MOBI LIMITED
(formerly Fusia Limited)
A.B.N. 98 009 805 298

ANNUAL REPORT

YEAR ENDED 30 June 2006

CONTENTS

Directory

Directors	Daren Anderson – Non-Executive Chairman Richard G Carey – Managing Director Garry J Sholl – Non-Executive Director Karl Morris – Non-Executive Director
Company Secretary	Monika Maedler
Registered Office	Level 42, South Tower Rialto 525 Collins Street Melbourne, Victoria, 3000 Phone: 03 9614 7111 Facsimile: 03 9614 3192
Principal Place of Business	Level 7, 4 O'Connell Street Sydney NSW 2000
Web address	www.mobidata-group.com
Share Registry	Computershare Registry Services Pty Ltd 45 St Georges Terrace Perth, Western Australia, 6000 Phone: 1300 881 840 Facsimile: 1300 881 835
Auditors	Ernst & Young Ernst & Young Centre 680 George Street Sydney, New South Wales, 2000
Stock Exchange	The company's securities are quoted on the official list of the Australian Stock Exchange Ltd, the home branch being Perth
ASX Code	MBI (Shares) Formerly FUS (Shares)

Mobi Limited is a public company limited by shares and is domiciled in Australia

DIRECTORS REPORT

Your directors submit their report for the year ended 30 June 2006.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

INFORMATION ON CURRENT DIRECTORS

Daren Anderson, Dip.Law (SAB) (Non-Executive Chairman) – Appointed 27 January 2006

Daren Anderson is the principal of ERA Spinks Legal, Commercial, Insolvency and Litigation Lawyers in Sydney. Daren has a wide range of experience in commercial transactions and acts for a number of companies listed on the Australian Stock Exchange. Daren has acted for a number of companies restructuring their affairs and provides consultancy and advice to directors of corporations and deals on a daily basis with corporate financing issues.

Richard G Carey, BBus (Managing Director)

Richard Carey was appointed to the board on 15 December 2004. He has developed several successful businesses in the IT industry in the networking and software development fields. He has held senior executive management positions in the IT&T sector including MXL Limited and ETT Limited and combines commercial acumen with technology and software expertise.

Garry Sholl (Non-Executive Director) – Appointed 5 June 2006

Garry Sholl has over 25 years' experience in the Australian telecommunications industry and is the founder of Sholl Communications (Aust.) Pty Ltd, a company specialising in the sales, installation and servicing of phones, telecommunication data, power security systems and networks.

Karl Morris, B.Bus (Acc.), MAVC (Non-Executive Director) – Appointed 31 July 2006

Karl Morris has been involved in online media and search for over 6 years. He has a vast knowledge of internet and VOiP technologies.

INFORMATION ON PREVIOUS DIRECTORS

Graham L Hosking (appointed 5 June 2006, resigned 31 July 2006)

Graham Hosking has worked for over 27 years in the telecommunications industry. He has extensive experience as an executive and director of both listed and private companies in this field.

He is an adviser and consultant to United Customer Management Solutions Pty Ltd, a system integrator and customer management call centre provider.

Russell J Scrimshaw, AASA (appointed 15 December 2004, resigned 27 January 2006)

Russell Scrimshaw was appointed to the board on 15 December 2004. He has been a company director and investor for the last 3 years. He was previously the Group Executive of Technology and Operations at the Commonwealth Bank of Australia where he was also a member of the executive committee. Prior to this he was Director of Marketing and a member of the Executive

DIRECTORS REPORT (Continued)

Committee at Optus Communications. He previously held senior executive positions with Amdahl Computers in the USA, Alcatel and IBM Australia. Russell Scrimshaw has over thirty years experience in Information Technology and general management. He is also a board member of Athletics Australia and the Garvan Foundation.

During the past three years Russell Scrimshaw has also served as a director of the following other Australian listed companies:

- Fortescue Metals Group Limited*
- MobileSoft Limited*

Ramin Marzbani, BE(Hons1), MBA (Dist) (appointed 15 December 2004, retired 28 November 2005)

Ramin Marzbani was appointed to the board on 15 December 2004. He pioneered online market research in Australia in 1995 and his company, www.consult, was acquired by ACNielsen in 2000. Prior to establishing www.consult in July 1995, he worked with internet start up I/PRO in San Francisco. Ramin has previously worked for Booz-Allen as well as IBM for 10 years. He was nominated by The Bulletin magazine as one of the top most influential IT people in Australia in 2004.

Kevin J Brough, BSc, (appointed 17 March 2005, resigned 5 June 2006)

Kevin Brough was appointed to the Board on 17 March 2005. He has more than 20 years experience in IT systems integration, mobile telecommunications and mobile content development industries. He has held leadership roles with major organizations including Nokia Networks, Lucent Technology and EDS Australia. Until 2002, Kevin Brough was Managing Director Pacific Region for Nokia Networks. Currently he is CEO of IamEmo Pty Limited; a Sydney based mobile content development company. Kevin Brough holds a BSc in Business Administration from the University of Hartford, Connecticut, USA and has completed the American Graduate School for International Management, "Leadership in the Global Enterprise" program.

Bruce Ind (appointed 27 January 2006, resigned 5 June 2006)

Bruce Ind is a business person with experience as both director and secretary of public companies. Bruce previously owned a technology distribution company whose main customers were Australian leading mass merchants. This company was subsequently purchased by a public company, which lead to his dual office roles. Bruce also runs his own consulting business that provides companies with tools to grow the retail appeal of their products, he has also had experience with various manufacturing companies.

COMPANY SECRETARY

Monika Maedler, BEc, LLB, ACIS (appointed 19 June 2006)

Monika Maedler is a lawyer and has broad experience in legal and company secretarial affairs. Previously Monika has held roles as, Company Secretary and Legal Counsel – SPC Ardmona Limited, Senior Legal Counsel and Assistant Company Secretary – Phillip Morris Limited, Legal Counsel and Assistant Company Secretary – Kodak (Australasia) Pty Ltd.

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* denotes current directorship

DIRECTORS REPORT (Continued)

PREVIOUS COMPANY SECRETARY

David Whitfield – (resigned 19 June 2006)

David Whitfield is a Chartered Accountant with over 35 years experience in business and public practice in the areas of corporate advice, taxation, mergers and acquisitions, company reconstructions and public offerings. Previously he was a partner of Court & Co. Chartered Accountants Sydney for 19 years. Since retiring from public practice, he has acted as a director and chairman of various listed and unlisted companies in the mining, technology and telecommunications areas.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	Directors Meetings		Audit Committee		Remuneration Committee	
Current Directors	Attended	Held	Attended	Held	Attended	Held
Daren J Anderson	4	5	-	-	-	-
Richard G Carey	10	11	-	-	-	-
Garry J Sholl	2	3	1	1	-	-
Karl Morris	-	-	1	1	-	-
Previous Directors						
Russell J Scrimshaw	6	7	2	2	1	1
Ramin Marzbani	5	6	1	1	1	1
Kevin J Brough	6	9	-	-	-	-
Graham L Hosking	3	3	-	-	-	-
Bruce Ind	2	3	-	-	-	-

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee of the Board of the Directors.

Members acting on the committees of the Board during the year were:

Audit	Remuneration
Russell Scrimshaw (c)	Russell Scrimshaw (c)
Ramin Marzbani	Ramin Marzbani

Current Members acting on the committees of the Board during the year are:

Audit	Remuneration
Garry Sholl	Garry Sholl
Karl Morris(c)	Karl Morris(c)

Note - (c) Designates the chairman of the committee

DIRECTORS REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Mobi Limited were:

	Ordinary shares Direct and Indirect	Options Direct and Indirect
Daren J Anderson	2,500,000	Nil
Richard G Carey	8,181,816	4,090,908
Garry Sholl	7,500,000	3,750,000
Karl Morris	2,000,000	2,000,000

DIVIDENDS

No dividends were declared or paid during the year. No dividend has been recommended.

PRINCIPAL ACTIVITIES

The principal activities of the entities within the group during the financial year were focused on the development and deployment of software applications and solutions for mobile handsets. The Company has developed a suite of applications utilising its own unique mobile applications technology called the MobiServices Hub. The software applications developed and deployed to the date of this report include:

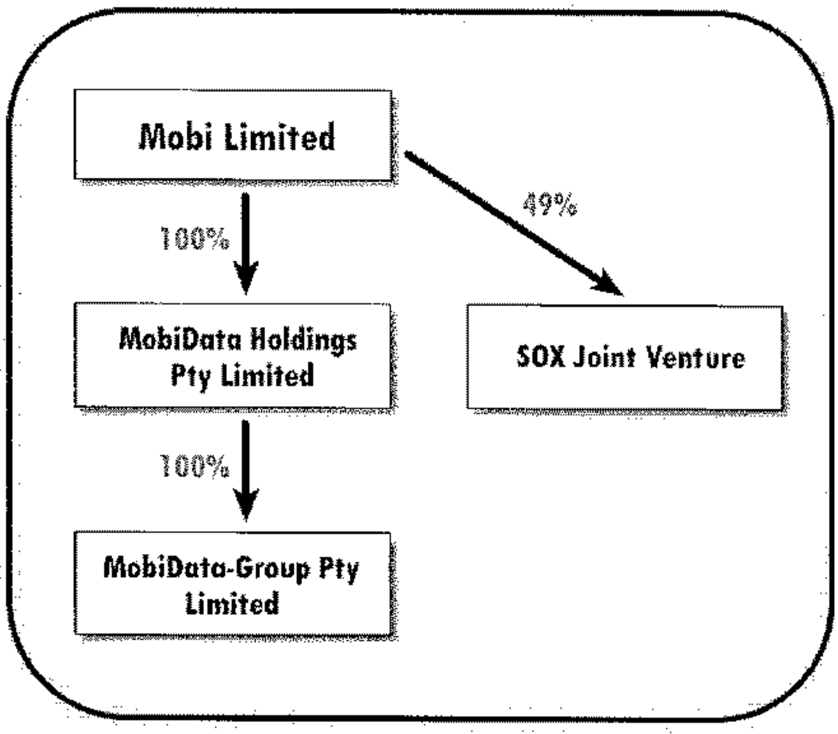
MobiPod	A synchronisation software application for the protection of personal information on the mobile handset such as: contacts, calendar, notes etc.
MobiChat	An application that provides PC style Instant Messaging to the mobile handset.
MobiAntiVirus	For the protection of the mobile handset from the increasing number of PC like viruses that threaten mobile handsets.

The company also continued the ongoing development and enhancement of the MobiServices Hub to support new mobile handsets and fine tuned other elements of the server software platform such as deployment and billing.

CORPORATE STRUCTURE

Mobi Limited is a company limited by shares that is incorporated and domiciled in Australia. Mobi Limited has prepared a consolidated financial report incorporating the entities that it retained interests in during the financial year, which are outlined in the following illustration of the group's corporate structure:

DIRECTORS REPORT (Continued)



EMPLOYEES

The consolidated entity employed 3 employees as at 30 June, 2006 (2005:11).

OPERATING AND FINANCIAL REVIEW

On 25 November 2005, the Company announced it had signed a distribution agreement with Allphones Retail Pty Limited (Allphones). Allphones is one of Australia's largest retailers of mobile phones. Established for over 16 years Allphones has over 140 stores nationwide and sells in excess of 500,000 mobile phones per annum.

At the 2005 Annual General Meeting of the Company shareholders resolved to change the name of the company to "Mobi Limited" from "Fusia Limited". The new ASX code for the company is "MBI".

