

**INDEPENDENT REVIEW REPORT TO THE MEMBERS**  
**OF MOBILE INNOVATIONS LIMITED**

**Scope**

We have reviewed the attached financial report of Mobile Innovations Limited in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules, including the directors' declaration, for the half-year ended 31 December 2002, but excluding the following sections:

- a) material factors affecting the revenues and expenses of the consolidated entity for the current period (page 17); and
- b) compliance statement (page 21).

The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, statutory requirements and ASX Listing Rules as they relate to Appendix 4B, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Statement**

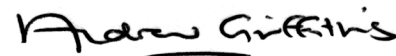
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mobile Innovations Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia and ASX Listing Rules as they relate to Appendix 4B.

**Inherent Uncertainty Regarding Continuation as a Going Concern**

Without qualification to the statement above, attention is drawn to the following matter. As a result of the matters described in Section 19.5 (page 19) of the Appendix 4B, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

  
DELOITTE TOUCHE TOHMATSU

  
A V Griffiths  
Partner  
Chartered Accountants  
SYDNEY, 13 March 2003

# Mobile Innovations Limited

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## Directors' Report

The directors of Mobile Innovations Limited submit herewith the financial report for the half-year ended 31 December 2002 in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

The names of the directors of the company during or since the end of the half-year are:

**Name**

William Jephcott

Nigel Bramwell

Chris Shaw

Neil Gamble

Jonathan Marchbank

### REVIEW OF OPERATIONS

The consolidated entity recorded a net profit after tax of \$668,000 during the half-year ended 31 December 2002. During the same period in 2001, the consolidated entity recorded a net loss after tax of \$51,000. Revenue from ordinary activities decreased 36% to \$8,383,000 for the half-year ended 31 December 2002.

The total number of Vodafone subscribers under management decreased by 13% from 168,000 at the beginning of the half-year to 147,000 at 31 December 2002.

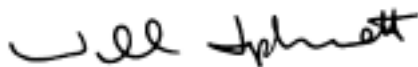
Refer to Comments by Directors under *Material factors affecting the revenues and expenses of the economic entity for the current period* on page 17 and *Changes in accounting policies, estimation methods and measurement bases since the last annual report* on page 20 of the attached financial report for additional information on the trading results for the half-year ended 31 December 2002.

### ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors, pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors



.....  
Mr W Jephcott  
Chairman  
SYDNEY, 13 March 2003

# Mobile Innovations Limited

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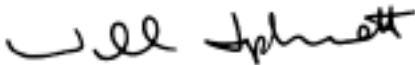
## Directors' Declaration

The directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



.....  
Mr W Jephcott  
Chairman

SYDNEY, 13 March 2003

RULES 4.1, 4.3

## APPENDIX 4B

### Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

Mobile Innovations Limited

ABN or equivalent company  
reference

46 063 582 990

Half yearly  
(tick)

X

Preliminary  
final (tick)

Half year/financial year ended ('current period')

31 December 2002

#### For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities ( <i>item 1.1</i> )	down	36%	to	8,383
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 1.22</i> )	Up	** %	to	668
Profit (loss) from extraordinary items after tax attributable to members ( <i>item 2.5(d)</i> )	gain (loss) of	N/A		
Net profit (loss) for the period attributable to members ( <i>item 1.11</i> )	up	** %	to	668
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend ( <i>Preliminary final report only - item 15.4</i> ) Interim dividend ( <i>Half yearly report only - item 15.6</i> )		NIL ¢		NIL ¢
Previous corresponding period ( <i>Preliminary final report - item 15.5; half yearly report - item 15.7</i> )		NIL ¢		NIL ¢
<sup>+</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution) ( <i>see item 15.2</i> )		N/A		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
<b>Refer to Comments by Directors</b>				

+ See chapter 19 for defined terms.

### Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities ( <i>see items 1.23 -1.25</i> )	8,383	13,097
1.2 Expenses from ordinary activities ( <i>see items 1.26 &amp; 1.27</i> )	(7,917)	(13,004)
1.3 Borrowing costs	(24)	(38)
1.4 Share of net profits (losses) of associates and joint venture entities ( <i>see item 16.7</i> )	365	(41)
<b>1.5 Profit (loss) from ordinary activities before tax</b>	<b>807</b>	<b>14</b>
1.6 Income tax on ordinary activities ( <i>see note 4</i> ) <i>refer attached</i>	(139)	(65)
<b>1.7 Profit (loss) from ordinary activities after tax</b>	<b>668</b>	<b>(51)</b>
1.8 Profit (loss) from extraordinary items after tax ( <i>see item 2.5</i> )	—	—
<b>1.9 Net profit (loss)</b>	<b>668</b>	<b>(51)</b>
1.10 Net profit (loss) attributable to outside <sup>+</sup> equity interests	—	—
<b>1.11 Net profit (loss) for the period attributable to members</b>	<b>668</b>	<b>(51)</b>
<b>Non-owner transaction changes in equity</b>		
1.12 Increase (decrease) in revaluation reserves	—	—
1.13 Net exchange differences recognised in equity	—	—
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	—	—
1.15 Initial adjustments from UIG transitional provisions	—	—
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	—	—
<b>Total changes in equity not resulting from transactions with owners as owners</b>	—	—

+ See chapter 19 for defined terms.

<b>Earnings per security (EPS)</b>	Current period	Previous corresponding Period
1.18 Basic EPS	0.60 cents	(0.05 cents)
1.19 Diluted EPS	0.60 cents	(0.05 cents)

**Notes to the condensed consolidated statement of financial performance**

**Profit (loss) from ordinary activities attributable to members**

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax ( <i>item 1.7</i> )	668	(51)
1.21 Less (plus) outside <sup>+</sup> equity interests	-----	-----
<b>1.22 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>668</b>	<b>(51)</b>

+ See chapter 19 for defined terms.

## Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from sales or services	8,351	13,062
1.24 Interest revenue	32	23
1.25 Other relevant revenue	—	12
1.26 Changes in handset inventories	(48)	(287)
Consumables used	(806)	(2,069)
Marketing expenses	(200)	(918)
Employee costs	(3,020)	(3,867)
Communications expense	(958)	(1,038)
Financial institution costs	(524)	(652)
Occupancy costs	(307)	(346)
Bad Debt Expense and Debt Collection costs	(196)	(514)
Retrenchment costs	(67)	(533)
Legal expenses	(232)	(160)
Other expenses from ordinary activities	(572)	(1,523)
1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	(987)	(1,097)
<b>Capitalised outlays</b>		
1.28 Interest costs capitalised in asset values	NIL	NIL
1.29 Outlays capitalised in intangibles (unless arising from an <sup>+</sup> acquisition of a business)	NIL	NIL

+ See chapter 19 for defined terms.

### Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	6,761	6,502
1.31 Net profit (loss) attributable to members ( <i>item 1.11</i> )	668	(51)
1.32 Net transfers from (to) reserves ( <i>details if material</i> )	-----	-----
1.33 Net effect of changes in accounting policies	-----	-----
1.34 Dividends and other equity distributions paid or payable	-----	-----
<b>1.35 Retained profits (accumulated losses) at end of financial period</b>	<b>7,429</b>	<b>6,451</b>

### Intangible and extraordinary items

<i>Consolidated - current period</i>				
	Before tax \$A'000  (a)	Related tax \$A'000  (b)	Related outside +equity interests \$A'000  (c)	Amount (after tax) attributable to members \$A'000  (d)
2.1 Amortisation of goodwill	NIL	NIL	NIL	NIL
2.2 Amortisation of other intangibles	NIL	NIL	NIL	NIL
<b>2.3 Total amortisation of intangibles</b>	NIL	NIL	NIL	NIL
2.4 Extraordinary items (details)	NIL	NIL	NIL	NIL
<b>2.5 Total extraordinary items</b>	NIL	NIL	NIL	NIL

+ See chapter 19 for defined terms.

### Comparison of half year profits

(Preliminary final report only)

- 3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.23 in the half yearly report)
- 3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year

	Current year - \$A'000	Previous year - \$A'000
3.1	N/A	N/A
3.2	N/A	N/A

### Condensed consolidated statement of financial position

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
<b>Current assets</b>			
4.1	2,235	1,195	465
4.2	2,350	2,625	3,025
4.3	—	—	—
4.4	18	67	127
4.5	—	—	—
4.6	79	150	371
<b>4.7</b>	<b>4,682</b>	<b>4,037</b>	<b>3,988</b>
<b>Non-current assets</b>			
4.8	—	—	—
4.9	433	518	446
4.10	—	—	—
4.11	—	—	—
4.12	—	—	—
4.13	—	—	—
4.14	4,365	5,254	6,234
4.15	—	—	—
4.16	705	1,005	—
4.17	—	—	—
<b>4.18</b>	<b>5,503</b>	<b>6,777</b>	<b>6,680</b>
<b>4.19</b>	<b>10,185</b>	<b>10,664</b>	<b>10,668</b>

+ See chapter 19 for defined terms.

