers to purchase items for less than they can be purchased by the average customer.

Credits are sold to consumers directly by DubLi, through our network of business associates, or through the Partner Program (described below). As of June 30, 2010, approximately 94% of our Credit sales are made through our network of business associates and, accordingly, we are dependent on our business associates for a significant portion of our sales. As of June 30, 2010, we had business associates located in over 126 countries. Business associates are incentivized to locate and sponsor new business associates ("Downstream Associates") and establish their own sales organization.

Business associates earn commissions on:

- the sale of Credits by the subject business associate directly to retail consumers ("Affiliated Consumers") who are signed up by such business associate ("Retail Commissions"); and

- the sale of Credits by Downstream Associates sponsored by the subject business associate or such business associate's Downstream Associates ("Organizational Commission").

To earn Retail Commissions, a business associate must purchase Credits from DubLi and resell such Credits to its Affiliated Consumers. Credits are sold to business associates by DubLi at the same price offered to retail consumers. When an Affiliated Consumer places an order for Credits, the Credits are automatically deducted from the subject business associate's account and transferred to the Affiliated Consumer's account, and the business associate is eligible to earn Retail Commission. If a business associate does not have sufficient Credits in his account to cover an order by an Affiliated Consumer, DubLi will supply the balance of Credits to fill the order, but the business associate will not be eligible to earn commissions on the Credits supplied by DubLi. The amount of the Retail Commissions earned by a business associate varies from 5-25% based on the total Credits purchased by the business associate over a consecutive twelve-month period.

To become a business associate, an applicant must register with DubLi by filling out an online business associate application and agreement and purchase an e-Biz kit for US $175.00. The e-Biz kit is the only purchase required to become a business associate.

DubLi also offers a partner package and program (the "Partner Program") to companies, associations, affinity groups and non-profit organizations (which it refers to as a "white label solution"). Using the Partner Program, these groups can, through DubLi, open and utilize an auction portal open to their members. Each partner earns a thirty percent (30%) commission on all Credits sold to such Partner's members through their portal. Using the Partner Program gives participating organizations a professional web presence, access to products offered on the auction portal through DubLi, and the use of DubLi to complete all customer purchase processes. DubLi provides a variety of ready-made templates that can be customized to the individual requirements of any organization, including the use of the organization's URL. The Company receives the remaining 70% of the sales proceeds from which it pays all related costs and expenses.

Demand for our products and services will be dependent on, among other things, market acceptance of our products, traffic to our websites, growth in our Business Associate Network, and general economic conditions. Inasmuch as a major portion of our activities is the receipt of revenues from the sales of Credits and continued demand at our auction portals.

Our success will be dependent upon implementing our plan of operations, which is subject to various risks including those contained in our various public reports filed with the Securities and Exchange Commission. We plan to strengthen our position in existing and new markets by continuing to aggressively market our products and services.

BSP Rewards

BSP Rewards provides private branded loyalty and rewards programs designed as a shopping service through which members receive rebates (rewards points) on purchases of products and services from participating merchants in our Internet mall platform. These rewards act as a common currency that may be accumulated and used to make purchases of gift cards or donations to a charity. The rewards additionally can be loaded onto a debit MasterCard and used towards additional purchases from any participating merchant in the program. Additionally, once the loyalty points are loaded on the MasterCard, the consumer can utilize this debit card at any merchant where the debit MasterCard is accepted.

The BSP Rewards program is a web based retail mall concept. Retail sellers of goods and services who join in the program as participating merchants agree to pay rebates to us for our members who purchase goods and services through the program at their individual web stores. We collect all rebates paid by participating merchants and retain a portion as our fee for operating the program. Another portion of the rebate (generally one-half), is designated as a "reward" earned by the member who made the purchase. A portion of the Company's rebate is paid to the organization or company which enrolled the member in the program.

DubLi uses the BSP Shopping Mall in combination with its auction sites.