During the December quarter 2005 MobiData Group Pty Limited lodged a claim for a Research and Development (R&D) Tax Concession Grant in respect to the financial year ended 30 June 2005. The claim was successful and the company received a tax refund of $224,383 during the second half of FY06.

In early December the company began marketing the full suite of products direct to the public via the Company's own website (http://www.modipowered.com.au). In addition other websites such as http://www.getjar.com direct potential subscribers back to the main company website.

DIRECTORS REPORT (Continued)

Download numbers have grown beyond the expectations of the directors with over 400,000 people having installed the MobiChat application on their handset from around the world. Downloads continue to grow from this medium, at a rate of approximately 500 new subscribers per day. The Company has not yet monetised this potential but is planning to do so in the second half of the 2007 financial year.

The Company continues to pursue relationships with potential distributors of the MobiData suite of products in Australia, Europe, Asia and North America.

In January 2006 the Company undertook a cost reduction program to reduce the monthly cash burn to around $75,000 per month.

On 21 August 2006, the company announced it had entered into a conditional agreement to acquire 100% of FabFone Pty Limited, a software development company creating a unique solution of providing mobile users access to VOIP technology in specific areas and automatic cross over to the GSM network outside of that area. The agreement was conditional on a number of items, the principal items being shareholder approval of the acquisition.

RESULTS

The consolidated net result of operations for the year was a net loss after tax of $1,699,286 (2005: net loss after tax of $3,030,748).

EARNINGS PER SHARE

	Cents
Basic earnings per share	(0.32)
Diluted earnings per share	(0.32)

INVESTMENTS FOR FUTURE PERFORMANCE

During the period the company has invested a considerable amount of both time and money into research and development to ensure the company remains at the cutting edge of the mobile application development industry. This has helped to make the MobiServices Hub and its associated suite of products one of the most up to date pieces of technology for the mobile handset industry.

The group has maintained a high level of productivity, largely due to the efforts of employees at all levels, and the directors express their gratitude for the efforts of all employees in its achievements.

The workforce currently stands at 3 equivalent full time employees and the Directors believe that there needs to be a small increase in staff numbers to ensure the company will be able to meet its obligations under its current and future contracts.

The group is committed to providing staff with access to appropriate training and development programs. Staff attend external and internal training sessions on aspects of the business, in particular, training sessions that are organised by handset developers.

DIRECTORS REPORT (Continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2005/2006 capital was raised through share issues to the public and employees. Share issues during the year were as follows:

11 October 2005	11,590,000	Issued to employees as part of their remuneration
11 November 2005	57,500,000	Issued to experienced investors
30 November 2005	5,618,176	Issued to Directors as part of their remuneration
16 January 2006	5,181,814	Issued to Directors as part of their remuneration
16 January 2006	1,000,000	Exercise of options issued
5 June 2006	22,500,000	Issued to employees as part of their remuneration
5 June 2006	4,000,000	Issued to Directors as part of their remuneration
5 June 2006	75,000,000	Capital raising
5 June 2006	75,000,000	Capital raising

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION

Information as to likely developments in the operations of the economic entity and the expected results of those developments in future financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the economic entity.

OPTIONS

The following options are currently on issue as at the date of this report:

	Number	Exercise Price	Expiry Date
Unlisted options issued via a prospectus dated 15 April 2004	24,000,000	$0.01	31/12/2007
Unlisted options issued to the Vendors of MobiData Group Pty Ltd on 15 December 2004	100,000,000	$0.02	31/12/2008
Unlisted options issued to Taycol Nominees Pty Limited on 19 August 2005 as part of the Share Purchase Plan underwriting fee	5,000,000	$0.016	31/12/2007
Unlisted options issued to Directors	6,763,631	$0.022	31/12/2007
Unlisted options issued to Investors	27,750,000	$0.01	30/09/2008
Unlisted options issued to Investors and Directors	75,000,000	$0.01	30/09/2008
Total options on issue at the date of this report	**238,513,631**		

34,000,000 options to acquire ordinary shares in Mobi Limited at an exercise price of 1 cent per share exercisable on or before 31 December 2007 were granted as part of the recapitalisation process. On 8 December 2004, 10,000,000 of these options were exercised at 1 cent per share.

100,000,000 options to acquire ordinary shares in Mobi Limited (formerly Fusia Limited) at an exercise price of 2 cents per share exercisable on or before 31 December 2008 were granted as part of the acquisition of MobiData Group Pty Ltd. The options are subject to a twelve month escrow from the time of their issue unless the share price of Mobi Limited, calculated on a weighted average basis, trades at five cents or above for a period of one month.

DIRECTORS REPORT (Continued)

OPTIONS (continued)

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate. Other than the 1,000,000 options exercised for cash at $0.01 on 16 January 2006, no shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

The value of options issued during the year have been valued, as follows:

	Number of options outstanding	Expiry date	Exercise price	Valuation
Options granted on 19th August 2005	5,000,000	31 Dec 2007	$0.010	$3,850
Options granted on 11th November 2005	27,750,000	30 Sept 2008	$0.010	$160,950
Options granted 30th November 2005	6,753,631	31 Dec 2007	$0.022	$802
Options granted on 5th June 2006	75,000,000	30 Sept 2008	$0.010	$17,250

These values have been determined using the Black-Scholes model with assumptions in relation to the following included therein: the life of the option; the vesting period; the volatility of the share price; the dividend yield; the risk free interest rate; the consumer price index; and the earnings per share.

RISK MANAGEMENT

The group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Due to the small size of the company the Board believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the Board as a whole, and the sub-committee further examines the issue and reports back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

DIRECTORS REPORT (Continued)

RISK MANAGEMENT (continued)

- Implementation of Board approved plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of targets of both a financial and non-financial nature.
- Board approval of a strategic plan, which encompasses the group's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.

ENVIRONMENTAL REGULATION

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

INSURANCE OF OFFICERS

Currently the Company does not insure the directors and officers of the Company against the costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against them in their capacity as directors and officers of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

The Company is not involved in any actual or threatened litigation or administrative actions, which could have a material adverse effect on the Company.

Mobi Limited resolved not to take further action in the Neoside Action mentioned in the 2005 annual report, due to the costs involved in pursuing the case.

EVENTS SUBSEQUENT TO REPORTING DATE

On 21 August 2006 Mobi Limited announced it had entered into an agreement with the shareholders of Fabfone Pty Ltd, ("Fabfone") to acquire 100% of the issued paid up capital of Fabfone.

The consideration for the acquisition will be 700 million fully paid ordinary shares in Mobi and 700 million unlisted options to acquire an equivalent number of ordinary shares in Mobi ("the consideration equity"). The exercise price of the options is $0.01 per share with the expiry period being 30 September 2008.

The issue of the consideration equity to the shareholders of Fabfone will be subject to the approval of the shareholders of Mobi at a General Meeting and any other regulatory approval so required. If approved, the consideration equity will be distributed to the shareholders of Fabfone pro rata to their shareholding. The Directors and shareholders of Fabfone have confirmed that no person or entity will hold a relevant interest in Mobi in excess of 19.99% following such approval and the resultant issue of the consideration equity.

DIRECTORS REPORT (Continued)

EVENTS SUBSEQUENT TO REPORTING DATE (continued)

Fabfone has provided considerable detail to Mobi about the assets, concepts, potential market contracts and revenue streams of Fabfone. Fabfone advises that as part of the process they commissioned Chartered Accountancy firm Nexia ASR to undertake a definitive Valuation Report of the Fabfone equity. That report has been completed and has been provided to Mobi. The report concludes that "a fair value of the Fabfone equity" to be in the range of $4.62 million and $6.91 million with a preferred value of $5.61 million.

In order to assist them in verifying the appropriateness of the proposed transaction the directors of Mobi independently commissioned advisory firm Benson Partners to review Fabfone and the Nexia ASR valuation report. Following receipt of the Nexia ASR report and the Benson Partners' review, the Directors of MBI have concluded that the appropriate valuation methodology adopted and the consideration equity are appropriate.

Fabfone is a mobile telephone company that offers mobile users the ability to seamlessly access GSM, VoIP(Voice over Internet Protocol) and landline services from one device.

Fabfone has developed extensive intellectual property and infrastructure to deliver bundled VoIP and GSM capability. A Fabfone customer will experience continuous connectivity as they move between traditional mobile network and VoIP network to either make or receive a mobile call. As the Fabfone customer moves out of a VoIP network, the technology will automatically revert to the normal GSM network without a loss of service to or manual intervention by the user. This seamless exchange between the available networks is achieved by accessing VoIP "gateways" through the utilisation of Session Initiation Protocol (SIP) compliant mobile devices. The end result for the Fabfone customer is not only flexibility and convenience but a considerable saving as well on his or her mobile phone bill.

The Fabfone technology can operate and integrate with almost all existing telephony systems and hardware/software platforms. As a result the system can be programmed to meet the specific requirements of single users or large multi-user clients or corporations. To this end Fabfone is finalising the installation process with a number of national and globally recognised clients. Fabfone has also entered into a number of key strategic alliances and partnerships covering all levels of delivery including network billing, hardware and software management.

DIRECTORS REPORT (Continued)

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Mobi Limited and its subsidiary companies (the Company)

REMUNERATION PHILOSOPHY

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

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

- Provide rewards packages that are attractive to high calibre executives that understand the current start-up nature of the company;
- Link executive rewards to shareholder value;
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration;

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the directors, managing director and the senior management team.

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

REMUNERATION STRUCTURE

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

Non-Executive Director Remuneration

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

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of the Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the non-executive directors as agreed. The latest determination was at the Annual General Meeting held on 28 November 2005 when shareholders approved an aggregate amount payable to non-executive directors to not exceed $200,000 per year.

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

DIRECTORS REPORT (Continued)

REMUNERATION REPORT (Continued)

Each Director receives a fee for being a Director of the company and for all committees on which the individual director sits. Presently there are no additional fees paid for each sub committee.

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

The remuneration of Non-executive Directors for the period ending 30 June 2006 is detailed in the table on the following page.

Senior Manager and Executive Director Remuneration

Objective

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

- Reward executives for Company, and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of the executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, consideration was given to the current size and financial position of the Company and it was decided that the Remuneration Committee would review the current market conditions and advise the Board on appropriate packages.

Remuneration currently consists only of Fixed Remuneration and there is currently no link with the strategic goals and performance of the Company.

The proportion of fixed remuneration is established for each senior manager by the Remuneration Committee. The remuneration of the most highly remunerated senior managers is detailed on page 17 of this report.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the Company's stage of development, to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, and individual performance, the Company's stage of development, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

DIRECTORS REPORT (Continued)

REMUNERATION REPORT (Continued)

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash, shares, options and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

There are no performance conditions to satisfy in relation to the shares and options as they were issued in lieu of remuneration.

The fixed remuneration component of the most highly remunerated executives is detailed in the table below.

Employment contracts

The Managing Director, Richard Carey has an employment contract. Under the terms of that contract either party may terminate the contract at any time by giving not less than three months notice of termination. According to this contract he is entitled to remuneration of $198,000 plus superannuation per annum.

The Chief Technology Officer, Gavin Knight, is employed under contract. The current employment contract commenced on 11 April 2005, either party may terminate the contract at any time by giving not less than eight weeks notice of termination.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

The Board is responsible for making recommendations on remuneration packages and policies applicable to the Board members and senior executives of the Company. The board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named executive officers of the Company, receiving the highest emoluments, for the financial year, are:

2006		Salary & Fee	Superannuation	Options Issued	Shares Issued	Other	Total	% Performance Related
Current Directors		$	$	$	$	$	$	
Daren Anderson	Non-executive Chairman	12,000	-	-	8,000	-	20,000	-
Richard G Carey (1)	Managing Director	62,500	-	382	60,000	30,000	152,882	-
Garry Sholl	Non-Executive Director	4,000	-	863	-	-	4,863	-
Karl Morris	Non-Executive Director	-	-	-	-	-	-	-

Note 1: No superannuation was paid or accrued for Richard Carey during the year and pursuant to his contract further shares were issued in July 2006.

