

COUSINS PROPERTIES INC

Form 4

March 06, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
DUPREE DANIEL M

(Last) (First) (Middle)

2500 WINDY RIDGE
PARKWAY, SUITE 1600

(Street)

ATLANTA, GA 30339

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
COUSINS PROPERTIES INC
[CUZ]

3. Date of Earliest Transaction
(Month/Day/Year)
03/02/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)
Vice Chairman

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) (A) or (D) Code V Amount Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock					85,853 ⁽¹⁾	D	
Common Stock	03/02/2006		P	21 A \$ 31.1557	10,664 ⁽²⁾	I	By Profit Sharing Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
DUPREE DANIEL M 2500 WINDY RIDGE PARKWAY SUITE 1600 ATLANTA, GA 30339	Vice Chairman

Signatures

Daniel M.
DuPree
03/06/2006

Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Includes 28,508 shares of restricted stock awarded under the Cousins Properties Incorporated (CPI) 1999 Incentive Stock Plan. These shares will vest 25% per year on each anniversary date of the grant, and CPI will hold these shares until such shares become vested.
- (1) While the shares are being held prior to vesting, the reporting person will have the right to receive all cash dividends and to vote the restricted shares. All unvested shares will forfeit upon termination of employment.
- (2) Shares held by the reporting person as beneficiary in the Company's Profit Sharing Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Total assets 3,058,137 2,578,817 LIABILITIES AND STOCKHOLDERS EQUITY Current Accounts payable **293,552** 220,538 Accrued liabilities **311,797** 259,388 Deferred leasehold inducement **4,934** Deferred revenue **37,954** 25,018 Obligation under capital leases current portion [note 6] **4,035** 10,759 **Total current liabilities 652,272** 515,703 Obligation under capital leases long term portion [note 6] 3,745 **Total liabilities 652,272** 519,448 Commitments and contingencies [notes 6 and 8] **Stockholders equity** Common stock, par value \$0.001 [note 4]

Authorized: 100,000,000 shares

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Issued: 50,612,507 Outstanding: 50,487,577 shares

[August 31, 2010 issued and outstanding 51,143,847 shares] **50,613** 51,145 Additional paid-in capital **8,758,044** 9,049,308 Shares held for cancellation **(50,076)** Accumulated Deficit **(6,576,033)** (7,214,541) Accumulated other comprehensive income **223,317** 173,457 **Total stockholders equity 2,405,865** 2,059,369 **Total liabilities and stockholders equity 3,058,137** 2,578,817

See accompanying notes

Destiny Media Technologies Inc.**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years ended August 31

(Expressed in United States dollars)

	2011 \$	2010 \$
Service revenue <i>[note 9]</i>	4,007,230	3,771,382
Operating expenses		
General and administrative <i>[note 8a]</i>	763,872	1,049,368
Sales and marketing	823,729	786,228
Research and development	1,563,690	1,193,618
Depreciation and amortization	58,339	53,106
	3,209,630	3,082,320
Income from operations	797,600	689,062
Other income (expenses)		
Interest income	11,508	3,359
Other income	3,091	118,129
Interest and other expense	(691)	(2,477)
Income before provision for income taxes	811,508	808,073
Deferred income tax recovery (expense) <i>[note 5]</i>	(173,000)	878,000
Net income	638,508	1,686,073
Net income per common share, basic and diluted	0.01	0.03
Weighted average common shares outstanding:		
Basic	50,552,886	51,637,922
Diluted	50,931,848	52,274,419

See accompanying notes

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

Years ended August 31

(Expressed in United States dollars)

	Common stock Shares #	Amount \$	Additional paid-in capital \$	Shares held for cancellation \$	Accumulated Deficit \$	Accumulated other comprehensive income \$	Total stockholders equity \$
Balance, August 31, 2009	51,723,647	51,725	9,492,168		(8,900,614)	147,655	790,934
Net income for the year					1,686,073		1,686,073
Foreign currency translation gain						25,802	25,802
Comprehensive income							1,711,875
Common stock issued on options exercised	133,200	133	6,117				6,250
Common stock issued on warrants exercised	336,000	336	(336)				
Common stock repurchased and cancelled	(1,049,000)	(1,049)	(466,611)				(467,660)
Stock options repurchased and cancelled			(30,000)				(30,000)
Stock based compensation			47,970				47,970
Balance, August 31, 2010	51,143,847	51,145	9,049,308		(7,214,541)	173,457	2,059,369
Net income for the year					638,508		638,508
Foreign currency translation gain						49,860	49,860
Comprehensive income							688,368
Common stock issued on options exercised	450,625	451	99,549				100,000

Explanation of Responses:

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Common stock repurchased and cancelled	(981,965)	(983)	(399,796)				(400,779)
Common stock repurchased and held for cancellation	(124,930)			(50,076)			(50,076)
Stock compensation - employees			8,983				8,983
Balance, August 31, 2011	50,487,577	50,613	8,758,044	(50,076)	(6,576,033)	223,317	2,405,865
<i>See accompanying notes</i>							

Destiny Media Technologies Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31

(Expressed in United States dollars)

	2011 \$	2010 \$
OPERATING ACTIVITIES		
Net income	638,508	1,686,073
Items not involving cash:		
Depreciation and amortization	58,339	53,106
Stock-based compensation	8,983	47,970
Deferred leasehold inducement	4,880	
Deferred commission costs		13,908
Deferred income taxes	173,000	(878,000)
Changes in non-cash working capital:		
Accounts receivable	196,666	(22,340)
Other receivables	(13,518)	(30,062)
Prepaid expenses and deposits	(26,875)	29,308
Accounts payable	55,772	(146,431)
Accrued liabilities	32,417	81,076
Deferred revenue	10,898	7,236
Net cash provided by operating activities	1,139,070	841,844
INVESTING ACTIVITIES		
Purchase of equipment	(63,289)	(54,250)
Net cash used in investing activities	(63,289)	(54,250)
FINANCING ACTIVITIES		
Repayments on capital lease obligations	(11,450)	(9,769)
Repayments of shareholder loans		(71,218)
Proceeds from exercise of stock options	100,000	6,250
Repurchase of stock and options	(450,855)	(497,660)
Net cash used in financing activities	(362,305)	(572,397)
Effect of foreign exchange rate changes on cash	33,685	22,715
Net increase in cash during the year	747,161	237,912
Cash, beginning of year	491,012	253,100
Cash, end of year	1,238,173	491,012
Supplementary disclosure		
Interest paid	691	2,477
Income taxes paid		
<i>See accompanying notes</i>		

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

1. ORGANIZATION

Destiny Media Technologies Inc. (the Company) was incorporated in August 1998 under the laws of the State of Colorado. The Company develops technologies that allow for the distribution over the Internet of digital media files in either a streaming or digital download format. The technologies are proprietary. The Company operates out of Vancouver, BC, Canada and serves customers predominantly located in the United States, Europe and Australia.

