

7 Accountant's Reports



Deloitte Corporate Finance Pty Limited
A.C.N. 003 833 127
Licensed Securities Dealer

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Telephone (02) 9322 7000
Facsimile (02) 9332 7019
www.deloitte.com.au

18 May 1999

The Directors
Mobile Innovations Limited
Unit 1, 2 Aquatic Drive
Frenchs Forest NSW 2086

Dear Sirs,

REPORT ON DIRECTORS' FINANCIAL FORECASTS

Introduction

We have prepared this report for inclusion in a Offer Document for the offer for sale of 32.3 million ordinary shares at \$1 per Share by the Vendors.

References to the Company and other terminology used in this report have the same meaning as set out in the Glossary of the Offer Document.

Scope of Report

We have reviewed the financial forecasts for the years ending 30 June 1999 and 2000, together with the assumptions on the Forecasts as set out in Section 6 of this Offer Document. The Directors are responsible for the preparation and presentation of the Forecasts and the information contained therein, including the assumptions on which they are based.

The Forecasts have been prepared for inclusion in this Offer Document. We disclaim any assumption of responsibility for any reliance on this report or on the Forecasts to which it relates for any purpose other than that for which they were prepared.

Our review of the Forecasts has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to enquiries as to the process used in preparing the Forecasts, discussion with management and directors of the Company, consideration of the data supporting the assumptions and examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures as well as the testing of the inclusion of the assumptions into the Forecasts.



Our review is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. In addition, prospective financial information, such as the Forecasts, relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions on which the Forecasts are based, such evidence is generally future orientated. Accordingly, actual results may vary from the information presented in Section 6 of this Offer Document and such variations may be material.

Statement

Based on our review:

- i) nothing has come to our attention which causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation of the Forecasts;
- ii) the Forecasts are presented on a basis consistent with the accounting policies adopted by the Company and in accordance with applicable Accounting Standards; and
- iii) the Forecasts set out in Section 6 of this Offer Document give effect in all material respects to the assumptions set out in that section.

Actual results are likely to be different from the Forecasts since anticipated events frequently do not occur as expected and the variations may be material. Accordingly, we express no opinion as to whether the Forecasts will be achieved.

Yours faithfully,

DELOITTE CORPORATE FINANCE PTY LIMITED

A handwritten signature in black ink, appearing to read "A G Brock".

A G BROCK
DIRECTOR

**Deloitte Touche
Tohmatsu**



Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Telephone (02) 9322 7000
Facsimile (02) 9332 7019
www.deloitte.com.au

18 May 1999

The Directors
Mobile Innovations Limited
Unit 1, 2 Aquatic Drive
Frenchs Forest NSW 2086

Dear Sirs,

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

At the request of the directors of Mobile Innovations Limited, this report has been prepared for inclusion in a Offer Document to be dated on or around 19 May 1999 for the offer for sale of 32.3 million ordinary shares at \$1 per Share by the Vendors.

References to the Company and other terminology used in this report have the same meaning as set out in the Glossary of the Offer Document.

Background

The development of Mobile Innovations and its business, trading as Mobile Innovations, reflected in the historical financial information is outlined below:

1. Mobile Innovations Pty Limited was incorporated on 23 March 1994 as a service provider for Vodafone Pty Ltd, the Australian subsidiary of Vodafone Plc. As a Vodafone service provider, Mobile Innovations Pty Limited engaged in the reselling of mobile phones, accessories and airtime.
2. On 2 October 1998, Mobile Innovations Pty Limited changed from being a Vodafone service provider whereby it owned the subscribers, to being an Agent Service Provider, which entails managing and acquiring subscribers on behalf of Vodafone. In this report, its operations as a Vodafone service provider are referred to as the "discontinued business" and its operations as an Agent Service Provider are referred to as the "continuing business".
3. On 23 April 1999, Mobile Innovations Pty Limited converted to a public company and changed its name to Mobile Innovations Limited.

Deloitte Touche Tohmatsu



Financial Information

The financial information set out in Appendix 1 to this report comprises:

- the profit and loss statement of the Company for the six month period to 31 December 1998 (which includes the results of both the discontinued and continuing businesses);
- the profit and loss statement of the Company for the financial years ended 30 June 1996, 1997 and 1998 (which represents the results of the discontinued business only);
- the balance sheet of the Company as at 31 December 1998;
- the pro forma balance sheet of the Company as at 31 December 1998, based on the assumption that all the transactions contemplated in this Offer Document are undertaken;
- the statement of cash flows of the Company for the six month period to 31 December 1998; and
- notes to the above financial information.

