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**Mint Wireless Limited**

**ABN : 51 122 043 029**

**Financial Report**

**For year ended 30<sup>th</sup> June 2008**

**Previous Corresponding Period  
4<sup>th</sup> October 2006 to 30<sup>th</sup> June 2007**

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## **CORPORATE DIRECTORY**

### **Directors**

Terry Cuthbertson  
Chairman

Alex Teoh  
Chief Executive Officer

Andrew Teoh  
Executive Director

John Skippen  
Non-Executive Director

### **Company Secretary**

Gary Stewart

### **Registered Office**

91-95 Victoria Road  
Rozelle NSW 2039

Phone: + 61 2 8752 7888  
Fax: + 61 2 8752 7899

### **Postal Address**

PO Box 1787  
Rozelle NSW 2039

### **Australian Company Number**

122 043 029

### **Australian Business Number**

51 122 043 029

### **Auditors**

Pitcher Partners (NSW) Pty Ltd  
Level 22  
19 Martin Place  
Sydney NSW 2000

### **Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Phone: + 61 2 8280 7511  
Fax: + 61 2 9287 0303

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### **Websites**

[www.mnw.com.au](http://www.mnw.com.au)  
[www.mint-wireless.com](http://www.mint-wireless.com)

### **ASX Code**

MNW

In accordance with a resolution of Directors, the Directors present their Report together with the Financial Report of Mint Wireless Limited (Mint) and its controlled entities (together referred to as the Consolidated Entity or Group) for the financial year ended 30 June 2008 and the Independent Audit Report thereon.

### **Directors**

Details regarding the Directors of Mint at any time during or since the end of the financial year are as follows:

- **Graham Dowland**, former Chairman (resigned 27 November 2007)
- **David Ledger**, former Non Executive Director (resigned 3 June 2008)
- **Alex Teoh**, CEO, Managing Director
- **Andrew Teoh**, Executive Director
- **Terry Cuthbertson**, Chairman (appointed 27 November 2007)
- **John Skippen**, Non Executive Director (appointed 27 November 2007, resigned 22 September 2008)

Current director's qualifications, experience and special responsibilities are as follows:

#### **Chairman - Terry Cuthbertson**

##### **B. Bus, ACA**

Terry is Chairman of ASX listed My Net Fone Limited, Montec International and Austpac Resources NL and a Director of ASX listed Healthzone Limited. He is also Chairman of s2Net Limited. Terry has extensive corporate finance expertise, having advised several businesses and government organisations in relation to mergers, acquisitions and financing.

Formerly, Terry was a Partner of KPMG Corporate Finance and NSW Partner in Charge of Mergers and Acquisitions, where he co-ordinated government privatisations, mergers, divestitures and public offerings on the ASX for the New South Wales practice. Terry is the former Group Finance Director of Tech Pacific Holdings Limited, which was one of the largest information technology distributors in Asia with annual turnover in 1999 of approximately \$2 billion and is a former Director of Tech Pacific Limited's businesses in Hong Kong, Singapore, India, Philippines, Indonesia and Thailand.

Terry is a Chartered Accountant and holds a Bachelor of Business Degree.

#### **John Skippen - Non Executive Director**

##### **CA**

John is a Director of ASX listed FlexiGroup Limited, where he serves as the Chairman of the Audit and Risk Committee. He is also a Director of NZX listed Briscoe Group Limited.

John has over 30 years' experience as a chartered accountant and during his career, has acquired a vast knowledge in all aspects of finance and administration, including mergers and acquisitions, business restructuring and property based transactions. John was the Finance Director and Chief Financial Officer of Harvey Norman Holdings Limited for 12 years.

John is a Chartered Accountant.

**Alex Teoh, Chief Executive Officer**  
**B. Sc (Business and Information Systems)**

Alex has been involved in creating many successful businesses throughout his career. From 2001 to 2005, Alex was the CEO of a local and international supply chain and logistics business, Zoo Logistics Pty Limited.

Alex was previously a Principal Consultant at the Hong Kong office of PricewaterhouseCoopers (PwC) Consulting. He was a member of the practice's senior management team responsible for its Customer Relationship Management strategy and solutions offering in East Asia (which includes Hong Kong, Singapore, Thailand, Malaysia and the Philippines). Prior to PwC, Alex worked as a Senior Consultant at Cap Gemini Ernst & Young Consulting, assisting in securing and implementing supply chain and application development contracts.