**Condensed consolidated statement of financial position (continued)**

	<b>Current liabilities</b>			
4.20	Payables	1,186	1,371	1,793
4.21	Interest bearing liabilities	187	208	200
4.22	Tax liabilities	332	1,337	906
4.23	Provisions exc. tax liabilities	299	306	292
4.24	Other (Customer deposits)	38	39	40
<b>4.25</b>	<b>Total current liabilities</b>	<b>2,042</b>	<b>3,261</b>	<b>3,231</b>
	<b>Non-current liabilities</b>			
4.26	Payables	----	----	----
4.27	Interest bearing liabilities	505	591	692
4.28	Tax liabilities	----	----	42
4.29	Provisions exc. tax liabilities	100	92	143
4.30	Other (provide details if material)	----	----	----
<b>4.31</b>	<b>Total non-current liabilities</b>	<b>605</b>	<b>683</b>	<b>877</b>
<b>4.32</b>	<b>Total liabilities</b>	<b>2,647</b>	<b>3,944</b>	<b>4,108</b>
<b>4.33</b>	<b>Net assets</b>	<b>7,538</b>	<b>6,870</b>	<b>6,560</b>
	<b>Equity</b>			
4.34	Capital/contributed equity	109	109	109
4.35	Reserves	----	----	----
4.36	Retained profits (accumulated losses)	7,429	6,761	6,451
<b>4.37</b>	<b>Equity attributable to members of the parent entity</b>	<b>7,538</b>	<b>6,870</b>	<b>6,560</b>
4.38	Outside <sup>+</sup> equity interests in controlled entities	----	----	----
<b>4.39</b>	<b>Total equity</b>	<b>7,538</b>	<b>6,870</b>	<b>6,560</b>
4.40	Preference capital included as part of 4.37	----	----	----

+ See chapter 19 for defined terms.

### Exploration and evaluation expenditure capitalised

*(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)*

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	N/A	N/A
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
<b>5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)</b>	<b>N/A</b>	<b>N/A</b>

### Development properties

*(To be completed only by entities with mining interests if amounts are material)*

	Current period \$A'000	Previous corresponding period - \$A'000
6.1 Opening balance	N/A	N/A
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
<b>6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)</b>	<b>N/A</b>	<b>N/A</b>

+ See chapter 19 for defined terms.

**Condensed consolidated statement of cash flows**

		Current period \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>			
7.1	Receipts from customers	9,852	16,940
7.2	Payments to suppliers and employees	(8,118)	(16,832)
7.3	Dividends received from associates	-----	-----
7.4	Other dividends received	-----	-----
7.5	Interest and other items of similar nature received	32	23
7.6	Interest and other costs of finance paid	(42)	(38)
7.7	Income taxes paid	(844)	(408)
7.8	Other (provide details if material)	-----	-----
<b>7.9</b>	<b>Net operating cash flows</b>	<b>880</b>	<b>(315)</b>
<b>Cash flows related to investing activities</b>			
7.10	Payment for purchases of property, plant and equipment	(98)	(2,012)
7.11	Proceeds from sale of property, plant and equipment	-----	12
7.12	Payment for purchases of equity investments	-----	(100)
7.13	Proceeds from <b>return of capital</b> - equity investments	450	-----
7.14	Loans to other entities	(315)	(315)
7.15	Loans repaid by other entities	230	322
7.16	Other (provide details if material)	-----	-----
<b>7.17</b>	<b>Net investing cash flows</b>	<b>267</b>	<b>(293)</b>
<b>Cash flows related to financing activities</b>			
7.18	Proceeds from issues of <sup>+</sup> securities (shares, options, etc.)	-----	-----
7.19	Proceeds from borrowings	-----	-----
7.20	Repayment of borrowings	(107)	(94)
7.21	Dividends paid	-----	-----
7.22	Other (provide details if material)	-----	-----
<b>7.23</b>	<b>Net financing cash flows</b>	<b>(107)</b>	<b>(94)</b>
7.24	<b>Net increase (decrease) in cash held</b>	<b>1,040</b>	<b>(702)</b>
7.25	Cash at beginning of period (see <i>Reconciliation of cash</i> )	1,195	1,167
7.26	Exchange rate adjustments to item 7.25.	-----	-----
<b>7.27</b>	<b>Cash at end of period</b> (see <i>Reconciliation of cash</i> )	<b>2,235</b>	<b>465</b>

+ See chapter 19 for defined terms.

## Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

N/A
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### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding Period - \$A'000
8.1 Cash on hand and at bank	2,157	391
8.2 Deposits at call	-----	-----
8.3 Bank overdraft	-----	-----
8.4 Other – Security Deposits	78	74
<b>8.5 Total cash at end of period (item 7.27)</b>	<b>2,235</b>	<b>465</b>

### Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
<b>9.1 Profit before tax / revenue</b> Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	9.6%	0.1%
<b>9.2 Profit after tax / +equity interests</b> Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	8.9%	(0.8%)

+ See chapter 19 for defined terms.

## Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

	Current period	Previous corresponding period
(a) Basic EPS	0.60 cents	(0.05 cents)
(b) Diluted EPS	0.60 cents	(0.05 cents)
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	111,012,100	111,012,100
(d) Weighted average number of ordinary and potential ordinary shares outstanding during the period used in the calculated of Diluted EPS	112,135,368	111,012,100
(e) Shares deemed to be issued for no consideration in respect of employee options	1,123,268	-

All potential ordinary shares in respect of employee options, other than those shares deemed to be issued for no consideration, are not dilutive and are therefore excluded from the weighted average calculation of diluted earnings per share.

### NTA backing

(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per <sup>+</sup> ordinary security	6.8 cents	5.9 cents

## Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they have disclosed in their accounts in accordance with *AASB 1042: Discontinuing Operations* (see note 17).)

### 12.1 Discontinuing Operations

N/A
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+ See chapter 19 for defined terms.

**Control gained over entities having material effect**

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was <sup>+</sup> acquired	\$ NIL
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$ NIL

**Loss of control of entities having material effect**

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$ NIL
14.3 Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ NIL
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$ NIL

+ See chapter 19 for defined terms.

## Reports for business and geographical segments

The company operates in the telecommunications industry in Australia.

### Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	N/A
15.2 <sup>+</sup> Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if <sup>+</sup> securities are not <sup>+</sup> CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if <sup>+</sup> securities are <sup>+</sup> CHESS approved)	N/A
15.3 If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

### Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
<b>15.4</b>	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	N/A	N/A	N/A
15.5	Previous year	N/A	N/A	N/A
<b>15.6</b>	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	NIL ¢	NIL ¢	NIL ¢
15.7	Previous year	NIL ¢	NIL ¢	NIL ¢

### Total dividend (distribution) per security (interim *plus* final)

*(Preliminary final report only)*

	Current year	Previous year
15.8 <sup>+</sup> Ordinary securities	N/A ¢	N/A ¢
15.9 Preference <sup>+</sup> securities	N/A ¢	N/A ¢

+ See chapter 19 for defined terms.

**Half yearly report - interim dividend (distribution) on all securities *or*  
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities ( <i>each class separately</i> )	NIL	NIL
15.11 Preference +securities ( <i>each class separately</i> )	N/A	N/A
15.12 Other equity instruments ( <i>each class separately</i> )	N/A	N/A
<b>15.13 Total</b>	<b>NIL</b>	<b>NIL</b>

The +dividend or distribution plans shown below are in operation.

N/A
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The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

N/A
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**Details of aggregate share of profits (losses) of associates and joint venture entities**

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	365	(41)
16.2 Income tax on ordinary activities	—	—
<b>16.3 Profit (loss) from ordinary activities after tax</b>	<b>365</b>	<b>(41)</b>
16.4 Extraordinary items net of tax	—	—
<b>16.5 Net profit (loss)</b>	<b>365</b>	<b>(41)</b>
16.6 Adjustments	—	—
<b>16.7 Share of net profit (loss) of associates and joint venture entities</b>	<b>365</b>	<b>(41)</b>

+ See chapter 19 for defined terms.

### Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
<b>17.1 Equity accounted associates and joint venture entities</b>				
Look Mobile Ltd (from 01/08/00)	50%	50%	365	(41)
<b>17.2 Total</b>			365	(41)
17.3 Other material interests	-----	-----	-----	-----
<b>17.4 Total</b>			---	---

### Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
<b>18.1 Preference +securities</b> (description)	N/A	N/A		
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	NIL NIL	NIL NIL	N/A N/A	N/A N/A

+ See chapter 19 for defined terms.