The Company's stock is listed for trading under the symbol DSNY on the OTC Bulletin Board in the United States, under the symbol DSY on the TSX Venture Exchange and under the symbol DME on the Berlin, Frankfurt, Xetra and Stuttgart exchanges in Germany.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these consolidated financial statements:

Basis of presentation and fiscal year

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company's fiscal year-end is August 31.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiaries, Destiny Software Productions Inc. and MPE Distribution Inc. All inter-company balances and transactions have been eliminated on consolidation.

Use of estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of net revenue and expenses in the reporting periods. We regularly evaluate estimates and assumptions related to revenue recognition, estimated useful lives for property and equipment, allowances for doubtful accounts, sales returns and allowances, stock-based compensation expense, deferred income tax asset valuation allowances, uncertain tax positions, litigation and other loss contingencies. These estimates and assumptions are based on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

The actual results we experience may differ materially and adversely from our original estimates. To the extent there are material differences between the estimates and actual results, our future results of operations will be affected.

Cash and cash equivalents

We consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents.

Revenue recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 985-605, *Revenue Recognition*. Accordingly, revenue is recognized when there is persuasive evidence of an arrangement, delivery to the customer has occurred, the fee is fixed and determinable, and collectability is considered probable.

The majority of the Company's revenue is generated from digital media distribution service. The service is billed on usage which is based on the volume and size of distributions provided on a monthly basis. All revenues are recognized on a monthly basis as the services are delivered to customers, except where extended payment terms exist. Such revenues are only recognized when the extended payment term expires.

Cash received in advance of meeting the revenue recognition criteria is recorded as deferred revenue.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

Long-lived assets

Long-lived assets held for use are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Impairment is measured by a two step process: Step 1) the carrying amount of the asset is compared with its estimated undiscounted future cash flows expected to result from the use of the assets and its eventual disposition. If the carrying amount is lower than the undiscounted future cash-flows, no impairment loss is recognized. Step 2) If the carrying amount is higher than the undiscounted future cash-flows then an impairment loss is measured as the difference between the carrying amount and fair value which may be based on internally developed discounted cash flow estimates, quoted market prices, when available, or independent appraisals. The determination of whether or not long-lived assets have become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the estimated future cash flows expected to result from the use of those assets. Changes in the Company's strategy, assumptions and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of long-lived assets. As of August 31, 2011, there were no impairment indicators present.

Litigation and settlement costs

We are involved in disputes, litigation and other legal actions. In accordance with ASC 450, Contingencies, we record a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) the range of loss can be reasonably estimated.

During the year ended August 31, 2011, the Company incurred approximately \$528,000 (2010: \$286,000) in professional legal fees in connection with legal actions against the Company and legal actions initiated by the Company. These costs are expensed as incurred and are recorded as a component of general and administrative expenses. During the year ended August 31, 2011, the Company recorded a gain on settlement of litigation of \$606,540 (2010: \$Nil) which offset the professional fees incurred.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued.)**Allowance for doubtful accounts**

The Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection and allowance amounts. The allowance for doubtful accounts is intended to reduce trade accounts receivable to the amount that reasonably approximates their fair value due to their short-term nature. The Company's exposure to credit risk has increased as a result of global market conditions and increased revenue. The amount ultimately realized from trade accounts receivable may differ from the amount estimated in the consolidated financial statements based on collection experience.

Research and development costs

Research costs are expensed as incurred. Development costs are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. The Company's products are generally released soon after technological feasibility has been established and therefore costs incurred subsequent to achievement of technological feasibility are not significant and have been expensed as incurred.

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization is taken over the estimated useful lives of the assets and is calculated using the declining balance method at the following annual rates, commencing upon utilization of the assets:

Furniture and fixtures	20%
Computer hardware	30%
Computer software	50%
Leasehold improvements	Straight-line over lease term

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

Translation of foreign currencies

The Company's functional currency is the U.S. dollar. Financial statements of foreign operations for which the functional currency is the local currency are translated into U.S. dollars with assets and liabilities translated at the rate of exchange in effect at the balance sheet date and revenue and expense items translated at the average rates for the period. Unrealized gains and losses resulting from the translation of the consolidated financial statements are deferred and accumulated in a separate component of stockholders' equity as a foreign currency translation gain (loss) in accumulated other comprehensive income. Transactions denominated in foreign currencies are translated at the exchange rate in effect on the transaction date. Foreign currency gains and losses are included as a component of general and administrative expenses in the consolidated statements of operations.

The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. The Company has not entered into contracts for foreign exchange hedges.

Advertising

Advertising costs are expensed as incurred and totaled \$154,258 and \$116,177 during the years ended August 31, 2011 and 2010, respectively.

Income taxes

The Company utilizes the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes* (formerly SFAS No. 109, *Accounting for Income Taxes*). Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis that give rise to the differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider projected future taxable income and the availability of tax planning strategies. If in the future we determine that we would not be able to realize our recorded deferred tax assets, an increase in the valuation allowance would be recorded, decreasing earnings in the period in which such determination is made.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, we have recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is 50% or less likelihood that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

The Company has concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company's evaluation was performed for the tax years ended August 31, 1999 through August 31, 2011, the tax years which remain subject to examination by major tax jurisdictions. The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to the Company's financial results. In the event the Company has received an assessment for interest and/or penalties, it has been classified in the financial statements as selling, general and administrative expense.

Investment tax credits

The Company uses the flow through method to account for investment tax credits earned on eligible scientific research and development expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

Stock based compensation

The Company accounts for stock-based compensation arrangements in accordance with ASC 718, Stock Compensation. Under the fair value recognition provisions of ASC 718 stock based compensation cost is estimated at the grant date based on the fair value of the awards expected to vest and recognized as expense ratably over the requisite service period of the award. The Company has used the Black-Scholes option pricing model to estimate fair value of its stock-based awards which requires various judgmental assumptions including estimating stock price volatility and expected life. The Company's computation of expected volatility is based on a combination of historical and market-based implied volatility. In addition, the Company considers many factors when estimating expected life, including types of awards and historical experience. If any of the assumptions used in the Black-Scholes valuation model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

As required under ASC 718-50 Employee Share Purchase Plans, compensation expense is recorded for shares committed to be released to employees based on the fair market value of those shares in the period in which they are purchased by the Company and committed to be released to the employee.