We are also in the process of developing a new platform of websites to better provide DubLi.com shoppers with an enjoyable experience. The new platform is expected to provide DubLi.com shoppers' website displays that, among other things: facilitate a shoppers' monitoring and participation in Xpress Auctions and Unique Bid Auctions simultaneously; provide shoppers with expanded merchandise search capabilities; and provides shoppers with expanded capabilities to monitor auctions.

We are also contemporaneously seeking to expand our service offering to a wide range of entertainment products and services via streaming content downloads (i.e. music, movies, television and radio).

Working from the "Cinch" technology we acquired from MSC, Inc. in October 2009, we intend to offer users a fast and convenient method of locating and enjoying entertainment content readily available on the Internet, free of charge. We hope that Cinch will expand DubLi.com's relationship with its shoppers and thereby assist us to better identify our shopper's needs and shopping habits.

MediaNet is targeting to launch its new websites in the fourth quarter of 2010. See "Risk Factors."

Our Industry

The Company provides a variety of shopping alternatives for which the industry is segmented and diverse. MediaNet Group's service offering emphasize bringing pricing value to consumers in a format that is unusual within the current ecommerce environment. While the industry consists of many companies and organizations that provide shopping, loyalty and rewards in various means and fashions, few offer a complete package. There are many other similar businesses; however, most others do not include many of the features and benefits that MediaNet Group does. It requires significant time and resources to develop a mature, flexible, broad-based platform and to attract and market the program to a wide variety of business segments. We believe our various businesses have and will generally continue to benefit from the growing popularity of online shopping versus traditional brick and mortar shopping.

Competition

MediaNet Group believes that there are a number of companies engaging in reverse auctions. However, it does not believe that any of these companies present significant competition to DubLi. The Company believes that its DubLi online auction business has been able to distinguish itself from other competitors based upon its advanced, customer friendly technology, multi-level marketing strategy, local marketing knowledge through the DubLi Network sales force, and its exclusive focus on new inventory from the world's leading manufacturers.

The BSP Rewards services offer private branded web mall program for companies, organizations and associations with features that include, but is not limited to, their logo and corporate image, cross links between the mall and their own corporate websites where the end user associates the mall with the host brand. Our competition includes other established loyalty/rewards companies, service providers that aggregate affiliate network merchants and existing web portals. While some competitors offer a private branded rewards program, most do not offer all of the features as BSP, including our redemption option through a stored value MasterCard, cross marketing applications and customer communications. BSP intends to compete on the basis of pricing and speed to market, ease of use, our platform and the number of features available in our proprietary BSP Rewards application.

Our customers

DubLi's customers are derived primarily from three sources, consumers from the general public who are interested in the DubLi auction formats, consumers signed up by business associates and consumers introduced to the DubLi auctions through our Partner Program. Sometimes there is overlap among the three categories. Our customers are based all over the world including Europe and North America. We believe that our ability to attract potential buyers to our website is based upon the quality of our merchandise and our focus on word-of-mouth advertising. Our business strategy was designed based on the concept that by rewarding people for their recommendation through referral based commissions, we could potentially attract a large numbers of customers from around the world to our auction portal.

BSP's business to business model enables customers from each of its private branded malls to participate in the rewards malls. These customer members are either employees from the sponsor of the private branded mall, debit card customers, representatives of network marketing programs and a variety of other membership bases.

Results of Operations

The following table sets forth certain of our results of operations for the periods indicated.

	For the three months ended June 30, 2010	For the three months ended June 30, 2009	Percent Change	For the nine months ended June 30, 2010	For the nine months ended June 30, 2009	Percent Change
Revenues	$ 6,102,897	3,753,679	63%	$ 16,718,961	$ 9,837.048	70%
Direct cost of revenues	1,840,894	405,577	354%	8,601,810	4,210,739	104%
Gross profit	4,262,003	3,348,102	27%	8,117,151	5,626309	44%
Operating expenses	3,431,770	3,195,156	7%	5,569,190	5,094,829	9%
Income (loss) from operations	830,233	152,946	443%	2,547,961	531,480	379%
Interest income (expense) -net	(265)	-		(7,404)	(3,607)	105%
Provision for income taxes	-	-		-	-	
Discontinued operations	-	(373,166)	-100%	-	(1,605,423)	-100%
Gain from sale of subsidiary	-			-	74,990	-100%
Foreign currency translation	(386,197)	(27,991)	1280%	(798,506)	(75,716)	
Comprehensive Income	$ 443,770	$ 248,210	62%	$ 1,742,051	$ (1,078,276)	-262%