Alex is one of the founders of the Mint Business and has been on the Board of Mint since 15 November 2006.

Alex is a member of the Remuneration & Nomination Committee and Audit & Risk Management Committee.

**Andrew Teoh, Executive Director**  
**B. Comm (Accounting/Finance)**

Andrew has extensive experience in business operations, sales and marketing sectors. His experience has been within the areas of emerging technologies, billing systems, management of telecommunication switches and client services.

Andrew was previously the Operations Manager for Zoo Telecom Pty Ltd and was involved in the strategic process development, running and maintenance of this medium sized telecommunications company. Prior to that, Andrew was a Customer Services Manager at One.Tel Limited, where he was involved in the development, training and supervision of client service staff.

Andrew is one of the founders of the Mint Business and has been on the Board of Mint since 15 November 2006.

Andrew is a member of the Remuneration & Nomination Committee and Audit & Risk Management Committee.

**Company Secretary**

**Gary Stewart**

Gary Stewart is a solicitor with Churchill Lawyers & Corporate Advisers.

**Incorporation and Listing on the ASX**

The parent entity, Mint Wireless Limited, was incorporated on 4 October 2006 and listed on the Australian Securities Exchange (ASX) on 2 August 2007.

**Principal Activities**

The principal activities of the Consolidated Entity during the year under review were the provision of mobile payment solutions and innovative portable technology products.

**Review of Operations and State of Affairs**

The Group incurred a net loss of \$4,310,103 for the year ended 30 June 2008.

Further information about the Consolidated Entity's results of its operations together with the information about the financial position of the Consolidated Entity appears in the attached Financial Report. There are no other significant changes in the state of affairs of the Consolidated Entity.

### Events Subsequent to Reporting Date

On the 14 July 2008 Mint Trading Pty Limited, a subsidiary of listed portable technology company Mint Wireless Limited was appointed the exclusive distributor of the Aiptek range of digital video cameras, graphics tablets & digital photo frames in Australia & New Zealand.

Then on the 31 July 2008 Mint Trading Pty Limited launched the smallest commercially available pocket projector manufactured by Aiptek.

Shortly thereafter Mint Trading secured it's first K Mart order on the 5 August 2008 to supply the Aiptek DV Camera.

On the 13 August 2008 Uniden placed it's first order to pre-bundle Mint's SD cards with all Uniden GPS units sold in Australia & New Zealand. This agreement comes off the back of rigorous testing by Uniden's research & development team in Japan.

On the 22 September 2008 John Skippen resigned as a Non Executive Director. Mr Skippen has resigned due to time constraints & personal commitments.

Other than the matters discussed above, in the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Entity's operations, results of those operations or the state of affairs in future financial years.

### Likely Developments

The Consolidated Entity intends to continue its principal activities, being provision of mobile payment solutions and the development and management of portable technology products and services.

The Consolidated Entity will continue with our business plan and focus on sales and marketing the Mint Portable Payment System in Australia; increasing our subscriber and recurring revenue base; focus on increasing market share, revenues and margin contribution from the Mint Trading business; continue to identify market leading portable technology products that have synergies with our existing distribution channels and investigate expansion opportunities for Mint in select International markets.

### Dividends

No dividend was paid, recommended for payment nor declared during the year under review.

### Options and Rights

Since the end of the financial year, Mint has not granted options over unissued ordinary shares.

#### Unissued Shares under Option

As at the date of this Report, unissued ordinary shares of Mint under option are:

| Expiry date      | Number of options | Exercise Price (\$) |
|------------------|-------------------|---------------------|
| 31 December 2008 | 21,218,750        | 0.25                |

As at the date of this Report, unissued ordinary shares of Mint under options pursuant to the Mint Wireless Limited Employee Option Plan are:

| Expiry date  | Number of options* | Exercise Price (\$) |
|--------------|--------------------|---------------------|
| 30 June 2011 | 2,150,000          | 0.25                |

\* 1,000,000 options were granted on 28 November 2007

150,000 options were granted on 3 August 2007.

750,000 options were granted on 9 August 2007.

250,000 options were granted on 7 September 2007.

**Options and Rights (continued)**

In addition the following options lapsed in accordance with the Rules of the Mint Wireless Limited Employee Option Plan.