Earnings per share

Net income per share basic is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Net income per share (diluted) is calculated by dividing net income for the period by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. Under the treasury stock method, all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period, but only if dilutive.

	Year Ended	
	August 31, 2011	August 31, 2010
	\$	\$
Net income	638,508	1,686,073
Weighted average common shares outstanding	50,552,886	51,637,922
Effect of dilutive securities warrants	136,260	210,053
Effect of dilutive securities options	242,703	426,444
Diluted weighted average common shares outstanding	50,931,848	52,274,419

Weighted average potentially dilutive securities of 2,216,027 and 6,475,954 shares arising from stock options and share purchase warrants, respectively, were not included as their effect would be anti-dilutive for the year ended August 31, 2011 (2010 2,469,794 and 6,531,831 shares arising from stock options and share purchase warrants, respectively).

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

Shares repurchased for cancellation are excluded in the calculation of earnings per share from the date they are repurchased.

Comprehensive income

Comprehensive income includes all changes in equity except those resulting from investments by owners and distributions to owners. Accumulated other comprehensive income consists only of accumulated foreign currency translation adjustments for all years presented.

Recent adopted accounting pronouncements

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU 2009-13). The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. The selling price for each deliverable is based on vendor-specific objective evidence (VSOE) if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE or third-party evidence is available. ASU 2009-13 is effective for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010. The Company's adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update 2009-14, *Certain Revenue Arrangements That Include Software Elements* a consensus of the FASB Emerging Issues Task Force. This Update removes tangible products containing software components and nonsoftware components that function together to deliver the tangible product's essential functionality from the scope of the software revenue guidance in Subtopic 985-605 of the Codification. Additionally, ASU 2009-14 provides guidance on how a vendor should allocate arrangement consideration to deliverables in an arrangement that includes both tangible products and software that is not essential to the product's functionality. ASU 2009-14 requires the same expanded disclosures that are included within ASU 2009-13. ASU 2009-14 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. A company is required to adopt the amendments in both ASU 2009-13 and 2009-14 in the same period using the same transition method. The Company's adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

Accounting Standards Not Yet Effective

In April 2010, the FASB issued Accounting Standards Update 2010-13, Compensation – Stock Compensation (Topic 718) . The objective of this Update is to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. Specifically, an employee share-based payment award denominated in a currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance or service condition and therefore would not classify the award as a liability if it otherwise qualifies as equity. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The amendments in this Update should be applied by recording a cumulative-effect adjustment to the opening balance of retained earnings. The Company is currently evaluating the impact of this update on the consolidated financial statements. This standard will be effective for the Company on September 1, 2011. The Company does not expect the adoption of this new guidance will have a material impact on its financial statements.

In May 2011, the FASB issued Accounting Standards Update 2011-14, Fair Value Measurement (Topic 820) . This Update will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with US GAAP and International Financial Reporting Standards (IFRS). The amendments in this Update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs and they explain how to measure fair value and they do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The amendments in this Update apply to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, a liability, or an instrument classified in a reporting entity's shareholders' equity in the financial statements. The amendments in this Update are to be applied prospectively. For public entities, the amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted. The Company is currently evaluating the impact of this update on the consolidated financial statements.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont d.)

In June 2011, the FASB issued Accounting Standards Update 2011-05, Presentation of Comprehensive Income (Topic 220). The objective of this Update is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income and to facilitate convergence of U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS), the FASB decided to eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, among other amendments in this Update. The amendments require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The amendments in this Update should be applied retrospectively. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company is currently evaluating the impact of this update on the consolidated financial statements.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2011			
Furniture and fixtures	134,828	103,650	31,178
Computer hardware	432,570	321,720	110,850
Computer software	66,630	64,257	2,373
	634,028	489,627	144,401
2010			
Furniture and fixtures	122,119	89,037	33,082
Computer hardware	347,984	257,757	90,227
Computer software	59,372	53,202	6,170
	529,475	399,996	129,479

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

3. PROPERTY AND EQUIPMENT (cont d.)

The gross amount of assets related to property and equipment under capital lease was \$33,136 and \$30,779 for years ended August 31, 2011 and 2010, respectively. The accumulated depreciation and amortization related to property and equipment under capital lease was \$17,438 and \$11,659 for the years ended August 31, 2011 and 2010, respectively.

4. STOCKHOLDERS EQUITY

[a] Common stock issued and authorized

The Company is authorized to issue up to 100,000,000 shares of common stock, par value \$0.001 per share.

2011

During the year ended August 31, 2011, 50,625 shares were issued in a cashless exercise of 135,000 options with an exercise price of \$0.25. 400,000 shares were issued in an exercise of 400,000 options with cash proceeds of \$100,000.

2010

During the year ended August 31, 2010, 336,000 shares were issued in a cashless exercise of 600,000 warrants with an exercise price of \$0.22. 108,200 shares were issued in a cashless exercise of 289,000 options with an exercise price of \$0.25. 25,000 shares were issued in an exercise of 25,000 options with cash proceeds of \$6,250.

[b] Common stock cancelled

During the year ended August 31, 2011, the Company repurchased 1,106,895 shares at an open market, of which it paid \$400,779 for 981,965 shares and \$50,076 for 124,930 shares. As of August 31, 2011, the 981,965 shares have been cancelled and the 124,930 shares are being held for cancellation.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

4. STOCKHOLDERS' EQUITY (continued)**[c] Stock option plans**

The Company has two existing stock option plans (the "Plans"), namely the Amended 1999 Stock Option Plan and the 2006 Stock Option Plan, under which up to 3,750,000 and 5,100,000 shares of the common stock, respectively, have been reserved for issuance. A total of 1,466,334 common shares remain eligible for issuance under the plans. The options generally vest over a range of periods from the date of grant, some are immediate, and others are 12 or 24 months. Any options that do not vest as the result of a grantee leaving the Company are forfeited and the common shares underlying them are returned to the reserve. The options generally have a contractual term of five years.

Stock-Based Payment Award Activity

A summary of option activity under the Plans as of August 31, 2011 and 2010, and changes during the years ended are presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value \$
Outstanding at September 1, 2009	3,939,000	0.44	2.07	80,940
Granted	100,000	0.50		
Exercised	(314,000)	0.25		47,350
Repurchased and cancelled	(150,000)	0.25		
Expired or forfeited	(350,000)	0.39		
Outstanding at August 31, 2010	3,225,000	0.47	1.68	117,600
Granted	-	-		
Exercised	(535,000)	0.25		79,250
Expired or forfeited	(400,000)	0.63		
Outstanding at August 31, 2011	2,290,000	0.50	0.99	25,500
Vested and exercisable at August 31, 2011	2,275,417	0.50	0.97	25,500

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Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

4. STOCKHOLDERS' EQUITY (continued)

The following table summarizes information regarding the non-vested stock purchase options outstanding as of August 31, 2011:

	Number of Options
Non-vested options at August 31, 2010	42,708
Vested	(28,125)
Non-vested options at August 31, 2011	14,583

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock for the options that were in-the-money at August 31, 2011.