The historical financial information has been prepared on the basis detailed above and in accordance with the accounting policies set out in note 1 of Appendix 1 to this report. The basis of preparation of the pro forma balance sheet is set out in note 2 in Appendix 1 to this report.

Scope of Report

The directors of the Company are responsible for the preparation of the historical financial information.

Deloitte Touche Tohmatsu has audited the historical information included in Appendix 1 for each of the three years ended 30 June 1996, 1997 and 1998 and the six month period ended 31 December 1998. The audits were conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the historical information is free of material misstatement. Our audit reports were unqualified.

Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures were undertaken to form an opinion whether, in all material respects, the historical financial information is presented fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the Company's financial position, results of operations and cash flows.

In our role as Investigating Accountant, we have further ensured that the historical financial information presented as Appendix 1 to this report has been correctly extracted from the audited financial statements for inclusion in the Offer Document.

Deloitte Touche Tohmatsu



Opinion on Historical Financial Information

In our opinion, based on the scope of our procedures, the historical financial information set out in this report as Appendix 1, consisting of:

- a) the profit and loss statement of the Company for the financial years ended 30 June 1996, 1997 and 1998 and the six month period to 31 December 1998;
- b) the balance sheet of the Company as at 31 December 1998;
- c) the pro forma balance sheet of the Company as at 31 December 1998 on the assumption that all the transactions contemplated in this Offer Document are undertaken;
- d) the statement of cash flows of the Company for the six month period to 31 December 1998; and
- e) the accompanying notes,

is fairly presented in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the accounting policies adopted by the Company and described in Appendix 1.

Subsequent Events

Nothing has come to our attention that would cause us to believe that matters arising after the balance date, other than the matters dealt with in this report, would require comment on, or adjustment to, the financial information contained in this report, or which would cause such information to be misleading.

Yours faithfully,

DELOITTE TOUCHE TOHMATSU

V SWEENEY

PARTNER

Chartered Accountants

Appendix 1

Mobile Innovations Limited - Profit and Loss Statement

The following table summarises the financial performance of the business for the three years ended 30 June 1996, 1997 and 1998 and the six month period to 31 December 1998.

	Note	1996 \$000's	Years ended 30 June 1997 \$000's	1998 \$000's	6 Mths ended 31 Dec 1998 \$000's
Sales revenue					
Discontinued business	i)	14,198	20,199	31,866	14,417
Continuing business	ii)	-	-	-	8,249
	3	<u>14,198</u>	<u>20,199</u>	<u>31,866</u>	<u>22,666</u>
Operating (loss)/profit before abnormal items:					
Discontinued business	i)	(4,455)	(2,912)	(165)	526
Continuing business	ii)	-	-	-	719
		<u>(4,455)</u>	<u>(2,912)</u>	<u>(165)</u>	<u>1,245</u>
Abnormal items	iii), iv)				
before income tax	4	(943)	-	-	19,332
Operating (loss)/profit		<u>(5,398)</u>	<u>(2,912)</u>	<u>(165)</u>	<u>20,577</u>
Income tax expense	5	-	-	-	4,309
Operating (loss)/profit after income tax		<u>(5,398)</u>	<u>(2,912)</u>	<u>(165)</u>	<u>16,268</u>

Note: i) The Company ceased business as a Vodafone service provider on 1 October 1998.

ii) The Company commenced business as an Agent Service Provider for Vodafone on 2 October 1998.

iii) The abnormal loss in 1996 relates to the write off of deferred costs previously capitalised.

iv) The abnormal profit in the six months to 31 December 1998 relates to a gain on the sale of the contractual rights to the Company's subscriber base to Vodafone as part of conversion to an Agent Service Provider.

The profit and loss statement should be read in conjunction with the accompanying notes.

Appendix 1

Mobile Innovations Limited - Balance Sheet

	Note	Actual 31 Dec 1998 \$000's	Pro forma 31 Dec 1998 \$000's
Current Assets			
Cash		7,679	1,906
Receivables	6	8,000	6,573
Inventories	7	412	412
Other	8	140	140
Total Current Assets		16,231	9,031
Non-Current Assets			
Property, plant and equipment	9	1,725	1,725
Other	10	158	158
Total Non-current Assets		1,883	1,883
Total Assets		18,114	10,914
Current Liabilities			
Accounts payable	11	5,903	5,903
Provisions	12	4,083	4,083
Total Current Liabilities		9,986	9,986
Non-current Liabilities			
Provisions	13	520	520
Total Non-current Liabilities		520	520
Total Liabilities		10,506	10,506
Net Assets		7,608	408
Shareholders' Equity			
Issued capital	14	100	100
Retained profits		7,508	308
Total Shareholders' Equity		7,608	408

The balance sheet should be read in conjunction with the accompanying notes.