DIRECTORS REPORT (Continued)

REMUNERATION REPORT (Continued)

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS (Continued)

2006		Salary & Fees $	Superannuation $	Options Issued $	Shares Issued $	Other $	Total $	% Performance Related
Previous Directors								
Russell J Scrimshaw	Non-executive chairman	15,000	-	191	30,000	-	45,191	-
Ramin Marzbani	Non-Executive Director	21,000	-	153	12,000	-	33,153	-
Kevin J Brough	Non-Executive Director	20,000	-	77	16,800	-	36,877	-
Graham Hosking	Non-Executive Director	4,000	-	863	-	-	4,863	-
Bruce Ind	Non-Executive Director	8,000	-	-	8,000	-	16,000	
Executive Officers								
David R Whitfield*	Company Secretary & Chief financial Officer	57,500	-	-	80,000	-	137,500	-
Gavin Knight	Chief Technology Officer	75,000	6,750	-	30,000	-	111,750	-
Monika Maedler*	Company Secretary	-	-	-	-	-	-	-

*David Whitfield resigned as Company Secretary and Chief Financial Officer on 19 June 2006
*Monika Maedler was appointed Company Secretary on 19 June 2006

OPTIONS GRANTED AS PART OF REMUNERATION

2006	Grant date	Grant number	Value per option at date of grant	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed/ cancelled during the year $	Total value of options granted, exercised and lapsed during the year $	% remuneration consisting of options for the year %
Current Directors								
Daren Anderson	-	-	-	-	-	-	-	-
Richard G Carey	30 Nov 2005	4,090,908	$0.00057	382	-	-	382	0.2
Garry Sholl	5 June 2006	3,750,000	$0.00023	863	-	-	863	17.7
Previous Directors								
Russell J Scrimshaw	30 Nov 2005	2,045,454	$0.00057	191	-	-	191	0.4
Ramin Marzbani	30 Nov 2005	1,636,359	$0.00057	153	-	-	153	0.5
Kevin J Brough	30 Nov 2005	1,309,087	$0.00057	77	-	-	77	0.5
Graham Hosking	5 June 2006	3,750,000	$0.00023	863	-	-	863	17.7
Bruce Ind	-	-	-	-	-	-	-	-
Executive Officers								
David R Whitfield	-	-	-	-	-	-	-	-
Gavin Knight	-	-	-	-	-	-	-	-
Monika Maedler	-	-	-	-	-	-	-	-

For details on the valuation of the options please refer to note 14.

DIRECTORS REPORT (Continued)

TAX CONSOLIDATION

The Company has not entered into a tax consolidated group as at 30 June 2006.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

The directors received an independence declaration from our auditors, Ernst & Young, a copy of which is included on page 66 of the financial report.

Non-Audit Services

The Company's auditors, Ernst and Young, provided non-audit services during the year ended 30 June 2006. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst and Young received or are due to receive the following amounts for the provision of non-audit services:

Reverse acquisition advice	$ 4,500

Refer to note 28 of the financial statements for details of the remuneration that Ernst & Young received or are due to receive for the provision of audit and other services.

This report has been made in accordance with a resolution of directors.

Daren Anderson
Chairman
Sydney 29 September 2006

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Mobi Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business affairs of Mobi Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

In line with the above the Board approved the adoption of a Board charter on 30 June 2004. This charter sets out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Best Practice Recommendations. The approach taken by the Board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the Board charter.

Due to the introduction of the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of good Corporate Governance and the Best Practice Recommendations" (the Recommendations), the Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundation for management and oversight
Principle 2.	Structure the Board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise legitimate interests of stakeholders

Mobi Limited's corporate governance practices were in place throughout the year ended 30 June 2006 and were compliant with the Council's best practice recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Daren Anderson, Mr Garry Sholl and Mr. Karl Morris are Non-Executive Directors and meet the following criteria for independence adopted by the Company.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board;
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company;
3. Overseeing Planning Activities: the development of the Company's strategic plan;
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company;
5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company;
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting;

CORPORATE GOVERNANCE STATEMENT (Continued)

7. Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy;
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees;
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

CORPORATE GOVERNANCE STATEMENT (Continued)

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo ongoing continual professional development.

1.4.6 Independent Professional Advice

The Board collectively and each individual Director has the right to seek independent professional advice at the Company's expense, up to a specified limit of $5000 unless otherwise agreed by the Chairman, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX.

CORPORATE GOVERNANCE STATEMENT (Continued)

Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 30 June 2004 and has been implemented. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

2.1 Audit Committee

The Members of the Audit Committee are Karl Morris and Garry Sholl.

2.2 Remuneration Committee

The Members of the Remuneration Committee are Karl Morris and Garry Sholl.

2.2.1 Role

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and Board members.

2.2.2 Remuneration Policy

Director Remuneration was approved by resolution of the Board on 8 February 2005.

2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not currently participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.3 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

CORPORATE GOVERNANCE STATEMENT (Continued)

2.3.2 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business and listed company experience

3. Company Code Of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board on 30 June 2004. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally.

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual

The Company is committed to keeping private information relating to employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

CORPORATE GOVERNANCE STATEMENT (Continued)

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	Consolidated		Parent	
		2006 $	2005 $	2006 $	2005 $
Continuing operations					
Sales		7,647	33,000	-	-
Rental revenue		16,712	-	-	-
Other income		9,717	14,600	7,827	117,507
Total revenues and other income	4	34,076	47,600	7,827	117,507
Marketing expenses	4	(123,040)	(114,921)	-	-
Occupancy expenses	4	(69,721)	(25,369)	-	(19,200)
Finance costs	4	(2,443)	(1,714)	(226)	-
Administrative expenses	4	(1,615,734)	(1,026,854)	(688,936)	(399,945)
Other expenses	4	(146,805)	(2,109,691)	(2,124,933)	(1,134,096)
Loss before income tax expense		**(1,923,667)**	(3,230,949)	**(2,806,268)**	(1,435,734)
Income Tax Credit	5	224,381	200,201	-	-
Loss after income tax credit		(1,699,286)	(3,030,748)	(2,806,268)	(1,435,734)
Net Loss attributable to Members of Mobi Ltd		**(1,699,286)**	(3,030,748)	**(2,806,268)**	(1,435,734)

		Cents per share	Cents per share
Basic earnings per share	6	(0.32)	(0.85)
Diluted earnings per share	6	(0.32)	(0.85)

All potential ordinary shares, being options to acquire ordinary shares are not considered dilutive, as the exercise of the options would decrease the basic loss per share.

BALANCE SHEET

AS AT 30 JUNE 2006

	Notes	Consolidated		Parent	
		2006	2005	2006	2005
		$	$	$	$
Current Assets					
Cash and Cash Equivalents	7	320,796	592,117	305,202	579,582
Receivables	8	18,758	33,167	9,990	11,693
Other Current Assets	9	23,021	15,472	-	-
Total Current Assets		**362,575**	640,756	**315,192**	591,275
Non-Current Assets					
Receivables	10	-	-	-	-
Other Financial Assets	11	-	-	-	1,000,000
Property, Plant and Equipment	13	74,255	89,817	-	-
Total Non-Current Assets		**74,255**	**89,817**	**-**	**1,000,000**
Total Assets		**436,830**	**730,573**	**315,192**	**1,591,275**
Current Liabilities					
Payables	15	247,813	317,921	101,980	41,273
Provisions	16	6,173	-	-	-
Total Current Liabilities		**253,986**	317,921	**101,980**	41,273
Total Liabilities		**253,986**	317,921	**101,980**	41,273
Net Assets		**182,844**	412,652	**213,212**	1,550,002
Equity					
Contributed Equity	17	5,630,332	4,163,382	41,737,333	40,270,383
Reserves	19	8,928	6,400	18,928	16,400
Accumulated losses	20	(5,456,416)	(3,757,130)	(41,543,049)	(38,736,781)
Total Equity		**182,844**	412,652	**213,212**	1,550,002

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

Consolidated	Contributed Capital 2006 $	Contributed Capital 2005 $	Other Reserves 2006 $	Other Reserves 2005 $	Accumulated losses 2006 $	Accumulated losses 2005 $	Total Equity 2006 $	Total Equity 2005 $
As at 1 July	4,163,382	2,033,014	6,400	-	(3,757,130)	(726,382)	412,652	1,306,6
Share issue costs	(58,750)	(50,632)	-	-	-	-	(58,750)	(50,63
Total expense recognised directly in equity	(58,750)	(50,632)	-	-	-	-	(58,750)	(50,63
Loss for the year	-	-	-	-	(1,699,286)	(3,030,748)	(1,699,286)	(3,030,74
Issue of share capital	1,185,000	2,181,000	-	-			1,185,000	2,181,0
Cost of share-based payment to employees and directors	340,700	-	-	-	-	-	340,700	
Cost of option-based payments to directors	-	-	2,528	6,400	-	-	2,528	6,4
As at 30 June	5,630,332	4,163,382	8,928	6,400	(5,456,416)	(3,757,130)	182,844	412,6

Parent	Contributed Capital 2006 $	Contributed Capital 2005 $	Other Reserves 2006 $	Other Reserves 2005 $	Accumulated losses 2006 $	Accumulated losses 2005 $	Total Equity 2006 $	Total Equity 2005 $
As at 1 July	40,270,383	38,140,015	16,400	10,000	(38,736,781)	(37,301,047)	1,550,002	848,9
Share issue costs	(58,750)	(50,632)	-	-	-	-	(58,750)	(50,63
Total expense recognised directly in equity	(58,750)	(50,632)	-	-	-	-	(58,750)	(50,63
Loss for the year	-	-	-	-	(2,806,268)	(1,435,734)	(2,806,268)	(1,435,73
Issue of share capital	1,185,000	2,181,000	-	-			1,185,000	2,181,0
Cost of share-based payment to employees and directors	340,700	-	-	-	-	-	340,700	
Cost of option-based payments to directors	-	-	2,528	6,400	-	-	2,528	6,4
As at 30 June	41,737,333	40,270,383	18,928	16,400	(41,543,049)	(38,736,781)	213,212	1,550,0

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2006

	Notes	Consolidated		Parent	
		2006 $	2005 $	2006 $	2005 $
Cash Flows from Operating Activities					
Receipts from customers		7,647	33,000	-	104,923
Rent received		16,712	-	-	-
Interest received		9,717	14,601	7,827	26,181
Income tax credits		224,382	200,201	-	-
Payments to suppliers and employees		(1,628,277)	(1,098,253)	(334,581)	(386,657)
Interest paid		(4,105)	(1,713)	-	-
Net Cash Flows used in Operating Activities	7(b)	**(1,373,924)**	(852,164)	**(326,754)**	(255,553)
Cash Flows from Investing Activities					
Payments for property, plant & equipment		(17,647)	(93,628)	-	-
Loan to MobiData Holdings Pty Ltd		-	(400,234)	-	-
Loans to controlled entities		-	-	(1,103,876)	(1,103,008)
Net Cash Flows used in Investing Activities		**(17,647)**	(493,862)	**(1,103,876)**	(1,103,008)
Cash Flows from Financing Activities					
Proceeds from issue of shares		1,185,000	1,181,000	1,185,000	1,181,000
Payment of share issue expenses		(28,750)	(50,632)	(28,750)	(50,632)
Repayment of borrowings		(36,000)	-	-	-
Payment – Deed of Company Arrangement		-	(206,000)	-	(206,000)
Net Cash Flows from Financing Activities		**1,120,250**	924,368	**1,156,250**	924,368
Net Decrease in cash and cash equivalents		(271,321)	(421,658)	(274,380)	(434,193)
Cash and cash equivalents at beginning of Year		592,117	1,013,775	579,582	1,013,775
Net cash and cash equivalents at end of year	7(a)	**320,796**	592,117	**305,202**	579,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. Corporate Information

The financial report of Mobi Limited (the Company) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of directors on September 2006.