During the year ended August 31, 2011, total stock-based compensation expense related to employees of \$8,983 are reported in the statement of operations as follows:

	2011	2010
	\$	\$
Stock-based compensation		
General and administrative	3,276	14,238
Sales and marketing	1,969	17,536
Research and development	3,738	16,196
Total stock-based compensation	8,983	47,970

Valuation Assumptions

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

	2011	2010
	\$	\$
Expected term of stock options (years)	0.55	0.55-2.5
Expected volatility	52%	76%-86%
Risk-free interest rate	0.06%	0.2%-1%
Dividend yields		

Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

4. STOCKHOLDERS' EQUITY (continued)

The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the options is based on US Treasury bill rates in effect at the time of grant.

During the year ended August 31, 2011, there were no options granted. 110,000 options were extended for one more year. The weighted-average grant-date fair value of options granted and extended during the year ended August 31, 2011 were \$Nil and \$0.029, respectively (August 31, 2010 - \$0.21 and \$0.19). As a result of the extension of the life of the 110,000 options, the Company recorded an incremental value of \$3,189 as part of the total stock-based compensation of \$8,983 on the statements of operations during the year ended August 31, 2011.

During the year ended August 31, 2010, 150,000 options at an exercise price of \$0.25 were repurchased by the Company for a consideration of \$30,000. The consideration paid was charged to equity with no additional compensation recorded.

As of August 31, 2011 there was \$3,086 of unrecognized stock-based compensation cost related to employee stock options granted under the plans, which is expected to be fully recognized over the next 7 months.

[d] Employee Stock Purchase Plan

The Company's 2011 Employee Stock Purchase Plan (the "Plan") became effective on February 22, 2011. Under the Plan, employees of Destiny are able to contribute up to 5% of their annual salary into a pool which is matched equally by Destiny. Independent directors are able to contribute a maximum of \$12,500 each for a combined maximum annual purchase of \$25,000. The maximum annual combined contributions will be \$400,000. All purchases are made through the Toronto Stock Exchange by a third party plan agent. The third party plan agent will also be responsible for the administration of the Plan on behalf of Destiny and the participants.

During the year ended August 31, 2011, the Company recognized compensation expense of \$61,141 (2010: \$Nil) in salaries and wages on the statement of operations in respect of the Plan, representing the Company's employee matching of cash contributions to the plan. The shares were purchased on the open market at an average price of \$0.36. The shares are held in trust by the Company for a period of one year from the date of purchase.

4. STOCKHOLDERS EQUITY (cont d.)**[e] Warrants**

As at August 31, 2011, the Company has the following common stock warrants outstanding:

	Number of Common Shares Issuable	Exercise Price \$	Date of Expiry
\$0.22 Warrants	350,000	0.22	August 25, 2012
\$0.40 Warrants	361,000	0.40	February 28, 2012
\$0.50 Warrants	5,800,000*	0.50	February 28, 2012
\$0.70 Warrants	500,000	0.70	April 9, 2012
	7,011,000		

*5,400,000 of the \$0.50 warrants have a forced conversion feature by which the Company can demand exercise of the share purchase warrants if the common shares trades at a price equal to or greater than \$1.25 if certain conditions are met. The warrant agreements also provide for a weighted average down round provision whereby the exercise price will be reduced in the event the Company issues options or warrants, excluding employee options, at a price per shares less than the fair market value of the Company's shares at the date of issuance.

The intrinsic value for these warrants is \$77,220 as at August 31, 2011.

During the year ended August 31, 2011, 235,250 (2010:5,886) warrants expired unexercised.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

5. INCOME TAXES

The Company is subject to United States federal and state income taxes at an approximate rate of 34.0% and to Canadian federal and British Columbia provincial taxes in Canada at an approximate rate of 27.3% . The reconciliation of the provision (recovery) for income taxes at the United States federal statutory rate compared to the Company's income tax expense is as follows:

	2011	2010
	\$	\$
Tax at U.S. statutory rates	276,000	275,000
Permanent differences	6,000	18,000
Effect of lower foreign tax in Canada	(41,000)	(32,000)
Effect of research tax credits claims filed in respect of prior years	(248,000)	(271,000)
Other adjustments and change to valuation allowance	180,000	(868,000)
Provision (recovery) for deferred income taxes	173,000	(878,000)

Included in other adjustments and change in valuation allowance for the year ended August 31, 2011 is \$35,000 (2010: (\$19,000)) relating to the effect of changes in statutory tax rates, (\$82,000) (2010: (\$25,000)) for the effect of changes in foreign exchange rates, and \$227,000 (2010: \$(824,000)) in respect of the change in valuation allowance, which includes the items noted below.

During the year ended August 31, 2011, the Company recorded an adjustment to future income tax assets of \$486,000 in respect of amendments to prior years' tax return filings, as approved by Canada Revenue Agency, to capitalize software development costs and eliminate the expiration of losses. As a result, the cumulative tax benefit has increased. The Company has also increased the valuation allowance against these benefits and the investment tax credits approved.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has recognized a valuation allowance for those deferred tax assets for which realization is not more likely than not to occur.

During the year ended August 31, 2011, the Company decreased future income tax assets by \$159,000 in respect of a provision for cross border tax issues.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

5. INCOME TAXES (cont d.)

Significant components of the Company's deferred tax assets as of August 31 are as follows:

	2011	2010
	\$	\$
Deferred tax assets:		
Net operating loss carryforwards	1,001,000	1,218,000
Excess of book over tax depreciation	985,000	687,000
Tax Credits carry forward	571,000	271,000
Total deferred tax asset	2,557,000	2,176,000
Valuation allowance	(1,402,000)	(848,000)
Net deferred tax asset	1,155,000	1,328,000
Less: current portion	286,000	380,000
Non-current	869,000	948,000

Net income (loss) before income tax by geographic region is as follows:

	2011	2010
	\$	\$
United States	208,945	179,091
Canada	602,563	628,982
	811,508	808,073

If not utilized to reduce future taxable income, the Company's net operating loss carryforwards will expire as follows:

	Canada	United States
	\$	\$
2020 and thereafter	96,005	2,880,332*
	96,005	2,880,332

*In addition to the loss carryforward balance, there exists a taxed dividend pool in the United States of approximately \$467,000.

Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

6. COMMITMENTS

The Company is committed to make payments under its capital leases for the remaining terms of the leases as follows:

	\$
2012	4,143
Total lease payments	4,143
Less: Amounts representing interest	(108)
Current obligation	4,035

The Company entered into a sub-lease agreement for its premises on September 15, 2010. It commenced on October 22, 2010 and will expire on October 30, 2013. The Company is committed to payments as followed:

	\$
2012	235,031
2013	240,952
2014	40,323

During the year ended August 31, 2011 the Company incurred rent expense of \$232,512 (2010: \$307,907) which has been allocated between general and administrative expenses, research and development and sales and marketing on the statement of operations.

By a credit facilities agreement dated April 8, 2010 and amended June 17, 2011, the Company arranged for credit facilities with the Royal Bank of Canada which allows the Company to draw up to \$450,000. These credit facilities consist of a revolving facility of \$400,000 bearing interest at prime plus 3.5% and a commercial credit card facility to \$50,000. Borrowings under the facilities are repayable on demand. As of August 31, 2011, the Company has received a letter of guarantee of \$53,325 (\$50,000 AUD) (2010: \$Nil) on the revolving demand facility and has available credit of \$396,675 (2010: \$450,000). The letter of guarantee expires July 6, 2012. No amount had been drawn on these facilities as at August 31, 2011 and 2010.

7. RELATED PARTY TRANSACTIONS

The Company entered into a consulting agreement with a Director effective October 1, 2010. The Company will pay \$2,000 per month, plus authorized expenses. The Director will receive a 10% commission if related new businesses are successfully closed. During the year ended August 31, 2011, the Company paid \$22,000 consulting fees.

Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

8. CONTINGENCIES

- a) Destiny had commenced two outstanding Canadian lawsuits (Federal Court of Canada Court File No. T-413-06 and Ontario Superior Court Ontario Court File No. 07-CV-38068 as a result of certain activities undertaken by Yangaroo Inc., a Canadian competitor (Yangaroo). Destiny was a defendant by counterclaim. A third lawsuit was launched in the United States (US District Court for the Eastern District of Wisconsin Green Bay Division Case No. 1:09-CV-00462), in which Destiny was defendant. The US District Court lawsuit had previously dismissed Yangaroo s claim in its entirety with the dismissal upheld on appeal during the year.

On June 17, 2011 Destiny entered into a settlement agreement (the Settlement Agreement) with Yangaroo to settle all outstanding litigation. Pursuant to the Settlement Agreement, Yangaroo paid Destiny a lump sum amount totaling \$606,540 (\$600,000 Canadian Funds). The settlement payment was received and recorded during the year and has been credited against legal fees included in general and administrative expenses on the statements of operations for the year ended August 31, 2011.

As part of the settlement Destiny also acquired a cost and royalty free, non- exclusive, worldwide, irrevocable, license to two patents held by Yangaroo (US Patent No. 7,529,712 and Canadian Patent No. 2,407,774). No value was assigned or recorded to the licenses to Yangaroo s patents. Each party has agreed not to make any claim for costs against the other party.

- b) On August 12, 2009 the Company received a statement of claim for wrongful dismissal. The claim is for approximately \$184,000 (\$180,000 CDN) plus an award of stock options and unspecified damages. The Company believes the claim is without merit. The matter was heard at trial subsequent to year-end and management expects a decision shortly. Management believes it is unlikely that the outcome of this matter will have an adverse impact on its result of operations, cash flows and financial condition.

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Destiny Media Technologies Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2011 and 2010

8. CONTINGENCIES (cont d)

- c) On June 10, 2011, the Company commenced proceedings in the Federal Court of Australia against Shooting Star Picture Company Pty Ltd, Peter Skillman and D-Star Music Delivery Pty Ltd. (collectively the respondents). The Company alleges various claims against the respondents including, amongst other things, breach of contract, misleading and deceptive conduct, breach of fiduciary duties, and breach of confidence. The company is presently seeking damages of AU\$1.7 million, although this is subject to expert evidence which is currently being prepared.

The respondents have cross-claimed for approximately \$155,000 (AU\$145,000) plus a percentage of unspecified revenue the Company received from the Australian market in during a portion of the year ended August 31, 2011. Management believes it is unlikely that the outcome of this matter will have an adverse impact on its result of operations, cash flows and financial condition.

- d) Subsequent to August 31, 2011, the Company was served with a Notice of Civil Claim in the Supreme Court of British Columbia from Noramco Capital Corporation for \$100,000 plus interest. The claim asserts that the Company has repudiated a subscription agreement entered into in, or around, August 2000. Management believes the claim is without merit and that it is unlikely that the outcome of this matter will have a material adverse impact on its result of operations, cash flows and financial condition

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Destiny Media Technologies Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2011 and 2010

9. CONCENTRATIONS AND ECONOMIC DEPENDENCE

The Company operates solely in the digital media software segment and all revenue from its products and services are made in this segment.

Revenue from external customers, by product and location of customer, is as follows:

	2011	2010
	\$	\$
MPE®		
United States	2,200,306	2,117,650
Europe	1,415,797	1,204,920
Australia	214,922	187,733
Total MPE® Revenue	3,831,025	3,510,303
Clipstream ® and Radio Destiny		
United States	176,205	261,079
Total Clipstream ® & Radio Destiny Revenue	176,205	261,079
Total Revenue	4,007,230	3,771,382

During the year ended August 31, 2011, three customers represented 64% of the total revenue balance [2010 - three customers represented 61%].

As at August 31, 2011, two customers represented \$215,747 (56%) of the trade receivables balance [2010 - three customers represented 61%].

The Company has substantially all its assets in Canada and its current and planned future operations are, and will be, located in Canada.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures as at August 31, 2011.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our management, with the participation of our principal executive officer and our principal financial officer concluded that as of the end of the period covered by this annual report, our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to material weaknesses described below.

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Using the framework provided by the Committee of Sponsoring Organizations ("COSO"), the Company conducted an evaluation of the effectiveness of the internal controls over financial reporting as at August 31, 2011 and concluded that there are material weaknesses in internal controls over financial reporting, which are discussed below. A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

- Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls;
- Our audit committee does not have a financial expert and is not independent; and
- Due to the limited number of staff resources, the Company may not have the necessary in- house knowledge to address complex accounting and tax issues that may arise.