<b>18.3</b>	<b>+Ordinary securities</b>	111,012,100	111,012,100	N/A	N/A
18.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	NIL NIL	NIL NIL	N/A N/A	N/A N/A
<b>18.5</b>	<b>+Convertible debt securities</b> <i>(description and conversion factor)</i>	N/A	N/A		
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	NIL NIL	NIL NIL	N/A N/A	N/A N/A
<b>18.7</b>	<b>Options</b> <i>(description and conversion factor)</i>  The Key executive option plans are convertible to one ordinary share each. These options have exercise prices ranging from \$0.0747 to \$1.00 and may be exercised during various exercise periods, that last of which expires on 29 November 2006			<i>Exercise price</i>	<i>Expiry Date (if any)</i>
		8,805,000	N/A	Between \$0.0747 & \$1.00	Various – last expiry 29 Nov 2006
18.8	Issued during current period	NIL	NIL		
18.9	Exercised during current period	NIL	NIL		
18.10	Expired during current period	75,000	N/A		
<b>18.11</b>	<b>Debentures</b> <i>(description)</i>				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	NIL NIL	NIL NIL		
<b>18.13</b>	<b>Unsecured notes</b> <i>(description)</i>	N/A	N/A		
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	NIL NIL	NIL NIL		

+ See chapter 19 for defined terms.

## Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: *Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement.

## Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Mobile Innovations ("the Company") is very pleased to announce a half-year profit after tax of \$668,000, a substantial increase against the December 2001 result, being a loss of \$51,000. This profit included the expensing of over \$200,000 in litigation costs against Vodafone during the six months. Profit after tax attributable to Look Mobile (50% associated company of Mobile Innovations) was \$365,000 compared to a \$41,000 loss in the previous corresponding period.

Revenues decreased by 36% to \$8.3 million due to little or no support from Vodafone for new customer acquisitions. The Board considered it prudent for \$0.8 million of revenue to be excluded from the financial results for the six months ended December 31 2002 as these revenues are in dispute with Vodafone and forms part of the legal proceedings against Vodafone. The disputed revenue does not presently meet the criteria for revenue recognition under AASB 1004 "Revenue". The costs associated with this revenue were expensed in this financial year.

The Company is continually tuning the business to enable it to trade profitably and remain cash positive. The Company now employs less than 80 fulltime staff. Cash reserves increased from \$1.2 million to \$2.2 million during the six months ended 31 December 2002.

Margins derived from management fees were the principle source of profit for the Company during the six months and it is these customer management revenues that now form the core business of Mobile Innovations.

With the loss of customer acquisitions as a source of revenue and profit, the Company's business has focused on the management of the customer bases acquired by Mobile Innovations and Look Mobile. The Company has over 147,000 (June 2002: 168,000) customers under management of which 34,000 (June 2002: 28,000) were acquired by Look Mobile. However, Look Mobile's continuing success is dependent on Vodafone's ongoing support. Mobile Innovations' customer base has significantly reduced due to the cessation of acquisition activity and retention funding by Vodafone. This reduction is expected to continue while Vodafone maintains its current policies.

The Board is delighted with the ongoing performance of the business despite the pressures that Vodafone have brought to bear upon Mobile Innovations.

In August 2001, the Company announced it had initiated legal proceedings in the NSW Supreme Court against Vodafone Pacific Ltd ("Vodafone"). The Company is seeking damages for breaches by Vodafone of the Agent Service Provider ("ASP") agreement and orders that Vodafone comply with the ASP agreement, signed in 1998. That agreement now has approximately five and half years to run, and relies on Vodafone acquiring customers through the Company throughout that period. In the first quarter of FY02, Vodafone did not provide the Company with sufficient support to achieve new customer targets, and in subsequent quarters Vodafone have either not set a target for new customers, or have purported to set a target of zero. Details of the current status of these proceedings are contained in Section 19.5.

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+ See chapter 19 for defined terms.

- 19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

N/A

- 19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

As at 31 December 2002, the Company has paid corporate income tax totalling \$5,329,017. The above amount represents the balance of the franking account as at the end of the period. Upon adjustment for the franking credits that will arise from the payment of income tax payable at the end of the current period, the adjusted franking account balance would be \$5,660,691. In order to retain funds for potential new and unforeseen costs in relation to the Vodafone litigation described above, the Directors do not intend to distribute dividends at least until the resolution of the dispute.