Mobi Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange. At the 2005 Annual General Meeting of the Company shareholders resolved to change the name of the company to "Mobi Limited" from "Fusia Limited". The new ASX code for the company is "MBI".

2. Statement of Significant Accounting Policies

(a) Basis of Accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis and, except where stated, does not take into account changing money values or current valuations of non-current assets. The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AIFRS equity and profit for 30 June 2005 and to the balances reported in the 30 June 2005 financial report and at transition to AIFRS are detailed in note 30.

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2006 are as follows:

AASB Amendment	Affected Standard	Application date of standard	Application date for Group	Summary
2004-3	AASB 1 First-time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 124 Related Party Disclosures	1 January 2006	1 July 2006	Consequential amendments to the affected standards as a result of the release of the revised AASB 119.
2005-1	AASB 139 Financial Instruments: Recognition and Measurement	1 January 2006	1 July 2006	Amendment to AASB 139 to allow the foreign currency risk of a highly probable intra-group forecast transaction to qualify as the hedged item in certain circumstances.
2005-4	AASB 139 Financial Instruments: Recognition and Measurement, AASB 132 Financial Instruments: Disclosure and Presentation, AASB 1 First-time adoption of AIFRS, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts	1 January 2006	1 July 2006	Amendments relate to the restriction on designating financial instruments at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

2005-5	AASB 1 First-time adoption of AIFRS and AASB 139 Financial Instruments: Recognition and Measurement	1 January 2006	1 July 2006	Consequential amendments made to AASB 1 due to the issue of UIG Interpretation 4. Consequential amendments made to AASB 139 due to the issue of UIG Interpretation 5.
2005-6	AASB 3 Business Combinations	1 January 2006	1 July 2006	The definition of "contribution by owners" is removed and the AASB 3 scope exclusion for business combinations involving entities or businesses under common control is adopted.
2005-9	AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts, AASB 139 Financial Instruments: Recognition and Measurement and AASB 132 Financial Instruments: Disclosure and Presentation	1 January 2006	1 July 2006	Amendments to all four standards providing guidance as to which standard applies to financial guarantee contracts under certain circumstances.
2005-10	AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time adoption of AIFRS, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts.	1 January 2007	1 January 2007	These amendments arise from the release of AASB 7 relating to financial instruments disclosures.
2006-1	AASB 121 The Effects of Change in Foreign Currency Rates	1 January 2006	1 July 2006	The amendment clarifies the requirements relating to an entity's investment in foreign operations and assists the financial reporting of entities with investments in operations that have a different functional currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(b) Statement of compliance (continued)

New Standard / UIG Affected Standard	Application date of standard / interpretation	Application date for Group	Summary
AASB 119 Employee Benefits	1 January 2007	1 January 2007	Amendment to AASB 119 to incorporate changes to IFRS in connection with the "corridor approach" to account for movements in actuarial gains and losses for defined benefit plans.
AASB 7 Financial Instruments: Disclosures	1 January 2007	1 January 2007	The Standard requires disclosure of: - the significance of financial instruments for an entity's financial position and performance; and - qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.
UIG 4 Determining whether an arrangement contains a Lease	1 January 2006	1 July 2006	Specifies criteria for determining whether an arrangement is, or contains, a lease.
UIG 5 Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006	1 July 2006	Addresses accounting for the rights to interests in decommissioning, restoration and environmental rehabilitation funds and for additional contributions to such a fund.
UIG 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.	1 December 2005	1 July 2006	Provides guidance on the recognition, in the financial statements of producers, of liabilities for waste management under the EU directive on WE&EE in respect of sales of historical household equipment.
UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies	1 March 2006	1 July 2006	Addresses the requirements of AASB 129 for an entity while it operates in a hyperinflationary economy in the current period, but not in the prior period.
UIG 8 Scope of AASB 2	1 May 2006	1 July 2006	Clarifies that the scope of AASB 2 deals with transactions in which an entity cannot identify specifically some or all of the goods or services received as consideration for the share based payment instrument.
UIG 9 Reassessment of Embedded Derivatives	1 June 2006	1 July 2006	Requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances.

The impact of the above has yet to be assessed by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are recognised at cost less accumulated impairment losses in the separate financial statements of the parent.

Mobi Limited acquired 100% of MobiData Holdings Pty Limited on 15 December 2004 (name changed from MobiData Group Pty Limited on 14 December 2004). The AIFRS accounting standards identified MobiData Holdings Pty Ltd as the acquirer in relation to the consolidated financial statements. That is, the acquisition of Mobi Limited by MobiData Holdings Pty Limited represents a reverse acquisition. MobiData Holdings Pty Limited was consolidated with Mobi Limited as from 15 December 2004.

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting estimates and assumptions

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 14.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Control of the right to receive the interest payment.

License Fees
Control of the right to receive the fee payment.

Rental Income
Rental income is recognised on a straight line basis unless it is contingent in nature in which case it is recognised on a receivable basis.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit and loss.

Capitalised leases are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income-statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivable, which generally have 30 - 90 day terms, are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

(j) Foreign currency translation

Both the functional and presentation currency of Mobi Limited and its Australian subsidiaries is Australian dollars ($AUD). Each entity in the Group determines its own functional currency and items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

(k) Interests in a jointly controlled operation

The Group has a 49% interest in the SOX Joint Venture which is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than the establishment of a separate entity. The operation of the joint venture has been suspended. The carrying amount of any assets or liabilities of the joint venture are nil.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(l) Income tax (continued)

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred income tax liabilities are recognised for all taxable differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates(and tax laws) that have been enacted or substantively enacted at balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(n) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

	2006	2005
Office equipment	10% - 22.5%	10% - 22.5%
Computer Equipment	5.0% - 37.5%	5.0% - 37.5%
Furniture & Fittings	7.5% - 11.25%	7.5% - 11.25%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.
An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(ii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Research and Development Costs

Research costs are expensed as incurred. An intangible asset from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(p) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of deprecation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(s) Employee Benefits

Wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(t) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Currently, the group has an Employee Share Option Plan, which provides benefits to employees of and consultants to each Company in the MobiData Group and the Company, including executive Directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions other than conditions linked to the price of shares of Mobi Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

(u) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic EPS is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result form the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Going concern

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern basis assumption.

At balance date the consolidated entity has net assets of $182,844 after recording an after tax operating loss of $1,699,286.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

2. Statement of Significant Accounting Policies (continued)

(w) Going concern (continued)

In common with start-up technology companies the company's operations are subject to considerable risk and significant uncertainty due primarily to the nature of the development and commercialisation to be undertaken. The Company is in the process of marketing and distributing its products and has commenced negotiations and signed agreements with distributors to facilitate the generation of revenues.

The free trial period for the use of MobiChat product has attracted over 400,000 users and the Directors are closely monitoring the conversion rates to assess the revenues that may be generated from this marketing initiative.

The company will require additional funding to successfully execute its existing and future plans. Historically the company has been able to raise sufficient capital to continue its operations. If further funding were obtained by way of raising of additional capital this would have the effect of further diluting existing shareholders' equity, which may require approval of shareholders. In the event that the Company does not generate sufficient revenue or raise additional funding, significant uncertainty exists as to whether Mobi Limited and/or the consolidated entity will be able to continue as a going concern.

As discussed in Note 27, Subsequent Events, in order to provide additional working capital, the Company has, subject to shareholder approval reached agreement with the shareholders of Fabfone Pty Ltd to acquire 100% of the issued capital of Fabfone Pty Ltd. The directors are of the opinion that upon successful acquisition of Fabfone Pty Ltd and its technology, additional capital will be able to be raised which will provide sufficient working capital until initial revenues from commercialisation of the Company's products are received. Upon this basis the Company will be able to continue its operations. The directors have commenced negotiations to arrange for a further capital raising after the acquisition is approved. At this time no signed letters of intent to support the capital raising have been received. If the acquisition and capital raising does not proceed then the directors will need to consider alternative courses of action.

Consequently there is significant uncertainty regarding the future cash flows of the company and the consolidated entity so as to enable them to continue as going concerns.

The financial statements take no account of the consequences, if any, of the effects of either unsuccessful product commercialisation or, of the inability of the Company to obtain adequate additional funding if required.

3. Segment Information

The consolidated entity operates within one business segment, being the software development industry. As a result, disclosures in the consolidated financial statements and notes are representative of this segment.

Geographic Segment
The entity operates in one geographical area, Australia. The products that Mobi Limited develop are able to be downloaded from the Company's website which allows customers who have access to the internet to use the products.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

4. Revenue and expenses

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Revenue and other income				
Interest - other persons /corporations	9,717	14,600	7,827	26,986
Sales revenue	7,647	33,000	-	-
Rental income	16,712	-	-	-
Other income	-	-	-	90,521
Total Revenues and other income	34,076	47,600	7,827	117,507

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Expenses				
Marketing Expenses:				
Advertising and Selling Expenses	123,040	114,921	-	-
Occupancy expenses:				
Operating Lease Rentals	69,721	25,369	-	19,200
Finance expenses:				
Borrowing Costs				
- Charges, other persons /corporations	2,443	1,714	226	-
Administrative expenses:				
Commission payments	22,437	-	-	-
Australian Stock Exchange Fees	60,551	18,467	60,551	48,803
Directors Fee	146,500	36,153	146,500	36,153
Depreciation of Plant and equipment	17,922	3,811	-	-
Impairment of plant and equipment	15,287	-	-	-
Contract labour	150,351	-	-	-
Management and Consultants fees paid	181,785	291,956	-	57,500
Salaries and wages	378,739	104,769	-	22,936
Share Registry Expenses	15,357	15,990	15,357	15,990
Software Development	-	284,736	-	-
Travelling Expenses	61,345	71,063	-	11,354
Audit, accounting and legal fees	182,216	183,319	123,300	141,907
SOX licence expenditure	-	-	-	56,838
Employee share options	2,528	6,400	2,528	6,400
Employee shares	340,700		340,700	
Provision for annual leave	6,173	-	-	-
Superannuation	33,843	10,190	-	2,064
Total Administrative expenses	1,615,734	1,026,854	688,936	399,945
Other expenses:				
Other operating expenses	146,805	71,469	21,057	33,202
Impairment of goodwill	-	2,038,222	-	-
Diminution of investment in subsidiary	-	-	1,000,000	-
Provision for loss on loan to subsidiary	-	-	1,103,876	1,100,894
Total Other expenses	146,805	2,109,691	2,124,933	1,134,096
Total Expenses	1,957,743	3,278,549	2,814,095	1,553,241

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

5. Income Tax

	Consolidated		Parent	
The major components of income tax benefit are:	2006 $	2005 $	2006 $	2005 $
Income Statement				
Current income tax				
Current income tax charge	-	-	-	-
Adjustments in respect of current income tax of previous years – R & D tax offset	224,381	200,221	-	-
Income tax credit reported in the income statement	224,381	200,221	-	-

Reconciliation	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Income Tax Credit				
Accounting loss before income tax	(1,923,667)	(3,230,949)	(2,806,268)	(1,435,734)
At the Groups statutory income tax rate of 30% (2005:30%)	(577,100)	(969,285)	(841,880)	(430,720)
Impairment of goodwill	-	611,467	-	-
Amounts not allowable	-	-	-	36,110
Share based payments expense	102,968	1,920	102,968	1,920
Provision for diminution of investment	-	-	300,000	-
Provision for annual leave	1,852	-	-	-
Provision for diminution in loan	-	-	331,163	330,268
Superannuation payable	1,529	-	-	-
Current year losses not booked as a deferred tax asset	246,370	155,697	107,749	62,422
Income Tax Credit	224,381	200,201	-	-

The future deferred tax asset arising from losses of a controlled entity is not recognised at reporting date as realisation of the benefit is not regarded as probable.