Revenues

We had revenues of $6,102,897 for the three months ended June 30, 2010, an increase of $2,349,218, or 63%, as compared to $3,753,679 in the same period ended June 30, 2009. In the nine months ended June 30, 2010, we had revenues of $16,718,961, an increase of $6,881,913, or 70%, as compared to $9,837,048 the same period ended June 30, 2009. Revenue decreased $229,232 from $6,332,129 in the second quarter of this year due primarily to an increase in the utilization rate of the DubLi credits used for bidding in the online auctions.

Revenue increases occurred in both the sales of products and sales of Credits. The increase in Credits sold was due to our overall domestic and foreign business expansion resulting from our addition of new business associates and increased productivity from existing associates between June 30, 2009 and June 30, 2010 as well as certain new promotions.

Direct Cost of Revenues

Direct Cost of Revenues primarily includes the cost of acquiring products to sell in our online auctions, website operation costs and business associate commission expenses. During the three months ended June 30, 2010, we had direct cost of revenues of $1,840,894, or 30% of revenues, versus direct cost of revenues of $405,577, or 11% of revenues, in the same period in 2009. During the nine months ended June 30, 2010, we had direct cost of revenues of $8,601,810, or 51% of revenues, compared to direct cost of revenues of $9,837,048, or 43%, of revenues in the same period in 2009. This 354% and 104% respective increase in the direct cost of revenues is consistent with and primarily attributable to our increase in revenues. In addition, increased incentives earned by our business associates contributed to the increase in direct cost of revenues. Variability in the direct costs as a percentage of revenues is a function of the reverse auction bidding process wherein the mix of products offered at auction directly affects the amount of bidding revenue earned from the redemption of DubLi Credits.

Gross profit

We had gross profit of $4,262,003 and $3,348,102 for the three months ended June 30, 2010 and June 30, 2009, respectively. Gross profit margin was 70% and 89% for the three months ended June 30, 2010 and June 30, 2009, respectively.

We had gross profit of $8,117,151 and $5,626,309 for the nine months ended June 30, 2010 and June 30, 2009, respectively. Gross profit margin was 49% and 57% for the nine months ended June 30, 2010 and June 30, 2009, respectively.

Operating Expenses

Operating expenses for the three months ended June 30, 2010 were $3,431,770, or 56% of revenues, compared to operating expenses of $3,195,156, or 85% of revenues, for the same period ended June 30, 2009. Operating expenses for the nine months ended June 30, 2010 were $5,569,190, or 33% of revenues, compared to operating expenses of $5,094,829, or 52% of revenues, for the same period ended June 30, 2009. There was no significant increase in operating expenses during the three and nine months ended June 30, 2010. The expenses as a percent of revenue are higher than we normally expect due to high advertising and marketing expenses and in administrative expenses resulting from planned improvements to our operations including enhancements to our auction websites and backend software. Operating expenses are also high during the period due to travel and marketing as we worked to expand our business associate network. We also incurred significant legal expenses in connection with our SEC filings.

Discontinued Operations

In May 2009, the Company determined it was in the best long-term interest of the Company to discontinue the operations of Dublicom GMBH., a wholly-owned subsidiary. The Company recognized a net loss of $0 and $373,166 for the three months ended June 30, 2010 and 2009, respectively, and $0 and $1,605,423 for the nine months ended June 30, 2010 and 2009, respectively, on the disposal of the subsidiary and reported in the Consolidated Statements of Operations and Cash Flows within the caption, "discontinued operations". The Company has completed the winding up of this business.