Mobile Innovations Limited - Statement of Cash Flows for the Six Months ended 31 December 1998

	Note	6 Mths ended 31 Dec 1998 \$000's
Cash Flows from Operating Activities		
Receipts from customers		32,546
Payments to suppliers and employees		(23,747)
Interest received		79
Interest paid		(313)
Net Cash Provided by Operating Activities	15 b)	8,565
Cash Flows from Investing Activities		
Proceeds from the sale of shares		383
Proceeds from the sale of property, plant and equipment		9
Proceeds from the sale of the contractual rights to the subscriber base		18,242
Payment for costs incurred on sale of the contractual rights to the subscriber base		(936)
Payment for property, plant and equipment		(389)
Loans advanced to Directors		(1,427)
Net Cash Provided by Investing Activities		15,882
Cash Flows from Financing Activities		
Repayment of borrowings		(17,388)
Net Cash Used in Financing Activities		(17,388)
Net Increase in Cash Held		7,059
Cash at the Beginning of the Financial Period		620
Cash at the End of the Financial Period	15 a)	7,679

The statement of cash flows should be read in conjunction with the accompanying notes.

Appendix 1

NOTES**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by the Company are set out below.

a) Basis of Accounting

The profit and loss statement summarising the financial performance of the Company for the three years ended 30 June 1996, 1997 and 1998 and the six month period ended 31 December 1998, and the balance sheet as at 31 December 1998 have been prepared on the basis of the going concern and historical cost conventions and do not take into account changing money values, or except where stated, current valuations of non-current assets.

Some of the disclosure requirements under the Corporations Law and applicable Accounting Standards have not been included where the information that would be disclosed is not considered material or relevant to potential investors.

b) Income Tax

Tax effect accounting principles have been adopted whereby the income tax expense or benefit has been calculated on pre-tax accounting profits or losses after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

c) Depreciation and Amortisation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write-off the net cost of each asset over its expected useful life.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 3 - 8 years
- Furniture, fixtures and office equipment 3 - 8 years

Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is shorter, using the straight line method.

d) Inventories

All inventories are stated at the lower of cost and realisable value. Costs are assigned to inventory on hand on a weighted average cost basis.

e) Leased Assets

Operating lease payments are charged as an expense in the period in which they are incurred.

f) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and other employee entitlements expected to be settled within 12 months, are measured at their nominal values. Provisions made in respect of other employee entitlements which are not expected to be settled within 12 months are measured as the present

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

g) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

h) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

i) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

j) Accounts Payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

2. PRO FORMA BALANCE SHEET

The pro forma balance sheet has been compiled from the actual balance sheet as at 31 December 1998 and incorporates the following transactions as if those transactions had taken place as at 31 December 1998:

- payment of a dividend of \$7,000,000 is made on 1 July 1999 to registered shareholders as of 31 December 1998;
- a capital reconstruction occurred increasing the issued share capital of 100,000 Shares to 110,000,100 Shares;
- the following post balance date events were recognised:
 - i) the Company advanced an additional amount of \$1,007,149 to two of the Directors as interest bearing short term loans (previously advanced \$1,426,720 as at 31 December 1998);
 - ii) the Company advanced \$3,427,545 to Innovations Holdings Pty Limited, a Director-related entity, as an interest bearing short term loan; and
 - iii) the Company advanced \$1,401,846 to the Innovations Park Partnership, a Director-related entity, as a non-interest bearing short term loan in relation to the development of Innovations Park, being the Company's new premises;
- the offering for sale of 32,300,000 Shares at \$1 per Share, pursuant to the Offer Document, had been fully subscribed;
- all listing costs were borne by the Vendors, with the exception of \$200,000 which was expensed by the Company;
- the funds raised by the sale of Shares under the Offer Document were utilised by the Directors and their Director-related entities to:
 - i) repay short term Directors' loans of \$2,433,869;
 - ii) repay the Company \$3,427,545 owed by Innovations Holdings Pty Limited;
 - iii) repay the Company \$1,401,846 owed by the Innovations Park Partnership in relation to the development of Innovations Park as outlined above.