Deferred income tax	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Deferred tax assets:				
Deferred tax assets relating to carried forward income tax losses	405,569	159,199	172,423	64,674
Other deferred tax assets	3,381	-	961,431	330,268
Deferred tax asset not booked as the benefit is not probable	(408,950)	(159,199)	(1,133,854)	(394,942)
Deferred Tax asset	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

5. Income Tax (continued)

As a result of the recapitalisation of the Company and acquisition of MobiData Group Pty Limited it is unlikely that any tax losses incurred prior to that date will be available to the consolidated group. MobiData Holdings Pty Limited and MobiData Group Pty Limited expect to lodge R&D Tax Concession Claims in respect to the year ended 30 June 2006. If successful these claims will offset the tax losses to be carried forward. At this stage the Company has not been able to quantify these claims. The Company has not entered into a tax consolidated group as at 30 June 2006.

The group has no franking credits available.

6. Earnings per Share

	Consolidated	
	2006	**2005**
Net loss attributable to ordinary holders of the parent ($)	1,699,286	3,030,748
Basic and Diluted Earnings Per Share		
Cents per share (loss)	(0.32)	(0.85)
Weighted average number of shares used in Basic and Diluted Earnings Per Share	531,746,592	355,564,924

All potential ordinary shares, being options to acquire ordinary shares are not considered dilutive as the exercise of the options or conversion of notes would decrease the basic loss per share.

7 (a). Cash and Cash Equivalents

	Consolidated		Parent	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
Cash at bank	320,796	592,117	305,202	579,582

Cash at bank earns interest at floating rates based on daily deposit rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

7 (b) Reconciliation to Cash Flow Statement

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Reconciliation of net loss after tax to net cash flows from operations:				
Net loss	(1,699,286)	(3,030,748)	(2,806,268)	(1,435,734)
Adjustments for:				
Depreciation	33,209	3,811	-	-
Share issues to employees	340,700	-	340,700	-
Option issues to employees	2,528	-	2,528	-
Cost of options	-	6,400	-	6,400
Impairment of goodwill	-	2,038,222	-	-
Changes in assets and liabilities:				
(Increase) Decrease in receivables	9,860	19,195	1,703	40,669
(Increase) Decrease in other current assets	-	(12,472)	-	3,000
(Decrease) Increase in payables	(67,108)	111,888	30,707	17,678
(Decrease) Increase in provisions	6,173	11,540	-	11,540
(Decrease) Increase in loan			1,103,876	1,100,894
(Decrease) Increase in investment			1,000,000	
Net cash used in operating activities	(1,373,924)	(852,164)	(326,754)	(255,553)

Diclosure of non-cash financing and investing activites

Refer to note 17 .

8. Receivables (Current)

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Other Debtors and Refunds Due	18,758	33,167	9,990	11,693

Terms and Conditions of Receivables:

Trade debtors and other sundry debtors are non-interest bearing and generally on 30 day terms.

9. Other Current Assets

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Deposits	23,021	15,472	-	-

Terms and Conditions of Deposits:

Deposits will generally be repaid at the end of the term of the property lease.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

10. Receivables (Non-Current)

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Non-trade amounts owing by wholly owned controlled entities	-	-	2,204,770	1,100,894
Less provision for loss	-	-	(2,204,770)	(1,100,894)
	-	-	-	-

Terms and Conditions of Amounts Owing by Controlled Entities:
The amounts are not expected to be repaid within the next twelve months.
An allowance of $1,103,876 has been recognised as an expense for the current year against the loan provided to wholly owned subsidiaries. The amount of the impairment loss has been measured as the difference between the carrying amount of the loan and the future cash flows expected to be received from the subsidiaries.

11. Other Financial Assets (Non-Current)

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Shares in controlled entities (refer Note 26)	-	-	1,000,000	1,000,000
Provision for diminution	-	-	(1,000,000)	-
	-	-	-	1,000,000

An allowance of $1,000,000 has been recognised as an expense for the current year against the investment in wholly owned subsidiaries. The amount of the impairment loss has been measured as the difference between the carrying amount of the loan and the future cash flows expected to be received from the subsidiaries.

12. Interest in Joint Venture

The Company has a 49% interest in the SOX Joint Venture. The joint venture resides in Australia and was entered into to develop software. The developed software is now redundant. Revenue and expenditure relating to the Company's interest in the SOX Joint Venture are brought to account when received or paid. The Company does not control the SOX Joint Venture. The joint venture has been suspended and has a carrying value of nil.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

13. Property, Plant & Equipment

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Plant and Equipment				
Cost or fair value				
Opening Balance	93,628	-	-	-
Additions	17,647	93,628	-	-
Closing Balance	111,275	93,628	-	-
Accumulated Depreciation				
Opening Balance	(3,811)	-	-	-
Depreciation	(17,922)	(3,811)	-	-
Impairment	(15,287)	-	-	-
Closing Balance	(37,020)	(3,811)	-	-
Net Book Value	74,255	89,817	-	-

Reconciliation

Reconciliation of the carrying amounts of Plant and equipment at the beginning and end of the current financial year.

Plant and Equipment		
Carrying amount at beginning	89,817	-
Additions	17,647	93,628
Impairment	(15,287)	-
Depreciation expense	(17,922)	(3,811)
Carrying amount at end	74,255	89,817

The $15,287 impairment loss represents the write down of certain plant and equipment to recoverable amount. This has been recognised in the income statements as a write down of plant and equipment. The recoverable amount estimate was based on value in use.

14. Share Based Payment Plans

Share Option Plan

Share options are granted to directors and employees. The options are vested on the date of the grant or on completion of required service period. The exercise price is set at a price to provide an incentive for directors and employees to meet objectives which are aligned to shareholders of the company.

During the year 5,000,000 options with an exercise price of $0.016 expiring on 31 December 2007 were issued to Taycol Nominees Pty Ltd in consideration for underwriting the $500,000 Share Purchase Plan announced on the ASX on 25 February 2005.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

14. Share Based Payment Plans (continued)

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options issued during the year.

	2006 No.	2006 WAEP	2005 No.	2005 WAEP
Outstanding at the beginning of the year	16,151,336	$0.0144	9,000,000	$0.0100
Granted during the year	21,581,808	$0.0164	7,151,336	$0.0200
Cancelled during the year	(2,318,177)	$0.022	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	35,414,967	$0.0152	16,151,336	$0.0144
Exercisable at year end	35,414,967	$0.0152		

The outstanding balance as at 30 June 2006 is represented by:

- 9,000,000 options over ordinary shares with an exercise price of $0.01 exercisable on or before 31 December 2007.
- 7,151,336 options over ordinary shares with an exercise price of $0.02 exercisable on or before 31 December 2008.
- 6,763,631 options over ordinary shares with an exercise price of $0.022 exercisable on or before 31 December 2007.
- 7,500,000 options over ordinary shares with an exercise price of $0.01 exercisable on or before 30 September 2008.
- 5,000,000 options over ordinary shares with an exercise price of $0.016 exercisable on or before 31 December 2007.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the income statement.

The following table lists the inputs to the model:

	2006	2005
Dividend yield	Nil	Nil
Volatility	0.25	0.25
Risk free rate	5.79%	5.25%
Expected life of option (years)	2-3	2-3

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

15. Payables (Current)

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Trade Creditors and Accruals - unsecured	156,818	190,926	101,980	41,273
Related party payables:				
Other related parties	90,995	126,995	-	-
	247,813	317,921	101,980	41,273

(a) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
(b) Details of the terms and conditions of related party amounts are set out in note 29.
(c) For terms and conditions of related party payables refer to note 29

16. Provisions (Current)

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Provision for Employee Entitlements				
Opening balance	-	-	-	-
Arising during the year	13,461	-	-	-
Used during the year	(7,288)	-	-	-
Closing Balance	6,173	-	-	-

Employee entitlements represent accrued annual leave entitlements at 30 June 2006. The amount has not been discounted as it is likely the entitlements will be utilised during the next 12 month period.

17. Contributed Equity

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Ordinary Shares (i)	5,630,332	4,163,382	41,737,333	40,270,383
(i) Issued and fully paid	5,630,332	4,163,382	41,737,333	40,270,383

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

17. Contributed Equity (continued)

Fully paid shares carry one vote per share and carry the right to dividends.

Consolidated	**No. of Ordinary Shares**		**$**	**$**
Movement in issued shares for the year:	**2006**	**2005**	**2006**	**2005**
Opening Shares	463,176,068	257,092,695	4,163,382	2,033,014
Issued during the year (a)	257,389,990	206,083,373	1,466,950	2,130,368
Closing Shares	720,566,058	463,176,068	5,630,332	4,163,382

During the year transaction costs arising from contributed equity was $58,750 (2005: $50,632)

(a) Issued ordinary shares during the year:

	No. of Ordinary Shares		**$**	**$**
	2006	**2005**	**2006**	**2005**
On 28 September 2004, issue of 38,500,000 fully paid ordinary shares at an issue price of 0.01 cents per shares	-	38,500,000	-	390,000
On 8 December 2004, issue of 10,000,000 fully paid ordinary shares at an issue price of 0.01 cents per share, pursuant to the exercise of unlisted options with an expiry date of 31 December 2007.	-	10,000,000	-	100,000
On 15 December 2004, issue of 100,000,000 fully paid ordinary shares at an issue price of 0.01 cents per share for the acquisition of MobiData Group Pty Ltd	-	100,000,000	-	1,000,000
On 27 April 2005, issue of 57,583,373 fully paid ordinary shares at an issue price of 0.012 cents per share, pursuant to the Share Purchase Plan	-	57,583,373	-	691,000
On 11 October 2005, issue of 11,590,000 fully paid ordinary shares at an issue price of $0.01 per share	11,590,000	-	115,900	-
On 11 November 2005, issue of 57,500,000 fully paid ordinary shares at an issue price of $0.01 cents per share	57,500,000	-	575,000	-
On 28 November 2005, issue of 5,618,176 fully paid ordinary shares at an issue price of $0.01 per share	5,618,176	-	61,800	-
On 31 December 2005, issue of 5,181,814 fully paid ordinary shares at an issue price of $0.01 per share	5,181,814	-	57,000	-
On 16 January 2006, issue of 1,000,000 fully paid ordinary shares at an issue price of $0.01 pursuant to exercise of unlisted options	1,000,000	-	10,000	-
On 5 June 2006, issue of 22,500,000 fully paid ordinary shares at an issue price of $0.004.	22,500,000	-	90,000	-
On 5 June 2006 issue of 4,000,000 fully paid ordinary shares at an issue price of $0.004	4,000,000		16,000	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

17. Contributed Equity (continued)

(a) Issued ordinary shares during the year: (continued)