Foreign Currency Translation

We had a foreign currency translation adjustment of $(386,197) in the three month period ended June 30, 2010 and a foreign currency translation adjustment of $(27,991) in the three month period ended June 30, 2009. We had a foreign currency translation adjustment of $(798,506) in the nine month period ended June 30, 2010 and a $(75,716) foreign currency translation adjustment in the nine month period ended June 30, 2009. These non-cash adjustments are the result of translating the European subsidiaries' financial statements from their functional currency, the Euro into US Dollars for financial reporting purposes. The amounts are reflected as other comprehensive income (loss) and do not affect net income or earnings per share.

Comprehensive Income

We had a comprehensive income (loss) of $443,771 or 7% of revenues for the three month period ended June 30, 2010 compared to comprehensive loss of $248,211 or (7) % of revenues for the same period ended June 30, 2009. Our comprehensive income is a function of revenues, cost of sales and other expenses, loss from discontinued operations and foreign currency translation adjustment as described above. Earnings per share in the three month period ended June 30, 2010 were $0.03 per basic and $0.00 per fully diluted share based on basic weighted average number of shares outstanding during the period of 28,621,680 and fully diluted weighted average number of shares of 337,450,905 compared to earnings per basic share of $0.01 and $0.01 per fully diluted share in the three months ended June 30, 2009 on the basic and fully diluted weighted average number of shares outstanding of 20,674,802.

We had a comprehensive income of $1,742,051 or 10%, of revenues for the nine month period ended June 30, 2010 compared to a $(1,078,276), or (11) % of revenues, for the same period ended June 30, 2009. Earnings per share for continuing operations in the nine month period ended June 30, 2010 were $0.09 per basic and $0.01 per diluted share based on the basic weighted average number of shares outstanding during the period of 28,100,031 and fully diluted shares of 318,399,072 compared to earnings per basic share of $0.03 and $0.03 per fully diluted shares in the nine months ended June 30, 2009 on the basic and fully diluted weighted average number of shares outstanding of 20,674,802.

Liquidity and Capital Resources

General

As of June 30, 2010 and September 30, 2009, we had working capital of approximately $(2,870,131) and $(3,012,783), respectively. Our working capital has decreased in the nine month period ended June 30, 2010 as we have utilized some of our available capital to fund operations (including various discontinued operations) and purchase non-current assets such as real estate and software plus restricted cash that was not available for use as working capital.

As of June 30, 2010, we had cash and cash equivalents of $893,570. We also had $2,129,723 of restricted cash. Restricted cash is a cash reserve maintained by our credit card processors on sales processed by them. Our credit card processors are currently maintaining a 20% reserve for six months on each sale processed by them.

Our principal use of cash in our operating activities has historically been for restricted cash, inventory and for selling and general and administrative expenses.

Operating Activities

Cash flows provided (used) by operating activities during the nine months ended June 30, 2010 were $(542,936), compared to cash flows provided by operating activities of $222,024 during the nine months ended June 30, 2009. Significant items reducing cash flows from operations for the nine months ended June 30, 2010 include: an increase in restricted cash of $1,422,709; an increase in prepaid customer acquisitions costs of $1,724,125; a decrease in commissions payable of $932,430; a decrease of accrued incentives $635,401; a decrease of accrued liabilities $562,154; an increase in inventory of $288,842. Items increasing cash flows from operations include significant increases in deferred revenue of $3,200,891 and increase in accounts payable of $126,580.

Investing and Financing Activities

Cash flows (used) in investing activities were $(1,194,963) and $(78,750) for the nine months ended June 30, 2010 and 2009, respectively. Our primary uses of cash for investing activities were the software license, deposits and options, and real estate and office equipment.

Cash flows provided by financing activities were $304,699 and $567,535 for the nine months ended June 30, 2010, and 2009, respectively, from proceeds of warrant exercises and sales of common stock and proceeds of $825,535 net of repayments of $654,021from the Note Payable related party.