As a result of these weaknesses, the Company's internal controls over financial reporting are not effective. The weaknesses and their related risks are not uncommon in a company the size of Destiny Media because of limitations in size and number of staff. The Company believes it has taken initial steps to mitigate these risks by consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules of the SEC that permit the Company to

provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

During the period covered by this annual report, there have been no changes in the Company's internal controls over financial reporting that occurred that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

The following table sets forth the names, positions and ages of our executive officers and directors. All our directors serve until the next annual meeting of shareholders or until their successors are elected and qualify. The Board of Directors elects officers and their terms of office are, except to the extent governed by employment contract, at the discretion of the Board of Directors.

Name	Position Held with the Company	Age	Date First Elected or Appointed
Steven Vestergaard ⁽¹⁾	<i>Chief Executive Officer and Director</i>	45	<i>January 1999</i>
Frederick Vandenberg	<i>Chief Financial Officer and Corporate Secretary</i>	43	<i>July 2007</i>
Edward Kolic ⁽¹⁾	<i>Director</i>	50	<i>February 1999</i>
Lawrence J. Langs	<i>Director</i>	50	<i>November 2000</i>
Yoshitaro Kumagai	<i>Director</i>	65	<i>August 2001</i>

(1) Members of our Audit Committee

Set forth below is a brief description of the background and business experience of each of our executive officers and directors for the past five years:

Steven Vestergaard. Mr. Vestergaard has been our President, Chief Executive Officer, Chairman and a Director since 1999. Mr. Vestergaard's responsibilities include strategic planning and coordinating strategic planning, marketing and product development. Mr. Vestergaard obtained a B.Sc. from the University of British Columbia in 1989. He founded Tronic Software in 1981 and Destiny Software in 1991, both as video game development companies. In 1995, Destiny changed its focus to internet technologies, going public in 1999 with streaming video and media security technology.

Fred Vandenberg, B. Comm. MBA, CA. Mr. Vandenberg has been our Chief Financial Officer and Corporate Secretary since July 2007. Mr. Vandenberg's core responsibilities include leading the accounting, treasury, strategic planning, financial controls and financial reporting functions of the Company. Mr. Vandenberg has over 17 years of public accounting experience in tax advisory services, mergers and acquisitions, and financial reporting. Mr. Vandenberg completed the Canadian Institute of Chartered Accountant's "In-depth" taxation program while with Ernst & Young in 1998. Mr. Vandenberg obtained a Bachelor of Commerce from McMaster University in 1991 and a Master of Business Administration (Finance) from McMaster University in 1993. In 1996, Mr. Vandenberg was designated as a Chartered Accountant in Ontario.

Edward Kolic. Mr. Kolic has been a director of the Company since February 1999. Previously, Mr. Kolic acted as our Chief Operating Officer from February 1999 to October 2001 during which time he was responsible for the Company's overall product strategy and development of its core technologies. Mr. Kolic was the president of WonderFall Productions Inc., a computer game development company founded by Mr. Kolic, which Destiny purchased in June 1999. Prior to founding Wonderfall Productions, he was as a principal partner and vice-president of marketing for Jacqueline Conoir Designs. From 1988 until 1995, Mr. Kolic was partner and president of Target Canada Production Ltd., a company engaged in the production of documentary television, educational and information programming for the Canadian Educational Television Networks, large screen interactive presentation media and a

range of communication programs for corporate, government and institutional clients. Mr. Kolic is currently the founder of Eighth Avenue Development group, which undertakes development projects in the luxury home market, multi-family residential and land development.

Lawrence J. Langs. Mr. Langs has been a director of the Company since August 2000. Currently, Mr. Langs is an attorney at Feldman LLP and practices in the areas of intellectual property, entertainment and corporate law. Since January 1991, Mr. Langs has also served as managing director of iBusiness Partners, a private company primarily engaged in providing venture capital advice for small to mid sized digital companies. Previously, Mr. Langs served EVP of Sale & Business Development at ACD Systems International Inc., a company formerly listed on the TSX, from July 2004 to April 2005. Mr. Langs has also served as an officer of a number of private entities, including as EVP at Musician.com for Guitar Center, SVP of business development at MP3.com, VP of business development for Sybase New Media, Investment Banker for JPMorgan/Chase/Chemical Bank in New York, and Senior Consultant for Arthur D. Little in Boston. Mr. Langs obtained a Master of Science from MIT in 1986 and a Juris Doctorate of Law from Boston University in 1986. Mr. Langs has been a member of the New York bar since 1989.

Yoshitaro Kumagai. Since 1981, Mr. Kumagai has held positions with Singer, the Imaging Division of Mead Corporation, and IDEC Corporation, where he was responsible for Japanese and US sales and operations. Subsequently, he served as President of DPA Technology and as Chairman and CEO of Vivitar Corporation, a major distributor of various camera and computer peripheral devices. Mr. Kumagai currently serves as SVP/Business Development for GestureTek, a company providing camera-enabled gesture-recognition software for presentation and entertainment systems. Mr. Kumagai holds a BS in Mechanical Engineering from Hosei University and a BS in Information Systems and Mathematics from Georgia State University.

ELECTION OF DIRECTORS AND OFFICERS

Our directors are elected by our shareholders at our annual general meetings. Each director holds office until our next annual general meeting or until the director resigns or is removed in accordance with our bylaws. We do not have a classified Board of Directors.

Our officers serve at the discretion of our Board of Directors.

AUDIT COMMITTEE

Our audit committee consists of Mr. Steven Vestergaard, our Chief Executive Officer, Mr. Edward Kolic, one of which are independent. Our board of directors has determined that it does not have an audit committee member that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K. We believe that the audit committee members are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. In addition, we believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances.

FAMILY RELATIONSHIPS

There are no family relationships among our officers and directors.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based on its review of the copies of such forms received by us, we believe that during the fiscal year ended August 31, 2011 all such filing requirements applicable to our officers and directors were complied with.