- 31 August 2007, 5,500,000 options (with various exercise prices),
- 7 December 2007, 1,000,000 options (with an exercise price of 25 cents).

Generally, there are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options.

In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of Mint, before the expiry of any options, the number of options to which an optionholder is entitled or the exercise price of the options or both will be reconstructed as appropriate in accordance with the Listing Rules.

**Shares issued on exercise of options**

During or since the end of the financial year, no ordinary shares have been issued as result of exercise of options.

**Directors' Meetings**

Mint has established an Audit and Risk Management Committee and Remuneration and Nomination Committee. The number of directors' meetings, number of committee meetings and the number of meetings attended by each of the directors and committee members during the financial year under review are:

| Director          | Board Meetings*                        |                   | Audit & Risk Management Committee Meetings |                   | Remuneration & Nomination Committee Meetings |                   |
|-------------------|--|-------------------|--|-------------------|--|-------------------|
|                   | Meetings held during Director's tenure | Meetings Attended | Meetings held during Director's tenure     | Meetings Attended | Meetings held during Director's tenure       | Meetings Attended |
| Graham Dowland    | 7                                      | 7                 | 1  | 1                 | 1  | 1                 |
| David Ledger      | 15                                     | 15                | 2  | 2                 | 2  | 2                 |
| Alex Teoh         | 16                                     | 16                | 2  | 2                 | 2  | 2                 |
| Andrew Teoh       | 16                                     | 16                | -  | -                 | -  | -                 |
| Terry Cuthbertson | 10                                     | 10                | 1  | 1                 | 1  | 1                 |
| John Skippen      | 10                                     | 10                | 1  | 1                 | 1  | 1                 |

\* Includes matters decided by circular resolution.

**Directors' Interests**

Particulars of Directors' interests in securities as at the date of this report are as follows:

| Director                 | Ordinary Shares            | Options over Ordinary Shares |
|--------------------------|----------------------------|------------------------------|
| Terry Cuthbertson        | Nil                        | 500,000                      |
| John Skippen             | Nil                        | 500,000                      |
| Alex Teoh <sup>1,2</sup> | 101,000,000 <sup>3,5</sup> | -                            |
| Andrew Teoh <sup>1</sup> | 100,000,000 <sup>3</sup>   | -                            |

### Directors' Interests (continued)

<sup>1</sup> The 100,000,000 securities are held by TAAJ Corporation Pty Ltd. The sole shareholder of TAAJ Corporation Pty Ltd is JAAT Holdings Pty Limited, the trustee of the TAAJ Trust, of which Alex Teoh and Andrew Teoh are beneficiaries. Since 1 July 2007, Alex Teoh acquired on-market 200,000 fully paid ordinary shares.

<sup>2</sup> From the Initial Public Offering, Alex Teoh acquired 200,000 fully paid ordinary shares & Yin-Yin Teoh, the wife of Alex Teoh acquired 800,000 fully paid ordinary shares

Other than that stated above in relation to the options, there are no contracts to which the Director is a party or under which the Director is entitled to a benefit that confers a right for the Director to call for shares in Mint.

### Indemnification and Insurance of Officers and Auditors

Directors and the Secretary are indemnified by Mint against any liability incurred in their capacity as an officer of Mint or a related body corporate to the maximum extent permitted by law. Mint has not paid any premiums:

- in respect of Directors' and Officers' insurance policies;
- in respect of any contract insuring the directors of Mint against a liability for legal costs.

Mint has not paid any premiums in respect of any contract insuring its auditor against a liability incurred in that role as an auditor of Mint. Pitcher Partners (NSW) Pty Ltd, Mint's auditor has the benefit of an indemnity to the extent Pitcher Partners (NSW) Pty Ltd reasonably relies on information provided by Mint which is false, misleading or incomplete. No amount has been paid under this indemnity during the financial year ending 30 June 2008 or to the date of this Report.

### Non-Audit Services

The non-audit services provided by Pitcher Partners (NSW) Pty Ltd included income tax consolidation & other tax related matters.

Details of the amounts paid to Pitcher Partners (NSW) Pty Ltd as the auditor of Mint for audit and non-audit services provided during the period are set out in Note 20 to the financial statements.