In the nine months ended June 30, 2010, we utilized approximately $550,000 of cash from operations and $1.2 million of cash for investment activities. We financed this $1.75 million use of cash with our pre-existing cash resources and approximately $200,000 of net cash advances from our Chief Executive Officer, Mr. Michael Hansen. For the quarter ending September 30, 2010, we anticipate our capital needs for investing activities will be approximately $1 million. Unless we can generate significantly more capital from operations then we currently project may be generated, in the quarter ending September 30, 2010 we will need to secure additional capital to meet our projected cash needs for investment purposes and to otherwise continue to grow our business as planned. Mr. Michael Hansen has provided us considerable financial support in the past, and he has verbally committed to provide us the capital we currently project we will need for investment purposes in the quarter ending September 30, 2010, if and when needed. Mr. Hansen has not yet reduced his commitment to writing. On August 19, 2010, Mr. Hansen lent the Company $190,431 so that it could make the scheduled payment on a real estate contract it acquired as an investment. If we are unable to generate or secure capital as planned, we may not be able to develop our business as planned and/or may be compelled to seek alternative sources of capital in order to pursue our current business plan.

For additional information regarding investing and financing activities, see Note 16 – Subsequent Events to the Company's Condensed Consolidated Financial Statements appearing in this report.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act as of June 30, 2010. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of such date, our disclosure controls and procedures were (1) not sufficiently designed to ensure that material information relating to the Company, including our consolidated subsidiaries, was made known to them by others within those entities, particularly in the period in which this report was being prepared and (2) not effective, in that they did not provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Chief Executive Officer and Chief Financial Officer further concluded that the disclosure controls and procedures were not effective as of the following prior periods: year ended September 30, 2009; three months ended December 31, 2009; six months ended March 31, 2010 and; nine months ended June 30, 2010.

More specifically, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to:

(i) inadequate accounting personnel;

(ii) delays in the post-Merger integration of the Company's and CG's administrative, accounting and reporting systems and procedures;

(iii) delays in the post-Merger integration and implementation of an effective system of internal control that governs the combined entities.

(iv) delays in the adoption of board charters and policies and procedures that specify the policies and procedures to be utilized by the Company when considering and/or engaging in related party transactions.

Remediation Steps to Address Material Weakness:

To address the identified material weakness discussed above, we are in the process of enhancing our internal control processes. To date, we have:

(i) engaged a law firm to assist us in improving our securities law compliance and disclosure and our corporate governance systems

(ii) engaged a firm of ERP system consultants to assist with the integration of the Companies' subsidiaries accounting and reporting systems into a single automated system;

(iii) hired a new Chief Technical Officer;

(iv) terminated our former Chief Financial Officer and commenced a process to engage a new Chief Financial Officer, for which we have identified one highly qualified candidate, who is currently assisting the Company with these remediation steps in a consultant capacity;

(v) commenced a reorganization of our accounting and administrative staff designed to improve workflow and enhance internal controls;

(vi) hired a new Controller., and

(vii) commenced the process of evaluating whether or not the Company should engage a new independent auditor

We will soon begin the documentation and testing of a revised system of internal controls over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act and in preparation for an attestation report by our registered public accounting firm regarding internal control over financial reporting for the year ending September 30, 2010.

Other than as set forth above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in a variety of claims, suits, investigations, and proceedings arising from the ordinary course of our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense costs, diversion of management resources, and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect our financial position, results of operations, or cash flows in a particular period.

The Company has historically relied upon two service providers to process credit card transactions arising from purchases of the Company's services and products. Disagreements have emerged between the Company and one such service provider, National Merchant Center ("NMC"), as to the permitted amount of reserves, if any, that NMC is eligible to maintain. On September 22, 2010 certain of the Company's subsidiaries instructed NMC to return to them all of the cash held in reserve with respect to the Company's account. In response to such demand, on November 1, 2010, NMC informed the Company that it was terminating the Company's merchant account with NMC and holding all of the Company's funds and deposits for a period of 180 days after the last chargeback (which have averaged less than 1.2% of sales or approximately $63,000 since the account was established in December 2009).