CODE OF ETHICS

The Company's code of ethics is available on our website at <http://www.dsny.com/investor/>

ITEM 11. EXECUTIVE COMPENSATION

The particulars of compensation paid to the following persons:

(a) our principal executive officer;

(b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the year ended August 31, 2011; and

(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the year ended August 31, 2011,

who we will collectively refer to as our named executive officers, of our company for the years ended August 31, 2011 and 2010, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officer, whose total compensation does not exceed \$100,000 for the respective fiscal year:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)⁽¹⁾	Other Annual Compensation (\$)⁽²⁾	Total (\$)
Steven Vestergaard ⁽³⁾ President, Chief Executive Officer and Director	2011	265,798	Nil	Nil	Nil	13,290	279,088
	2010	148,211	Nil	Nil	Nil	Nil	148,211
Frederick Vandenberg ⁽⁴⁾ Chief Financial Officer, Treasurer and Secretary	2011	214,683	Nil	Nil	Nil	10,734	225,417
	2010	119,525	Nil	Nil	Nil	Nil	119,525

- (1) For a description of the methodology and assumptions used in valuing the option awards granted to our named executive officers and directors during the year ended August 31, 2011, please review Note 4 to the financial statements included herein.
- (2) The value of perquisites and other personal benefits, securities and property for the individuals included in the summary compensation table that does not exceed \$10,000 is not reported herein. Other compensation for Mr. Vestergaard and Mr. Vandenberg includes participation in the employee share purchase plan described below under long term incentive plans.
- (3) All salaries paid to Mr. Vestergaard are paid in Canadian dollars.
- (4) All salaries paid to Mr. Vandenberg are paid in Canadian dollars.
- (5) Compensation is stated in United States dollars and is based on an exchange rate of \$1.0223 US dollars for each \$1.00 Canadian dollar during the fiscal year of 2011. Compensation is stated in United States dollars and is based on an exchange rate of \$0.9562 US dollars for each \$1.00 Canadian dollar during the fiscal year of 2010.

EMPLOYMENT AGREEMENT WITH OUR NAMED EXECUTIVE OFFICERS

Explanation of Responses:

We are not party to any written employment agreement or change in control arrangements with Mr. Vestergaard. We do not have any agreements with Mr. Vestergaard regarding the payments of bonus or other performance incentives. Mr. Vestergaard is eligible to receive stock options as and when approved by our Board of Directors.

We are not party to any written employment agreement or change in control arrangements with Mr. Vandenberg. We do not have any agreements with Mr. Vandenberg regarding the payments of bonus or other performance incentives. Mr. Vandenberg is eligible to receive stock options as and when approved by our Board of Directors.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table summarizes equity awards granted to our named executive officers that were outstanding as of August 31, 2011.

Option Awards						Stock Awards			
Name	Number of Securities Underlying Exercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested (\$)
Steven Vestergaard	300,000	0	N/A	0.50	Jan 29/2012	N/A	N/A	N/A	N/A
Frederick Vandenberg	150,000	0	N/A	0.50	Jan 31/2015	N/A	N/A	N/A	N/A
	150,000	0		0.50	Jan 29/2012				
	150,000	0		0.25	Jun 02/2014				

LONG-TERM INCENTIVE PLANS

Employees of the Company are able to contribute up to 5% of their annual salary into a pool which is matched equally by Destiny. Independent directors are able to contribute a maximum of \$12,500 each for a combined maximum annual purchase of \$25,000. The maximum annual combined contributions will be \$400,000. Money in the pool will be used to purchase shares out of the market on a biweekly basis. All purchases will be made through the Exchange by a third party plan agent and no purchases will be made on the OTC or German exchanges. The third party plan agent will also be responsible for the administration of the Plan on behalf of Destiny and the participants. Additionally, we have registered stock option plans.

COMPENSATION OF DIRECTORS

Our directors are reimbursed for reasonable out-of-pocket expenses in connection with attendance at Board of Director and committee meetings. In addition, our directors are eligible for grants of options to purchase shares of our common stock at the discretion of our Board of Directors.

The following table summarizes compensation paid to all of our directors:

Explanation of Responses:

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Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Other Annual Compensation (\$)⁽¹⁾	Total (\$)
Yoshitaro Kumagai	22,000	Nil	Nil	521	22,521
Larry Langs	Nil	Nil	Nil	10,938	10,938
Ed Kolic	Nil	Nil	Nil	Nil	Nil

(1) Other annual compensation for Mr. Kumagai and Mr. Langs includes participation in the employee share purchase plan described above under long term incentive plans.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of November 25, 2011 by: (i) each person (including any group) known to us to own more than five percent (5%) of any class of our voting securities, (ii) each of our directors and each of our named executive officers, and (iii) officers and directors as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Title of class	Name and address of beneficial owner	Number of Shares of Common Stock	Percentage of Common Stock ⁽¹⁾
DIRECTORS AND OFFICERS:			
Common Stock	Steven Vestergaard President, Chief Executive Officer c/o 800-570 Granville St. Vancouver, BC, V6C 3P1	11,588,422(6)	22.82%
Common Stock	Frederick Vandenberg Chief Financial Officer and Corporate Secretary c/o 800-570 Granville St. Vancouver, BC, V6C 3P1	955,700(2)	1.87%
Common Stock	Edward Kolic Director c/o 800-570 Granville St. Vancouver, BC, V6C 3P1	411,300 (3)	0.81%
Common Stock	Lawrence J. Langs Director c/o 800-570 Granville St. Vancouver, BC, V6C 3P1	365,242 (4)	0.72%
Common Stock	Yoshitaro Kumagai Director c/o 800-570 Granville St. Vancouver, BC, V6C 3P1	553,173 (5)	1.09%
Common Stock	All Officers and Directors as a Group (5 persons)	13,873,837	27.31%

- (1) Under Rule 13d-3 of the Securities Exchange Act of 1934, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the

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percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on November 25, 2011. As of November 25, 2011, there were 50,487,577 shares of our common stock issued and outstanding.

- (2) Consists of 468,200 shares held by Mr. Vandenberg and 450,000 shares that are immediately acquirable upon the exercise of stock options held by Mr. Vandenberg within 60 days of November 25, 2011 and 37,500 shares that are immediately acquirable upon the exercise of warrants held by Mr. Vandenberg within 60 days of November 25, 2011.
- (3) Consists of 261,300 shares held by Mr. Kolic and 150,000 shares that are immediately acquirable upon the exercise of stock options held by Mr. Kolic within 60 days of November 25, 2011.
- (4) Consists of 215,242 shares held by Mr. Langs and 150,000 shares that are immediately acquirable upon the exercise of stock options held by Mr. Langs within 60 days of November 25, 2011.
- (5) Consists of 403,173 shares held by Mr. Kumagai and 150,000 shares that are immediately acquirable upon the exercise of stock options held by Mr. Kumagai within 60 days of November 25, 2011.
- (6) Consists of 11,288,422 shares held by Mr. Vestergaard and 300,000 shares that are immediately acquirable upon the exercise of stock options held by Mr. Vestergaard within 60 days of November 25, 2011.