The Directors are satisfied that:

- (a) the non-audit services provided during the financial year by Pitcher Partners (NSW) Pty Ltd as the external auditor were compatible with the general standard of independence for auditors imposed by the Corporations Act; and
- (b) the non-audit services provided during the financial year by Pitcher Partners (NSW) Pty Ltd as the external auditor did not compromise the auditor independence requirements of the Corporations Act for the following reasons:
  - i. Pitcher Partners (NSW) Pty Ltd services have not involved partners or staff acting in a managerial or decision making capacity within the Consolidated Entity or been involved in the processing or originating of transactions;
  - ii. a description of all non-audit services undertaken by Pitcher Partners (NSW) Pty Ltd and the related fees have been monitored by the Board to ensure complete transparency in relation to services provided;
  - iii. the non-audit services undertaken by Pitcher Partners (NSW) Pty Ltd are considered a standard commercial arrangement with respect to entities undertaking an initial public offering; and
  - iv. the declaration required by section 307C of the Corporations Act confirming independence has been received from Pitcher Partners (NSW) Pty Ltd.

The Auditor's Independence Declaration under section 307C of the *Corporations Act* is set out on page 18 and forms a part of the Directors' Report for the period ended 30 June 2008.

**Proceedings on behalf of the Consolidated Entity**

During the year under review and in the interval between the end of the financial year and the date of the report, the Consolidated Entity has made no application for leave under section 237 of the Corporations Act.

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This remuneration report is set out under the following main headings:

|   |  |
|---|--|
| A | Principles used to determine the nature and amount of remuneration |
| B | Details of remuneration  |
| C | Service agreements   |
| D | Share-based compensation   |
| E | Additional information   |

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 - *Related Party Disclosures*. These disclosures have been transferred from the Financial Report and have been audited. The disclosures in Section E are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* and are not subject to audit.

## **A. Principles used to determine the nature and amount of remuneration**

### *Remuneration Policies and Practices*

In relation to remuneration issues, the Board has established some initial policies to ensure that Mint remunerates fairly and responsibly. The Remuneration Policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain desirable directors and employees.

The Remuneration and Nomination Committee reviews and recommends to the Board on matters of remuneration policy and specific emolument recommendations in relation to senior management and Directors. The remuneration structures reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

### *Non-executive director remuneration*

#### 1. Fees

Non-Executive Director fees are determined within an aggregate Directors' fee pool limit, which will be periodically approved by shareholders in general meeting. The current limit is \$200,000.

The Non-Executive Directors have entered into Consulting Agreements with Mint as follows:

- Terry Cuthbertson

On 18 October 2007, Mint appointed Terry Cuthbertson as Chairman of the Company. The director's fee payable is \$12,000 per quarter (ex GST) and reimbursement of all reasonable expenses.

- John Skippen

On 18 October 2007, Mint appointed John Skippen as a Non Executive Director of the Company. The director's fee payable is \$12,000 per quarter (ex GST) and reimbursement of all reasonable expenses.

#### 2. Equity Participation

The Non-Executive Directors do receive options as part of their remuneration. Details of the plan are in note 19 of the financial statements.

#### 3. Retirement Benefits

The Non-Executive Directors do not receive retirement benefits.

#### 4. Superannuation

Given the Non-Executive Directors provide consultancy services (through related companies), the Company is not required to pay the statutory guarantee contribution with respect to superannuation.

**A. Principles used to determine the nature and amount of remuneration (audited) (continued)**

*Executive Remuneration*

1. Salaries

Executives (including the Executive Directors) are offered a base salary which is reviewed on a periodic basis.

The Executive Directors have entered into Executive Services Agreements with Mint as follows:

- Alex Teoh

On 27 March 2007, the Company entered into an Executive Services Agreement with Alex Teoh in relation to his appointment as Chief Executive Officer (CEO) of the Company. The agreement commenced effective 1 January 2007. As CEO, Alex Teoh's duties are to:

- manage the Mint businesses
- formulate strategies to promote and improve the performance of the Mint businesses
- perform necessary managerial activities designated by the Board to fulfil the ambitions of the Company

As CEO, the Company pays Alex Teoh an annual salary of \$175,000 (inclusive of superannuation) and reimbursement of all reasonable expenses. Details of the cash incentive payable to Alex Teoh are set out on page 13. The salary arrangements will be reviewed by the Remuneration & Nomination Committee (and then approved by the Board) on an annual basis.