On October 27, 2010, DUBLICOM Limited and DubLi Network Limited, both of which are wholly owned subsidiaries of the Company, initiated legal action against NMC in the Circuit Court for the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (Case No. 10-57829 CA 15) to seek recovery of approximately $2,162,000 of reserves held at the direction NMC plus various other awards, costs and expenses. On December 21, 2010, NMC removed this case to the United States District Court (the "Court") for the Southern District of Florida (Case No. 10-24563-Civ-Graham). DUBLICOM Limited and DubLi Network Limited (collectively, the "Subsidiaries") allege that NMC committed civil theft and conversion by depriving the Subsidiaries of the use of the funds by appropriating the funds to NMC's own use. NMC's legal counsel has since informed the Company that NMC is in bankruptcy, the subject funds are being held in escrow in California by a third party in a bank account and such funds are not involved in the NMC bankruptcy case.

On January 11, 2011, NMC filed a motion to dismiss the case for improper venue and failure to state any adequate claims. In addition, NMC moved the court to transfer the case to the U.S. District Court in the Central District of California (the "California Court") due to improper venue. On March 14, 2011, the Court issued an order granting NMC's request to transfer the case to the California Court, but denied NMC's motion to dismiss the case for improper venue and the failure to state a claim. In light of the Court's decision, the Subsidiaries are currently reviewing their options, but they will continue to aggressively pursue legal action against NMC for the purpose of recovering the funds.

On February 9, 2011, NMC filed suit against the Company in the Superior Court of the State of California (Case Number: 30-2011-00449062-CU-BC-CJC) seeking to recover approximately $706,000. NMC alleges that the Company breached the agreement between NMC and the Company by (i) failing to abide by the provision that requires that NMC be the exclusive credit card processing company for the Company between March 2010 and February 2013 and (ii) representing that the Company's website is www.DubLi.com and that the Company does business as "DubLi.com." NMC claims to have terminated the agreement due to the Company's alleged breach and that through the date of termination it had provided approximately $706,000 worth of services to the Company.

On January 28, 2011, the Company filed suit against Giant Equity, Inc. in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (Case No. 11-01537 CA 21) seeking damages of $250,000 plus interest. The Company's claims arise from a $250,000 payment made by the Company to Giant Equity, Inc. in connection with a "Deal Memorandum" entered into by the parties on January 29, 2010. The Company alleges fraudulent inducement, breach of contract, violation of Florida Statutes Chapter 501 et seq. (the Florida Deceptive and Unfair Trade Practices Act), civil theft and conversion.

ITEM 1A. RISK FACTORS

RISK FACTORS

Risks Related to Our Operations

The Company has identified no additional risk factors other than those described below or previously disclosed in its periodic reports filed with the Securities and Exchange Commission.

We may need additional capital to grow our operations as planned

In the nine months ended June 30, 2010, we utilized approximately $600,000 of cash from operations and $1.2 million of cash for investment activities. We financed this $1.8 million use of cash with our pre-existing cash resources and approximately $200,000 of net cash advances from our Chief Executive Officer, Mr. Michael Hansen. For the quarter ending September 30, 2010, we anticipate our capital needs for investing activities will be approximately $1 million. Unless we can generate significantly more capital from operations then we currently project may be generated, in the quarter ending September 30, 2010 we will need to secure additional capital to meet our projected cash needs for investment purposes and to otherwise grow our business as planned. Mr. Michael Hansen has provided us considerable financial support in the past, and he has verbally committed to provide us the capital we currently project we will need for investment purposes in the quarter ending September 30, 2010, if and when needed. Although Mr. Hansen has not reduced his commitment to writing, on August 19, 2010 Mr. Hansen lent the Company $190,431 so that it could make the scheduled payment on a real estate contract it acquired as an investment. If we are unable to generate or secure capital as planned, we may not be able to develop our business as planned and/or may be compelled to seek alternative sources of capital in order to pursue our current business plan.

Our search for acquisitions and joint ventures could result in the diversion or loss of resources and litigation risk.

We expect to continue to evaluate and consider a wide array of potential strategic transactions, including business combinations, acquisitions and dispositions of businesses, technologies, services, products and other assets. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of locating and evaluating potential acquisitions and joint ventures can be time consuming, difficult and expensive. In addition, the Company may be subject to various risks and business restrictions as it agrees to enter into non-disclosure agreements, letters of intent or memorandums of understanding in an effort to further explore potential transactions. Even if the Company enters into more definitive agreements with respect to a prospective transaction, the Company and any counter-parties to the transaction may, under certain circumstances, elect or determine not to proceed. Accordingly, there is also no assurance that the Company will ever recoup any of its investments or expenditures with respect to any targeted transaction.