EQUITY COMPENSATION PLAN INFORMATION

We have two equity compensation plans, namely our Amended 1999 Stock Option Plan and our Amended 2006 Stock Option Plan, under which up to 3,750,000 and 5,100,000 shares of our common stock, respectively, have been authorized for issuance to our officers, directors, employees and consultants. Our plans have been approved by the Company's stockholders. The following summary information is presented for our plans on an aggregate basis as of August 31, 2011.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity Compensation Plans Approved By Security Holders	2,290,000 Shares of Common Stock	\$0.50 per Share	1,466,334 Shares of Common Stock
Equity Compensation Plans Not Approved By Security Holders	Not Applicable	Not Applicable	Not Applicable

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Except as described under Item 12 and under the title of executive compensation, and under note 5 of the financial statements, none of the following persons has any direct or indirect material interest in any transaction to which we were or are a party during the past two years, or in any proposed transaction to which the Company proposes to be a party:

- (A) any director or officer;
- (B) any proposed nominee for election as a director;
- (C) any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or
- (D) any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same house as such person or who is a director or officer of any parent or subsidiary.

SHARE ISSUANCES

None

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES*Audit Fees*

Our current sole principle independent registered public accountant BDO Canada LLP, provided audit and other services during the year ended August 31, 2011 and the year ended August 31, 2010 as follows:

BDO Canada LLP

		2011	2010
Audit Fees	\$	96,389	\$ 87,794
Audit Related Fees		-	-
Tax Fees		4,617	2,773
All Other Fees		-	-
Total Fees	\$	101,006	\$ 90,567

Audit Fees. This category includes the fees for the audit of our consolidated financial statements and the quarterly reviews of interim financial statements. This category also includes advice on audit and accounting matters that arose during or as a result of the audit or the review of interim financial statements and services in connection with SEC filings.

Audit Related Fees. There were no audited related fees paid to BDO Canada LLP.

Tax Fees. This category includes the fees for professional services rendered for tax compliance, tax advice and tax planning.

All Other Fees. There were no other fees paid to BDO Canada LLP.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before BDO Canada LLP is engaged by the Company or its subsidiaries to render any auditing or permitted non-audit related service, the engagement be:

Explanation of Responses:

- approved by the Company's audit committee; or
- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

The audit committee requires advance approval of all audit, audit-related, tax, and other services performed by the independent auditor. Unless the specific service has been previously pre-approved with respect to that year, the audit committee must approve the permitted service before the independent auditor is engaged to perform it. The audit committee has delegated to the chair of the audit committee authority to approve permitted services provided that the chair reports any decisions to the committee at its next scheduled meeting.

The audit committee has considered the nature and amount of the fees billed by BDO Canada LLP, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining BDO Canada LLP's independence.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

LIST OF DOCUMENTS FILED AS PART OF THE REPORT

The following documents are filed as part of this report:

(a)(1) Financial Statements:

1. Report of Independent Registered Public Accounting Firm BDO Canada LLP;
2. Consolidated Balance Sheets;
3. Consolidated Statements of Operations and Comprehensive Loss;
4. Consolidated Statements of Cash Flows;
5. Consolidated Statement of Changes in Stockholders Equity; and
6. Notes to the Consolidated Financial Statements.

(a)(2) Financial Statement Schedules:

None.

(a)(3) Exhibits:

- 3.1 Amended Articles Of Incorporation (incorporated by reference from our Registration statement on Form 10SB12G filed on November 23, 1999).
- 3.2 Bylaws (incorporated by reference from our Registration Statement on Form 10SB12G filed on November 23, 1999)
- 4.1 1999 Stock Option Plan (Incorporated by reference from our Registration Statement on Form S-8 filed on November 17, 2000).

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- 4.2 Amended 1999 Stock Option Plan (Incorporated by reference from our Registration Statement on Form S-8 filed on April 27, 2004).
 - 4.3 2006 Stock Option Plan (Incorporated by reference from our Registration Statement on Form S-8 filed on April 26, 2006)
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- 4.4 2006 Amended And Restated Stock Option Plan (Incorporated by reference from our Registration Statement on Form S-8 filed on May 18, 2007)
- 10.1 Stock Purchase Agreement among Steve Vestergaard And Euro Industries Ltd. And Destiny Software Productions Inc. dated on June 15, 1999 (incorporated by reference from our Registration Statement on Form 10SB12G filed on November 23, 1999).
- 10.2 Consulting Agreement dated August 26, 2002 between Destiny Media Technologies Inc. and Charles Van Musscher (Incorporated by reference from our Registration Statement on Form S-8 filed on September 27, 2002).
- 10.3 Rule 506 Subscription Agreement dated February 24, 2006 between Destiny Media Technologies Inc. and Global Equity Trading & Finance Ltd. (Incorporated by reference from our Current Report on Form 8-K filed on March 3, 2006)
- 10.4 Rule 506 Subscription Agreement dated February 3, 2006 between Destiny Media Technologies Inc. and Global Equity Trading & Finance Ltd. (Incorporated by reference from our Current Report on Form 8-K filed on March 3, 2006)
- 10.5 Unregistered Sales of Equity Securities with various investors dated on February 26, 2007 (Incorporated by reference from our Current Report on Form 8-K filed on March 1, 2007)
- 14.1 Code of Ethics (Incorporated by reference from our Annual Report on Form 10-KSB filed on November 30, 2006)
- 21.1 Subsidiaries of Destiny Media Technologies Inc.
Destiny Software Productions Inc. (incorporated in the Province of British Columbia, Canada)
MPE Distribution, Inc. (incorporated in Nevada, United States)
- 23.2 Consent of Independent Registered Public Accounting Firm - BDO CANADA LLP (filed herewith)
- 31.1 Section 302 Certification of Chief Executive Officer (filed herewith)
- 31.2 Section 302 Certification of Chief Financial Officer (filed herewith)
- 32.1 Section 906 Certification of Chief Executive Officer (filed herewith)
- 32.2 Section 906 Certification of Chief Financial Officer (filed herewith)
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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DESTINY MEDIA TECHNOLOGIES, INC.

By: /s/Steven Vestergaard
Steven Vestergaard, President
Chief Executive Officer
Director
Date: November 29, 2011

/s/Frederick Vandenberg
Frederick Vandenberg, Chief Financial Officer
Date: November 29, 2011

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/Steven Vestergaard
Steven Vestergaard, President
Chief Executive Officer
(Principal Executive Officer)
Director
Date: November 29, 2011

By: /s/Frederick Vandenberg
Frederick Vandenberg, Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)
Date: November 29, 2011

By: /s/Edward Kolic
Edward Kolic
Director
Date: November 29, 2011

By: /s/Yoshi Kumagai
Yoshi Kumagai
Director
Date: November 29, 2011