On 5 June 2006 issue of 75,000,000 fully paid ordinary shares at an issue price of $0.004	75,000,000		300,000	
On 5 June 2006 issue of 75,000,000 fully paid ordinary shares at an issue price of $0.004	75,000,000		300,000	
Share Issue Costs	-	-	(58,750)	(50,632)
	257,389,990	206,083,373	1,466,950	2,130,368

(b) Performance Shares

	No. Of Performance Shares		$	$
Movement in issued shares for the year:	**2006**	**2005**	**2006**	**2005**
Opening Balance	200,000,000	-		
A Class Performance Shares (expired)	(50,000,000)	50,000,000	-	-
B Class Performance Shares (expired)	(50,000,000)	50,000,000	-	-
C Class Performance Shares	-	50,000,000	-	-
D Class Performance Shares	-	50,000,000	-	-
Closing Balance	100,000,000	200,000,000	-	-

Terms and Conditions of Performance Shares;

A Class Performance Shares

The 50,000,000 A Class Performance Shares which have expired were issued to the MobiData Group Pty Limited vendors on 15 December 2004 and were convertible into 50,000,000 ordinary shares in Mobi Limited immediately upon the Company:

a) entering into a licence or distribution agreement with a telecommunication company that has an existing subscriber base of at least 250,000 customers; or
b) attracting a paying subscriber base of at least 25,000 customers; or
c) achieving revenue of at least $750,000 in a month and demonstrating to the satisfaction of the Company, acting reasonably, that the Company will achieve revenue of at least $750,000 in each month thereafter for 11 months

All A Class Performance Shares may be redeemed by the Company, for the sum of $50 if the milestone is not achieved within 12 months from the date of issue of the A Class Performance Shares

B Class Performance Shares

The 50,000,000 B Class Performance Shares which have expired were issued to the MobiData Group Pty Limited vendors on 15 December 2004 and were convertible into 50,000,000 ordinary shares in Mobi Limited immediately upon the Company:

a) in addition to the requirements of the Company satisfying paragraph (A) of the A Class Performance Shares, entering into a licence or distribution agreement with a telecommunication company that has an existing subscriber base of at least 500,000 customers; or
b) in addition to the requirements of the Company satisfying paragraph (B) of the A Class Performance Shares, attracting a paying subscriber base of at least 50,000 customers; or
c) achieving revenue of at least $750,000 in a month and demonstrating to the satisfaction of the Company, acting reasonably, that the Company will achieve revenue of at least $750,000 in each month thereafter for 11 months

All B Class Performance Shares may be redeemed by the Company, for the sum of $50 if the milestone is not achieved within 12 months from the date of issue of the B Class Performance Shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

17. Contributed Equity (continued)

(b) Performance Shares (continued)

C Class Performance Shares

The 50,000,000 C Class Performance Shares were issued to the MobiData Group Pty Limited vendors on 15 December 2004 and are convertible into 50,000,000 ordinary shares in Mobi Limited on the later of:

1) the day that is one day after 12 months from the date of their issue; and
2) the Company:
   a) in addition to the requirements of satisfying paragraph (A) of the A and B Class Performance Shares, entering into a licence or distribution agreement with a telecommunication company that has an existing subscriber base of at least 1,000,000 customers; or
   b) in addition to the requirements of satisfying paragraph (B) of the A and B Class Performance Shares, attracting a paying subscriber base of at least 100,000 customers; or
   c) achieving revenue of at least $750,000 in a month and demonstrating to the satisfaction of the Company, acting reasonably, that the Company will achieve revenue of at least $750,000 in each month thereafter for 11 months.

All C Class Performance Shares may be redeemed by the Company, for the sum of $50 if the milestone is not achieved within 24 months from the date of issue of the C Class Performance Shares.

D Class Performance Shares

The 50,000,000 D Class Performance Shares were issued to the MobiData Group Pty Limited vendors on 15 December 2004 and are convertible into 50,000,000 ordinary shares in Mobi Limited on the later the Company:

a) the day that is one day after 12 months from the date of their issue; and
b) the company achieving revenue of at least $750,000 in a month and demonstrating to the satisfaction of the Company, acting reasonably, that the Company will achieve revenue of at least $750,000 in each month thereafter for 11 months

All D Class Performance Shares may be redeemed by the Company, for the sum of $50 if the milestone is not achieved within 24 months from the date of issue of the D Class Performance Shares.

None of the performance shares have any voting rights or entitlement to dividends.

18. Other Equity Instruments

	Number of Options	
	2006	**2005**
On issue at beginning of year		
Exercisable at $1.00 on or before 12 July 2004	-	1,000,000
Exercisable at $0.01 on or before 31 December 2007	24,000,000	34,000,000
Exercisable at $0.30 on or before 29 March 2005	-	833,333
Exercisable at $0.02 by 31 December 2008 (A)	100,000,000	-
	124,000,000	35,833,333
Issued during the year		
Exercisable at $0.02 by 31 December 2008 (A)	-	100,000,000
Exercisable at $0.016 by 31 December 2007	5,000,000	-
Exercisable at $0.01 by 30 September 2008	28,750,000	-
Exercisable at $0.022 by 31 December 2007	9,081,808	-
Exercisable at $0.01 by 30 September 2008	75,000,000	-
	117,831,808	100,000,000
Exercised during the year		
Exercisable at $0.01 on or before 31 December 2007	-	(10,000,000)
Exercisable at $0.01 on or before 30 September 2008	(1,000,000)	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

18. Other Equity Instruments (continued)

	Number of Options 2006	2005
Cancelled during the year		
Exercisable at $0.10 on or before 12 July 2004	-	(1,000,000)
Exercisable at $0.30 on or before 29 March 2005	-	(833,333)
Exercisable at $0.022 on or before 31 December 2007	(2,318,177)	-
	(2,318,177)	(1,833,333)
Outstanding at Balance Date		
Exercisable at $0.01 on or before 31 December 2007	24,000,000	24,000,000
Exercisable at $0.02 by 31 December 2008 (A)	100,000,000	100,000,000
Exercisable at $0.016 on or before 31 December 2007	5,000,000	-
Exercisable at $0.01 by 30 September 2008	27,750,000	-
Exercisable at $0.022 by 31 December 2007	6,763,631	-
Exercisable at $0.01 by 30 September 2008	75,000,000	-
Outstanding at Balance Date	238,513,631	124,000,000
Cancelled subsequent to balance date	-	-
Issued subsequent to balance date	-	-
Exercisable at $0.016 on or before 31 December 2007	-	5,000,000
Outstanding at Date of Directors' Report	238,513,631	129,000,000

(A) The 100,000,000 options to acquire ordinary shares in Mobi Limited at an exercise price of 2 cents per share exercisable on or before 31 December 2008 were granted as part of the acquisition of MobiData Group Pty Ltd. The options are subject to a twelve month escrow from the time of their issue unless the share price of Mobi Limited, calculated on a weighted average basis, trades at five cents or above for a period of one month.

19. Reserves

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Employee equity benefits reserve	8,928	6,400	18,928	16,400

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

20. Accumulated losses

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Accumulated losses at the Beginning of the Financial Year	(3,757,130)	(726,382)	(38,736,781)	(37,301,047)
Loss after related income tax credit	(1,699,286)	(3,030,748)	(2,806,268)	(1,435,734)
Accumulated losses at the End of the Financial Year	(5,456,416)	(3,757,130)	(41,543,049)	(38,736,781)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

21. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash, other debtors and other creditors. The main risk arising from the Group's financial instruments are cash flow interest rate risk. Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

22. Financial Instruments

a) Interest Rate Risk Exposure

The following tables summarise interest rate risk for the consolidated entity, together with effective interest rates at balance date. Amounts all have a maturity of one year or less unless otherwise stated.

Consolidated		**Fixed Interest rate maturing in**				**Weighted average effective interest rate**	
	Floating Interest Rate (i)	1 year or less	**Over 1 to 5 years**	**Non-Interest**	**Total**	**Fixed**	**Floating**
	$	$	$	$	$	%	%
2006							
Financial assets							
Cash	320,796	-	-	-	320,796	-	5.4%
Other debtors	-	-	-	18,758	18,758	-	-
	320,796	-	-	18,758	339,554		
Financial liabilities							
Other Creditors	-	-	-	247,813	247,813	-	-
	-	-	-	247,813	247,813		
2005							
Financial assets							
Cash	592,117	-	-	-	592,117	-	5.2%
Other debtors	-	-	-	33,167	33,167	-	-
	592,117	-	-	33,167	625,284		
Financial liabilities							
Other Creditors	-	-	-	317,921	317,921	-	-
	-	-	-	317,921	317,921		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

22. Financial Instruments (continued)

a) Interest Rate Risk Exposure (continued)

The Company is exposed to the risk of changes in interest rates on its cash held on deposit. The Board monitors market interest rates and maximises its return on cash held on deposit where possible.

The following tables summarise interest rate risk for the parent entity, together with effective interest rates at balance date.

Parent		Fixed interest rate maturing in				Weighted average effective interest rate	
	Floating Interest Rate (i)	1 year or less	Over 1 to 5 years	Non-interest	Total	Fixed	Floating
	$	$	$	$	$	%	%
2006							
Financial assets							
Cash	305,202	-	-	-	305,202	-	5.2%
Other debtors	-	-	-	9,990	9,990	-	-
	305,202	-	-	9,990	315,192		
Financial liabilities							
Other Creditors	-	-	-	101,980	101,980	-	-
	-	-	-	101,980	101,980		
2005							
Financial assets							
Cash	579,582	-	-	-	579,582	-	4.65%
Other debtors	-	-	-	11,693	11,693	-	-
	579,582	-	-	11,693	591,275		
Financial liabilities							
Other Creditors	-	-	-	41,273	41,273	-	-
	-	-	-	41,273	41,273		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

b) Credit Risk Exposure

The credit risk on financial assets of the Consolidated Entity which have been recognized on the balance sheet is generally the carrying amount, net of any provisions for doubtful debts.

c) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

23. Expenditure Commitments

The Group has entered into commercial leases for office premises in Sydney and Brisbane.

Operating leases (non – cancellable)

	Consolidated		Parent	
	2006 $	2005 $	2006 $	2005 $
Not later than one year	64,274	88,909	-	-
Income from sub-let of lease (i)	(20,331)	-	-	-
	43,943			
Later than one year but not Later than five years	31,997	96,271	-	-
Total Operating Lease Commitments	75,940	185,180	-	-
Amounts not provided for:				
- rental commitment	75,940	185,180	-	-

(i) The lease for the Sydney office expires on 31 December 2006. This lease space is currently sub-let to MDS New.com Limited ("MDS"). Under the terms of the agreement MDS will reimburse MobiData Pty Ltd 75% of rent and outgoings.

The lease for the Brisbane office expires on 22 April 2008.

The Brisbane office has a rent review of 4% per annum.

24. Contingent Liabilities

Pursuant to the acquisition of MobiData Group Pty Limited ("MDG"), Mobi Limited must pay $254,000 to Cyprus Investments Pty Ltd ("Cyprus") or issue that number of ordinary shares in the Company to Cyprus that is equal to $254,000 divided by 0.8 x the weighted average market price of all completed ASX trades of the Company's ordinary share during the 20 day of trading, prior to the event occurring, if at any time before 15 December 2006 the following event occurs:
That MDG achieves revenue of at least $750,000 in a month and is able to demonstrate to the satisfaction of Mobi Limited, acting reasonably, that MDG will achieve revenue of at least $750,000 in each month thereafter for 11 months

On 8 April 2005 the Company acquired the business assets of TSG Pacific Pty Limited. The acquisition price consists of cash and shares, payable on the achievements of commercial milestones from specific applications and technologies acquired. The consideration is due and payable when certain sales and/or share price targets are met, but in any event no later than December 31st 2006. The cash component is $160,000 and the value of the share component is $340,000. The number of shares to be allotted will be based on the average share price between the date of acquisition and September 30th 2005.