Appendix 1

Actual
6 Mths ended
31 Dec 1998
\$000's

3. OPERATING PROFIT

Operating profit before income tax includes the following items of revenue and expense:

Revenue

Sales revenue	22,666
Rent	15
Interest:	
Directors and Director-related entities	12
Other entities	67
Proceeds from the sale of non-current assets:	
Investments	383
Property, plant and equipment	9
Contractual rights to the subscriber base	20,269
	<hr/>
	43,421

Expenses

Interest:	
Other entities	313
Depreciation and amortisation of property, plant and equipment	455
Bad debt written off in respect of amounts receivable from:	
Other entities	109
Provision for doubtful debts in respect of amounts receivable from:	
Other entities	43
Transfers to provisions for:	
Employee entitlements	38
Operating lease rental expense	125
	<hr/>

Appendix 1

Actual
6 Mths ended
31 Dec 1998
\$000's

4. ABNORMAL ITEMS

Profit from sale of the contractual rights to the subscriber base	19,332
Applicable income tax	(6,960)
	<hr/>
	12,372

5. INCOME TAX

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the accounts as follows:

Operating Profit before abnormal items	20,577
Income tax expense calculated at 36% of operating profit	7,408
Permanent differences:	
Non-deductible expenditure	9
Provision for deferred income tax not previously recognised now brought to account	4,475
Future income tax benefit not previously recognised now brought to account	(263)
Utilisation of carry forward tax losses not previously recognised	(7,320)
Income tax expense attributable to operating profit after abnormal items	<hr/> 4,309

Appendix 1

	Actual 31 Dec 1998 \$000's	Pro forma 31 Dec 1998 \$000's
6. CURRENT RECEIVABLES		
Trade debtors	3,138	3,138
Less: Provision for doubtful debts	136	136
	3,002	3,002
Loans advanced to Directors (refer note 19)	1,427	-
Receivable from sale of the contractual rights to the subscriber base (i)	2,027	2,027
Accrued income	563	563
Other debtors	981	981
	8,000	6,573
(i) The full amount has been subsequently received.		
7. CURRENT INVENTORIES		
Finished goods-at cost	462	462
Less: Provision for obsolescence	50	50
	412	412
8. OTHER CURRENT ASSETS		
Prepayments	140	140
9. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements-at cost	152	152
Less: Accumulated amortisation	132	132
	20	20
Plant and equipment - at cost	1,138	1,138
Less: Accumulated depreciation	217	217
	921	921
Furniture, fixtures and office equipment - at cost	1,371	1,371
Less: Accumulated depreciation	587	587
	784	784
Total property, plant and equipment	1,725	1,725

Appendix 1

	Actual 31 Dec 1998 \$000's	Pro forma 31 Dec 1998 \$000's
10. OTHER NON-CURRENT ASSETS		
Future income tax benefit - timing	158	158
11. CURRENT ACCOUNTS PAYABLE		
Trade payables	5,243	5,243
Other creditors and accruals	660	660
	5,903	5,903
12. CURRENT PROVISIONS		
Employee entitlements	102	102
Taxation	3,981	3,981
	4,083	4,083
13. NON-CURRENT PROVISIONS		
Employee entitlements	33	33
Deferred income tax liability	487	487
	520	520
14. SHARE CAPITAL		
Issued share capital:		
100,000 (pro forma 110,000,100)		
fully paid ordinary shares	100	100

Appendix 1

Actual
6 Mths ended
31 Dec 1998
\$000's

15. NOTES TO THE STATEMENT OF CASH FLOWS**a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash	7,679
------	-------

b) Reconciliation of Operating Profit after Income Tax to Net Cash Flows from Operating Activities

Operating profit after income tax	16,268
Profit on the sale of investments	(383)
Profit on the sale of the contractual rights to the subscriber base	(19,332)
Non-cash items in respect of the sale of the contractual rights to the subscriber base	157
Loss on the sale of non-current assets	1
Depreciation and amortisation of non-current assets	455
Increase/(decrease) in income tax payable	3,981
Increase/(decrease) in other tax balances	329
Change in net assets and liabilities:	
(Increase)/decrease in assets:	
Current trade receivables	9,823
Current inventories	150
Other current assets	78
Increase/(decrease) in liabilities:	
Current trade payables	(2,999)
Employee entitlements	37
Net Cash Provided by Operating Activities	8,565

Appendix 1

Actual 31 Dec 1998 \$000's	Pro forma 31 Dec 1998 \$000's
----------------------------------	-------------------------------------

16. COMMITMENTS FOR EXPENDITURE

Commitments under non-cancellable
operating leases contracted for:

Not later than 1 year	273	273
Later than 1 year but not later than 2 years	286	286
Later than 2 years but not later than 5 years	561	561
	1,120	1,120