Franking credits have been expressed on a "tax paid" basis in line with legislative changes to the franking accounts effective 1 July 2002. The prior year balance has been restated to a "tax paid" basis.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

**Going Concern**

In August 2001, the Company announced it had initiated legal proceedings in the NSW Supreme Court against Vodafone Pacific Ltd ("Vodafone"). The Company is seeking orders that Vodafone comply with the Agent Service Provider ("ASP") agreement, signed in 1998. The consolidated entity's future directions and prospects are substantially dependent on the outcome of the litigation with Vodafone. The litigation is currently being heard in the NSW Supreme Court. The hearing should be completed by 14 March 2003 with the findings to follow shortly after.

There are 11 separate claims lodged against Vodafone, with many possible outcomes. One of these claims is that Vodafone has repudiated the ASP agreement. The NSW Supreme Court will decide each of the claims separately. Certain combinations of these findings may result in significantly different outcomes and have differing implications on the consolidated entity's business and its ability to continue as a going concern.

Until the findings of the NSW Supreme Court are made available, the Directors are unable to determine the likely impact on the consolidated entity and its ability to continue as a going concern. Alternatives available to the Directors are numerous and will be considered once the judgment is handed down. If the Directors determine it to be in the best interests of shareholders, and subject to a favourable decision, they may choose to terminate the ASP agreement and seek damages from Vodafone. If the Directors choose to terminate the ASP agreement this would result in the consolidated entity not continuing as a going concern.

Notwithstanding the consolidated entity's dependence upon the outcome of the Vodafone litigation, the financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors believe that there is significant uncertainty surrounding the outcome of the litigation with Vodafone, and therefore, that there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the report. Should the consolidated entity be unable to continue as a going concern, the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities may be affected.

The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

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+ See chapter 19 for defined terms.

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last <sup>+</sup> annual report.

As described above the Company has initiated legal proceedings in the NSW Supreme Court against Vodafone Pacific Ltd ("Vodafone"). The Company is seeking damages and orders that Vodafone comply with the Agent Service Provider ("ASP") agreement, signed in 1998. The Company has made a number of claims against Vodafone in respect of varying interpretations of the ASP agreement, claiming substantial damages against Vodafone. The realisation of these claims is contingent upon the outcome of the Vodafone litigation, and the NSW Supreme Court finding in favour of the Company in respect of these claims, and accordingly, no amount receivable in respect of these claims has been recorded in the financial report.

**Additional disclosure for trusts**

<p>20.1 Number of units held by the management company or responsible entity or their related parties.</p>	N/A
<p>20.2 A statement of the fees and commissions payable to the management company or responsible entity.</p> <p>Identify:</p> <ul style="list-style-type: none"> <li>• initial service charges</li> <li>• management fees</li> <li>• other fees</li> </ul>	N/A

**Annual meeting**

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the <sup>+</sup> annual report will be available	N/A

<sup>+</sup> See chapter 19 for defined terms.

**Compliance statement**

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

2 This report, and the +accounts upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on +accounts to which one of the following applies.

*(Tick one)*

The +accounts have been audited.

The +accounts have been subject to review.

The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

5 The review report by the auditor is attached.

6 The entity has a formally constituted audit committee.



Sign here: .....  
(Director/Company Secretary)

Date: 13 March 2003

Print name: Ralph Stonell

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+ See chapter 19 for defined terms.

### Income Tax Expense Reconciliation

	2002	2001
	\$	\$
<p>(a) The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the Appendix 4B as follows:</p>		
<b><i>Profit from Ordinary Activities</i></b>	807	14
Income tax expense calculated at 30% of operating profit	242	4
<b><i>Permanent Differences:</i></b>		
Non-deductible expenses	7	2
Timing differences and tax losses not brought to account as future income tax benefits	-	74
Equity share of joint venture entity's (profit)/loss	(110)	12
Effect of higher tax rates of tax on overseas income	-	(3)
	139	89
Over provision of income tax in previous year	-	(24)
Income tax expense attributable to operating profit	139	65

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+ See chapter 19 for defined terms.

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Condensed consolidated statement of financial performance**
  - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.
  - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.
5. **Condensed consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last +annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.

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+ See chapter 19 for defined terms.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A'000 headings must be amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.
10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting

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+ See chapter 19 for defined terms.

standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their +accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

**Relevant Items** *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term "relevance" is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

- 16. Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

**17. Discontinuing operations**

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their +accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

**18. Format**

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

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+ See chapter 19 for defined terms.