There are no other contingent liabilities as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

25. Employee Benefits and Superannuation Commitments

The consolidated entity employed 3 employees as at 30 June 2006 (2005: 11 employees).

(a) Superannuation Commitments

The Company and its controlled entities contributed 9% of salaries to employees' personal superannuation plans. The companies do not maintain a superannuation scheme on behalf of their employees. There outstanding liability for superannuation commitments at 30 June 2006 is $5,095 (2005: $7,584).

Employee benefits and superannuation commitments payable are included in payables in note 15.

26. Investment in Controlled Entities

The consolidated financial statements at 30 June 2006 included the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Country of incorporation	Cost of Parent Entity's Interest		Equity Holding	
		2006 $	2005 $	2006 %	2005 %
Controlled Entities					
MobiData Holdings Pty Ltd	Australia	1,000,000	1,000,000	100	100
MobiData Group Pty Limited (a)	Australia	-	-	100	100
		1,000,000	1,000,000	-	-

(a) MobiData Group Pty Limited is a wholly owned subsidiary of MobiData Holdings Pty Limited. Mobi Limited has written down the value of investment in MobiData Holdings Pty Ltd to nil.

Mobi Limited is the ultimate parent entity.

27. Subsequent Events

On 21 August 2006 Mobi Limited announced it had entered into an agreement with the shareholders of Fabfone Pty Ltd, ("Fabfone") to acquire 100% of the issued paid up capital of Fabfone.

The consideration for the acquisition will be 700 million fully paid ordinary shares in Mobi and 700 million unlisted options to acquire an equivalent number of ordinary shares in Mobi("the consideration equity"). The exercise price of the options is $0.01 per share with the expiry period being 30 September 2008.

The issue of the consideration equity to the shareholders of Fabfone will be subject to the approval of the shareholders of Mobi at a General Meeting and any other regulatory approval so required. If approved, the consideration equity will be distributed to the shareholders of Fabfone pro rata to their shareholding. The Directors and shareholders of Fabfone have confirmed that no person or entity will hold a relevant interest in Mobi in excess of 19.99% following such approval and the resultant issue of the consideration equity.

Fabfone has provided considerable detail to Mobi about the assets, concepts, potential market contracts and revenue streams of Fabfone. Fabfone advises that as part of the process they commissioned Chartered Accountancy firm Nexia ASR to undertake a definitive Valuation Report of the Fabfone equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

27. Subsequent Events (continued)

That report has been completed and has been provided to Mobi. The report concludes that "a fair value of the Fabfone equity" to be in the range of $4.62 million and $6.91 million with a preferred value of $5.61 million.

In order to assist them in verifying the appropriateness of the proposed transaction the directors of Mobi independently commissioned advisory firm Benson Partners to review Fabfone and the Nexia ASR valuation report. Following receipt of the Nexia ASR report and the Benson Partners' review, the Directors of MBI have concluded that the appropriate valuation methodology adopted and the consideration equity are appropriate.

Fabfone is a mobile telephone company that offers mobile users the ability to seamlessly access GSM, VoIP(Voice over Internet Protocol) and landline services from one device.

Fabfone has developed extensive intellectual property and infrastructure to deliver bundled VoIP and GSM capability. A Fabfone customer will experience continuous connectivity as they move between traditional mobile network and VoIP network to either make or receive a mobile call. As the Fabfone customer moves out of a VoIP network, the technology will automatically revert to the normal GSM network without a loss of service to or manual intervention by the user. This seamless exchange between the available networks is achieved by accessing VoIP "gateways" through the utilisation of Session Initiation Protocol (SIP) compliant mobile devices. The end result for the Fabfone customer is not only flexibility and convenience but a considerable saving as well on his or her mobile phone bill.

The Fabfone technology can operate and integrate with almost all existing telephony systems and hardware/software platforms. As a result the system can be programmed to meet the specific requirements of single users or large multi-user clients or corporations. To this end Fabfone is finalising the installation process with a number of national and globally recognised clients. Fabfone has also entered into a number of key strategic alliances and partnerships covering all levels of delivery including network billing, hardware and software management.

28. Auditors' Remuneration

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Amounts received or due and receivable by the Auditors for:				
Audit and review of financial reports	20,000	34,803	20,000	34,803
Other services	4,500	6,000	4,500	6,000
	24,500	40,803	24,500	40,803

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures

(a) Details of Key Management Personnel

(i) Directors

Daren Anderson	Chairman (non-executive)
Richard Carey	Managing Director
Garry Sholl	Director (non-executive) – appointed 5 June 2006
Karl Morris	Director (non-executive) – appointed 31 July 2006
Graham Hosking	Director (non-executive) – appointed 5 June 2006 resigned 31 July 2006
Russell Scrimshaw	Chairman (non-executive) – resigned
Ramin Marzbani	Director (non-executive) – resigned
Kevin Brough	Director (non-executive) – resigned
Bruce Ind	Director (non-executive) – resigned

(ii) Executives

David Whitfield	Company Secretary/Chief Financial Officer – resigned 19 June 2006
Monika Maedler	Company Secretary – appointed 19 June 2006
Gavin Knight	Chief Technology Officer

(b) Compensation of Key Management Personnel

(i) Compensation Policy

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

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to shareholder value
- Link executive rewards to shareholder value

(A) Remuneration Committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Remuneration Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment and market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

(B) Compensation Structure

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

(C) Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held 28 November 2005 when shareholders approved an aggregate compensation of $200,000 per year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(b) Compensation of Key Management Personnel (continued)

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants when undertaking the annual review process.

Non-executive directors are encouraged by the Board to hold shares in the company. It is considered good governance for directors to have a stake in the company on whose board they sit.

(D) Executive Compensation

Objective

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

- Reward executives for the company and individual performance against targets set by appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, consideration was given to the current size and financial position of the Company and it was decided that the Remuneration Committee would review the current market conditions and advise the Board on appropriate packages.

Remuneration currently consists only of Fixed Remuneration and there is currently no link with the strategic goals and performance of the Company.

The proportion of fixed remuneration is established for each senior manager by the Remuneration Committee.

(E) Fixed Compensation

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the Company's stage of development, to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, and individual performance, the Company's stage of development, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash, shares, options and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(b) Compensation of Key Management Personnel (continued)

Compensation of Key Management Personnel

		Short term		Post Employment	Equity based			
2006	**Position**	Salary & Fees $	Other $	Superannuation $	Options Issued $	Shares Issued $	Total $	% Performance Related
Current Directors								
Daren Anderson	Non-executive Chairman	12,000	-	-	-	8,000	20,000	-
Richard G Carey (1)	Managing Director	62,500	30,000	-	382	60,000	152,882	-
Garry Sholl	Non-Executive Director	4,000	-	-	863	-	4,863	-
Karl Morris	Non-Executive Director	-	-	-	-	-	-	-
Previous Directors								
Russell J Scrimshaw	Non-executive chairman	15,000	-	-	191	30,000	45,191	-
Ramin Marzbani	Non-Executive Director	21,000	-	-	153	12,000	33,153	-
Kevin J Brough	Non-Executive Director	20,000	-	-	77	16,800	36,877	-
Graham Hosking	Non-Executive Director	4,000	-	-	863	-	4,863	-
Bruce Ind	Non-Executive Director	8,000	-	-	-	8,000	16,000	-
Executive Officers								
David R Whitfield	Company Secretary	57,500	-	-	-	80,000	137,500	-
Gavin Knight	Chief Technology Officer	75,000	-	6,750	-	30,000	111,750	-
Monika Maedler	Company Secretary	-	-	-	-	-	-	-

Note 1: No superannuation was paid or accrued for Richard Carey during the year and pursuant to his contract further shares were issued in July 2006.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(b) Compensation of Key Management Personnel (continued)

		Short term		Post Employment	Equity based			
2005	**Position**	Salary & Fees $	Other $	Superannuation $	Options Issued $	Shares Issued $	Total $	% Performance Related
Current Directors								
Russell J Scrimshaw	Non-executive Chairman	16,250	-	-	-	-	16,250	-
Richard G Carey	Managing Director	30,909	5,000	-	-	-	35,909	-
Ramin Marzbani	Non-Executive Director	13,000	-	-	-	-	13,000	-
Kevin J Brough	Non-Executive Director	6,903	-	-	-	-	6,903	-
Previous Directors								
David C Steinepreis	Non-executive chairman	25,000	-	-	-	-	25,000	-
Hugh D Warner	Non-Executive Director	22,936	-	-	-	-	22,936	-
Garry C Steinepreis	Non-Executive Director	25,000	-	-	-	-	25,000	-
Executive Officers								
David R Whitfield	Company Secretary	32,000	-	-	-	-	32,000	-
Gavin Knight	Chief Technology Officer	16,688	-	1,502	-	-	18,190	-

	Consolidated		Parent	
	2006	2005	2006	2005
Short term	309,000	193,686	309,000	193,686
Post employment	6,750	1,502	6,750	1,502
Other long term	247,329	-	247,329	-
	563,079	195,188	563,079	195,188

(c) Compensation options: Granted and vested during the year

During the financial year options were granted as equity compensation benefits under the long-term incentive plan to certain key management personnel as disclosed above. The options are issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price s determined at the date of grant. The options vest on the date of grant or on completion of the required service period. There are no cash settlement alternatives.

30 June 2006	Granted	Vested	Grant date	Fair value of option at grant date $	Exercise price per option $	Expiry date
Directors						
Richard Carey	4,090,908	4,090,908	30 Nov 2005	$0.00057	$0.02	31 Dec 2007
Garry Sholl	3,750,000	3,750,000	5 June 2006	$0.00023	$0.01	30 Sept 2008
Graham Hosking	3,750,000	3,750,000	5 June 2006	$0.00023	$0.01	30 Sept 2008
Kevin Brough	1,309,087	763,634	30 Nov 2005	$0.00057	$0.02	31 Dec 2007
Ramin Marzbani	1,636,359	545,453	30 Nov 2005	$0.00057	$0.02	31 Dec 2007
Russell Scrimshaw	2,045,454	1,363,636	30 Nov 2005	$0.00057	$0.02	31 Dec 2007

No executives were issued options during the 2006 year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(d) Compensation options: Granted and vested in the prior year

30 June 2005	Granted	Vested	Grant date	Fair value of option at grant date $	Exercise price per option $	Expiry date
Directors						
Russell Scrimshaw	2,650,841	2,650,841	15 Dec 2004	-	$0.02	31 Dec 2008
Richard Carey	-	-	-	-	-	–
Ramin Marzbani	-	-	-	-	-	-
Kevin Brough	-	-	-	-	-	-

No executives were issued options during the 2005 year.