In connection with any proposed transaction, the Company also faces the risk that it may need to expend resources in order to protect its rights, recoup its investment and/or defend itself against claims of third parties. For instance, the Company previously entered into a memorandum with a third party that purported to own a vast library of the recording works of a world famous performer and recording artist, various feature movie rights and certain technology. Pursuant to the memorandum, the Company intended to acquire all of the foregoing intellectual property rights in exchange for a significant amount of the Company’s common stock and various capital commitments. After signing the memorandum, the third party failed to demonstrate ownership of the intellectual property rights it claimed it owned and breached other obligations under the memorandum. The Company expects it will need to expend some amount of money in order to seek to demonstrate the memorandum is now unenforceable and recoup the capital it expended on the perceived business opportunity.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 5. OTHER INFORMATION

Loans from Chief Executive Officer

During the Quarter ended June 30, 2010, Michael Hansen advanced the Company $399,356 (290,244€) for working capital purposes. The loan is evidenced by an, unsecured note, each dated August 23, 2010, payable by the Company to Mr. Hansen in the amount referenced above. The note is interest free and due and payable 364 days from the date of the initial advance, May 24, 2020, and thereafter it is payable upon demand of Michael Hansen.

Termination of Former Chief Financial Officer

Since the Company filed its Form 8-K of July 16, 2010 announcing the termination of Mr. Fernandez, Mr. Fernandez has alleged certain disputes with the Company and threatened legal action. More specifically, Mr. Fernandez has alleged that the Company was aware of Mr. Fernandez's "many disputes" with the Company and "These disputes include but are not limited to accounting issues, disclosures of material items to shareholders including pending litigations, impairment to assets, revenue recognition, employment discrimination, my benefits and severance pay as well as you prohibiting me from answering shareholder inquiries." Notwithstanding the Company's efforts to communicate with Mr. Fernandez, the Company has been unable to understand the factual basis of Mr. Fernandez's vague and non-specific allegations.

The Company believes Mr. Fernandez's allegations are without merit.

ITEM 6. EXHIBITS

No.	Description
10.1	Promissory Note, dated August 22, 2010, of the Company to Mr. Michael Hansen*
31.1	Certification of Chief Executive Officer**
31.2	Certification of Chief Financial Officer**
32.1	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.***
32.2	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002***

* Previously filed with the original Form 10-Q for the quarter ended June 30, 2010.
** Filed herewith.
*** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

MEDIANET GROUP TECHNOLOGIES, INC.

Date: March 30, 2011

By: /s/ Michael B. Hansen
Michael B. Hansen
President

INDEX TO EXHIBITS

No.	Description
10.1	Promissory Note, dated August 23, 2010, of the Company to Mr. Michael Hansen*
31.1	Certification of Chief Executive Officer**
31.2	Certification of Chief Financial Officer**
32.1	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.***
32.2	Statement required by 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002***

* Previously filed with the original Form 10-Q for the quarter ended June 30, 2010.
** Filed herewith.
*** Furnished herewith.

EXHIBIT 31.1

Certifications

I, Michael B. Hansen, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MediaNet Group Technologies, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2011

/s/ Michael B. Hansen

Michael B. Hansen
(Principal Executive Officer)

EXHIBIT 31.2

Certifications

I, Mark Mroczkowski, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MediaNet Group Technologies, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2011

/s/ Mark Mroczkowski

Mark Mroczkowski
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of MediaNet Group Technologies, Inc. (the "Company") for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael B. Hansen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

/s/ Michael B. Hansen
Michael B. Hansen
Chief Executive Officer
Principal Executive Officer

March 30, 2011

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of MediaNet Group Technologies, Inc. (the "Company") for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Mroczkowski, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

/s/ Mark Mroczkowski
Mark Mroczkowski
Chief Financial Officer
(Principal Financial and Accounting Officer)

March 30, 2011

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.