17. REMUNERATION OF DIRECTORS

The names of Directors who held office during the six month period ended 31 December, 1998 were:

N W H Bramwell

C R Shaw

P G Watts (resigned 15 April 1999)

G V Hellyer (resigned 15 April 1999)

Income received, or due and receivable, by
directors of the Company from the Company and any
related party

229

The number of directors of the Company whose
income from the Company or any related party
was within the specified bands is as follows:

\$ 0 - \$ 9,999	No. 2
\$ 80,000 - \$ 89,999	1
\$ 140,000 - \$149,999	1

Appendix 1

18. FINANCIAL INSTRUMENTS

The following table details the Company's exposure to interest rate risk as at the reporting date:

31 December 1998	Average Interest Rate %pa	Variable Interest Rate \$000's	Fixed Interest Rate Maturity			Non-Interest Bearing \$000's	Total \$000's
			Less than 1 Year \$000's	1 to 5 Years \$000's	More than 5 Years \$000's		
Financial Assets							
Cash	4.2	2,679	-	-	-	-	2,679
Bills of exchange (i)	4.6	5,000	-	-	-	-	5,000
Receivables	-	-	-	-	-	6,573	6,573
Directors' loans	6.7	1,427	-	-	-	-	1,427
		9,106	-	-	-	6,573	15,679
Financial Liabilities							
Trade payables		-	-	-	-	5,243	5,243
Employee entitlement provisions		-	-	-	-	135	135
Income tax payable		-	-	-	-	3,981	3,981
		-	-	-	-	9,359	9,359
(i) Included in "cash" in the balance sheet .							

19. RELATED PARTY DISCLOSURE**(a) Directors' Remuneration and Retirement Benefits**

Details of Directors' remuneration and retirement benefits are disclosed in note 17.

(b) Directors' Loans

Directors' loans in existence as at the reporting date:

	Actual 31 Dec 1998 \$000's	Pro forma 31 Dec 1998 \$000's
Current	1,427	-
Interest revenue in respect of Directors' loans is disclosed in note 3.		
Directors' loans made during the six month financial period to 31 December 1998:		
<i>Nature of terms and conditions</i>	<i>Director</i>	
Normal commercial terms and conditions	NWH Bramwell GV Hellyer	
	1,427	-

Appendix 1

19. RELATED PARTY DISCLOSURE (CONTINUED)

	Actual 31 Dec 1998 Shares	Pro forma 31 Dec 1998 Shares
(c) Directors' Equity Holdings		
Held as at the reporting date by Directors and their Director-related entities in:		
Mobile Innovations Limited	100,000	77,000,100

(d) Other Transactions with Directors

Details of interest revenue derived from Directors and their Director-related entities are disclosed in note 3.

Two of the directors, Mr C R Shaw and Mr P G Watts (who resigned on 15 April 1999), own a beneficial interest in Innovations Holding Pty Limited which in turn has a beneficial interest in Innovations Direct Pty Limited. Innovations Direct Pty Limited owned 50% of the Company at 31 December 1998. The Company paid during the six month period administrative expenses of \$157,151 for customer services, the use of computer equipment, and other management services, and \$296,985 in customer introduction service fees to Innovations Direct Pty Limited. The Company received \$15,000 during the six month period from Innovations Direct Pty Limited for rental of warehouse space. These transactions were on normal commercial terms and conditions.

During the six month period, the Company paid \$129,358 to Peter Watts Designs Limited, a company owned by Innovations Holdings Pty Limited, for the provision of management and marketing services on normal commercial terms and conditions.

During the six month period, the Company paid \$176,112 to The Right Type Pty Limited, a related entity of Mr C R Shaw, for the provision of recruitment services and temporary staff on normal commercial terms and conditions.

20. SEGMENT INFORMATION

The Company operates in Australia predominantly in the telecommunications industry, deriving revenue from the acquisition and management of mobile phone subscribers and the sale of mobile phone related accessories.

21. SUBSEQUENT EVENTS

On 23 April 1999, Mobile Innovations Pty Limited converted to a public company and changed its name to Mobile Innovations Limited.

Subsequent to 31 December 1998, the Company advanced an additional amount of \$1,007,149 to two of the Directors as interest bearing short term loans. At the date of this report, the total amount owing from these Directors was \$2,433,869.

Subsequent to 31 December 1998, the Company advanced \$3,427,545 to a Director-related entity, Innovations Holdings Pty Limited, as an interest bearing short term loan.

Subsequent to 31 December 1998, the Company advanced \$1,401,846 to a Director-related entity, Innovations Park Partnership, as a non-interest bearing short term loan.