(e) Option holdings of key Management Personnel

30 June 2006	Balance at 1 July 2005	Granted as remuneration	Options Cancelled	Options Exercised	Holdings by Previous Directors	Balance at 30 June 2006	Exercisable
Director							
Daren Anderson	-	-	-	-	-	-	-
Richard Carey	-	4,090,908	-	-	-	4,090,908	4,090,908
Garry Sholl	-	3,750,000	-	-	-	3,750,000	3,750,000
Karl Morris	-	-	-	-	-	-	-
Graham Hosking	-	3,750,000	-	-	(3,750,000)	-	-
Bruce Ind	-	-	-	-	-	-	-
Kevin Brough	-	1,309,087	(545,453)	-	(763,634)	-	-
Ramin Marzbani	-	1,636,359	(1,090,906)	-	(545,453)	-	-
Russell Scrimshaw	2,650,841	2,045,454	(681,818)	-	(4,014,477)	-	-

30 June 2005	Balance at 1 July 2004	Granted as remuneration	Options Cancelled	Options Exercised	Holdings by Previous Directors	Balance at 30 June 2005	Exercisable
Director							
Russell Scrimshaw	-	2,650,841	-	-	-	2,650,841	2,650,841
Richard Carey	-	-	-	-	-	-	-
Ramin Marzbani	-	-	-	-	-	-	-
Kevin Brough	-	-	-	-	-	-	-
David Steinepreis	-	-	-	-	-	-	-
Gary Steinepreis	-	-	-	-	-	-	-
Hugh Warner	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(f) Shareholdings of key Management Personnel

2006	Balance at 1 July 2005	Granted as remuneration	On exercise of options	Purchased on market	Other	Balance at 30 June 2006
Director						
Daren Anderson	-	2,000,000	-	-	-	2,000,000
Richard Carey	-	5,454,544	-	-	-	5,454,544
Garry Sholl	-		-	7,500,000	-	7,500,000
Karl Morris	-	-	-	-	-	-
Graham Hosking	-		-	7,500,000	(7,500,000)	-
Bruce Ind	-	2,000,000	-	-	(2,000,000)	-
Kevin Brough	250,000	1,527,268	-	-	(1,777,268)	-
Ramin Marzbani	300,000	1,090,906	-	-	(1,390,906)	-
Russell Scrimshaw	5,576,842	2,727,272	-	-	(8,304,114)	-
Executives						
David Whitfield	-	12,500,000	-	-	(12,500,000)	-
Gavin Knight	-	7,500,000	-	-	-	7,500,000
Monika Maedler	-	-	-	-	-	-

2005	Balance at 1 July 2004	Granted as remuneration	On exercise of options	Purchased on market	Holdings by Previous Directors	Balance at 30 June 2005
Director						
Russell Scrimshaw	-	5,576,842	-	-	-	5,576,842
Richard Carey	-	-	-	-	-	-
Ramin Marzbani	-	-	-	300,000	-	300,000
Kevin Brough	-	-	-	250,000	-	250,000
David Steinepreis	-	-	-	-	-	-
Gary Steinepreis	-	-	-	-	-	-
Hugh Warner	-	-	-	-	-	-
Executives						
David Whitfield	-	-	-	-	-	-
Gavin Knight	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

29. Director and Executive Disclosures (continued)

(g) Other transactions and balances with Key Management Personnel

Transactions with directors and director related-related entities are in the normal course of business and on an arms length.

	2006 $	2005 $
During the year Mobi Limited engaged ERA Spinks Legal for legal advice. Daren Anderson is a partner of ERA Spinks Legal.	30,992	-
Ord Street Services an entity associated with a previous Director, Mr. D C Steinepreis was paid for the provision of office accommodation	-	12,520
Consulting fees were paid to the following companies:		
Ord Street Services	-	25,000
Leisurewest Consulting Pty Ltd ATF the Leisurewest Trust an entity associated with a previous director Mr. G C Steinepreis	-	25,000

Other Director related transactions
During the 2004 year Cyprus Investments Pty Ltd ("Cyprus"), a company associated with Clinton Carey, (brother of Richard Carey), paid expenses on behalf of MobiData Group Pty Limited ("MDG") totalling $136,995. During the year ended 30 June 2006 $46,000 of the liability has been repaid. The remaining balance of $90,995 is included in current liabilities in the consolidated balance sheet at 30 June 2006.

Subsequent to Balance Date, Mobi Limited repaid the amount owing to Cyprus.

There were no other transactions with directors and/or director-related entities.

30. Transition to AIFRS

For all periods up to and including the year ended 30 June 2005, the Group prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Group is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Group has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 2. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 July 2004, the Group's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time adoption of AIFRS*.

This note explains the principal adjustments made by the Group in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

Exemptions applied
AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

30. Transition to AIFRS (continued)

The Group has taken the following exemptions:
AASB 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before 1 July 2004.
AASB 2 *Share-Based Payments* has not been applied to any equity instruments that were granted on or before 7 November 2002 that vested before 1 January 2005.

Explanation of material adjustments to the cash flow statement
Except for a re-allocation of amounts within cash flows from operating activities the cash flow statement for the year ended 30 June 2005 is as presented under AGAAP .

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	Consolidated 30 June 2005 $	Parent 30 June 2005 $
Total equity under AGAAP	**1,500,269**	**1,550,002**
Adjustments to Equity:		
Reverse AGAAP Consolidated Equity (A)	(1,500,269)	-
Reinstate MobiData Holdings Pty Limited's net equity at 1 July 2004 (B)	(726,380)	-
Business Combinations and Goodwill (C)	3,162,704	-
Restated Loss for the year to 30 June 2005	(3,030,748)	-
Issue of Share Capital Post Acquisition (net of costs)	1,007,076	-
Total equity under AIFRS	**412,652**	**1,550,002**

(A) Mobi Limited acquired 100% of MobiData Holdings Pty Limited on 15 December 2004 (name changed from MobiData Group Pty Limited on 14 December 2004). The AIFRS accounting standards identify MobiData Holdings Pty Limited as the acquirer in relation to the consolidated financial statements. That is, the acquisition of Mobi Limited by MobiData Holdings Pty Limited represents a reverse acquisition. Accordingly, Mobi Limited's net equity has been reversed.

(B) AIFRS identify MobiData Holdings Pty Limited as the acquirer and its net equity at 1 July 2004 has been included.

(C) The fair value applied to the acquisition of the business combination of Mobi Limited by MobiData Holdings Pty Limited was $3,162,704.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

30. Transition to AIFRS (continued)

(ii) Reconciliation of loss after tax under AGAAP to that under AIFRS

	Consolidated Year Ended 30 June 2005 $	Parent Year Ended 30 June 2005 $
Loss after tax as previously reported	**(1,479,068)**	**(1,429,334)**
De-consolidate Mobi Limited's loss for the Period (A)	192,736	-
Reinstate MobiData Holdings Pty Limited's loss for the period (B)	(2,300,756)	-
Write-back of Amortisation of Research and Development (C)	362,539	-
Write-back of Research and Development Receipt (D)	200,201	-
Cost of Options granted to Underwriter (E)	(6,400)	(6,400)
Loss after tax under AIFRS	**(3,030,748)**	**(1,435,734)**

(A) Mobi Limited acquired 100% of MobiData Holdings Pty Limited on 15 December 2004 (name changed from MobiData Group Pty Limited on 14 December 2004). The AIFRS accounting standards identify MobiData Holdings Pty Limited as the acquirer in relation to the consolidated financial statements. That is, the acquisition of Mobi Limited by MobiData Holdings Pty Limited represents a reverse acquisition. Accordingly, Mobi Limited's Operating Loss of $192,736 for the six months ended 31 December 2004 has been reversed.

(B) AIFRS identify MobiData Holdings Pty Limited as the acquirer then their Operating Loss of $2,300,756 for the six months ended 31 December 2004 has been recognised.

(C) As Research and Development arising on consolidation has now been eliminated due to the reverse acquisition of Mobi Limited by MobiData Holdings Pty Limited, the Amortisation of Research and Development for the year ended 30 June 2005 has also been reversed.

(D) A Research and Development Tax Concession Grant of $200,201 (net) was received in March 2005 by MobiData Holdings Pty Limited. The Grant was in respect to the year ended 30 June 2004 and was previously treated as a pre-acquisition adjustment this amount has now been recognised.

(E) The cost of 5,000,000 Options granted to Taycol Nominees Pty Limited as part payment for underwriting the Share Purchase Plan in April 2005 has been calculated at $6,400 using the Black Scholes valuation model

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Mobi Limited, I state that:

1. In the opinion of the Directors:

    a. The financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

        i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

        ii. complying with Accounting Standards and Corporations Regulations 2001; and

    b. there are reasonable ground to believe that the Company will be able to pay its debts as and when they become due and payable

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2006.

On behalf of the Board

Daren Anderson
Chairman
Sydney
29. September 2006

Auditor's Independence Declaration to the Directors of Mobi Limited

In relation to our audit of the financial report of Mobi Limited for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Garry Wayling
Partner
September 2006

Audit Report

Independent audit report to members of Mobi Limited

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Mobi Limited (the company) and the consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors report.

Audit approach
We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report and remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

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Audit opinion

In our opinion, the financial report of Mobi Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of Mobi Limited and the consolidated entity at 30 June 2006 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2(w) 'Going Concern' to the financial statements, there is significant uncertainty whether the Company and the consolidated entity will be able to continue as going concerns; be able to pay their debts as and when they fall due; and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the Company and the consolidated entity not continue as going concerns.

Ernst & Young

Garry Wayling
Partner
Sydney
Dated: September 2006

ADDITIONAL ASX INFORMATION (un-audited)

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. This additional information was applicable as at 25 August 2006.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

	Name	No Of Ordinary Shares Held	Percentage of Issued Capital
1	ANZ NOMINEES LTD	74,248,147	8.96
2	CHARTS NOMINEES PTY LTD	25,000,000	3.02
3	DR LEON EUGENE PRETORIUS	24,000,000	2.90
4	BAVESTOCK INVESTMENTS LTD	15,331,351	1.85
5	CYPRUS INVESTMENTS PTY LTD	13,835,386	1.67
6	CETACEAN PETROLEUM PY LTD	12,500,000	1.51
7	CDM AUSTRALIA PTY LTD	11,750,000	1.42
8	BLUE MOUNTAIN ADVISORS LTD	10,371,789	1.25
9	MR GEORGE VRYONIS	10,060,973	1.21
10	BOURNEMEAD INTERNATIONAL LTD	10,000,000	1.21
11	KAPIRI HOLDINGS PTY LTD	10,000,000	1.21
12	PERIZIA INVESTMENTS PTY LTD	10,000,000	1.21
13	MR DAVID WHITFIELD	10,000,000	1.21
14	BRIDGER INVESTMENTS PTY LTD	9,990,079	1.21
15	KENLEY TPT PTY LTD	9,500,000	1.15
16	ELLISE INVESTMENTS PTY LIMITED	8,500,000	1.03
17	DABVALE PTY LIMITED	8,287,347	1.00
18	MR RICHARD CAREY	8,181,816	0.99
19	ELLIOT HOLDINGS PTY LTD	8,000,000	0.97
20	THE LEG VEIN CLINIC SERVICE COMPANY PTY LTD	7,800,000	0.94
	Totals	297,356,888	35.92

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of ordinary shareholders by size of holding.

Category			Number of Shareholders
1	-	1,000	694
1,001	-	5,000	338
5,001	-	10,000	132
10,001	-	100,000	220
100,001	and over		458
			1,842

The number of shareholders holding less than a marketable parcel of ordinary shares is **1,335**

3. RESTRICTED SECURITIES

There are no restricted securities on issue.

ADDITIONAL ASX INFORMATION (un-audited) (Continued)

4. VOTING RIGHTS

The voting rights attaching to the ordinary shares, set out in the Company's Constitution are:

a) at meetings of members, each member is entitled to vote in person or by proxy, attorney or representative; and
b) on a show of hands, every person present who is a member has one vote, and on a poll every member present has a vote for each fully paid share owned.

There are no voting rights attached to the un-issued ordinary shares or the unlisted options. Voting rights will be attached to un-issued ordinary shares once issued and to options upon exercise.

5. ON-MARKET BUY BACK

There is no current on-market buy-back.