- Andrew Teoh

On 27 March 2007, the Company entered into an Executive Services Agreement with Andrew Teoh in relation to his appointment as an Executive Director of the Company and as Managing Director of Mint Trading Pty Limited. The agreement commenced effective 1 January 2007. Generally, Andrew Teoh's duties are to:

- manage the business of Mint Trading Pty Limited
- assist with the management of the business of Mint (Aust) Pty Limited
- formulate strategies to promote and improve the performance of the Mint businesses
- perform necessary managerial activities designated by the Board to fulfil the ambitions of the Company

The Company pays Andrew Teoh an annual salary of \$155,000 (inclusive of superannuation) and reimbursement of all reasonable expenses. Details of the cash incentive payable to Andrew Teoh are set out on page 13. The salary arrangement will be reviewed by the Remuneration & Nomination Committee (and then approved by the Board) on an annual basis.

2. Commissions

Sales Executives may receive a commission (expressed as a percentage) based on the number and or value of sales made during a period.

3. Cash Incentive

Executives may receive an individual performance based bonus, measured against Board approved key performance indicators.

4. Equity Participation

Selected Executives are invited to participate in the Mint Wireless Limited Employee Option Plan. Details of the Plan are set out of page 17 of this Report and note 19 of the Financial Statements and below.

**A. Principles used to determine the nature and amount of remuneration (audited) (continued)**

5. Termination Benefits

There are no termination benefits payable to Executives, other than payment of their statutory outstanding entitlements such as annual leave.

6. Other Benefits

Executives receive other benefits typical to their type of employment, which may include a mobile phone and laptop, and for certain salespeople, access to a Company vehicle.

7. Superannuation

Mint makes statutory employer contributions on behalf of Executives to the superannuation fund of their choice.

*Relationship between Remuneration Policy and Mint's Performance - audited*

Details of the Cash Incentive and Option Plan are set out below. It is these performance conditions which demonstrate Mint's willingness to design a remuneration philosophy for the benefit of its employees and shareholders alike.

**Description**

Cash Incentive

As stated above, Executives may receive an individual performance based bonus, measured against Board approved key performance indicators.

The key performance indicators are both objective and subjective and examples include:

- sales made per quarter (expressed both in a \$ and % value)
- completion of contracts with key corporate clients of pre-determined size
- successful implementation of strategic plan

Employee Option Plan

Subject to the achievement of performance conditions, options may vest and be converted into ordinary shares on a one-for-one basis. An exercise price is payable upon the conversion of options.

Specific performance conditions are set with respect to each option award, and continuation of employment is a standard vesting condition. With respect to some awards, tiered performance conditions have been set by the Board, with multiple targets needing to be met prior to options vesting.

Further details about the Plan are set out on note 19 of the Financial Statements.

**Rationale**

*The Cash Incentive is the short term "at risk" component of the Mint remuneration policy.*

The achievement of specific and desirable key performance indicators by employees will drive the growth, and is expected to heighten the profitability of the Company.

Good financial and operational performance of the Company will increase shareholder value.

*The Option Plan is the longer term "at risk" component of the Mint remuneration policy.*

As with the cash incentive, the achievement of specific and desirable vesting conditions will improve the Company's performance, in turn increasing shareholder value.

**Remuneration Report**

For year ended 30 June 2008

**A. Principles used to determine the nature and amount of remuneration (audited) (continued)**

Given Mint's admission to the ASX in July 2007, there is no history of Mint's performance which can be described at this stage.

**B. Details of remuneration (audited)***Amounts of remuneration*

Details of the remuneration of the Directors (Key Management Personnel as defined in AASB 124 *Related Party Disclosures*), the Company Secretary and other Executives of Mint Wireless Limited and the Group are set out in the following table.

| Name                           | SHORT TERM           |               |                  | Total            | POST EMPLOYMENT |                     | EQUITY BASED PAYMENTS | TOTAL            | Proportion of Remuneration Performance Related | Value of Options as Proportion of Remuneration |
|--------------------------------|----------------------|---------------|------------------|------------------|-----------------|---------------------|-----------------------|------------------|--|--|
|                                | Cash salary and fees | Bonus         | Non-Cash Benefit |                  | Super-annuation | Retirement benefits | Options               |                  |  |  |
|                                | \$                   | \$            | \$               | \$               | \$              | \$                  | \$                    | \$               | %  | %  |
| <b>DIRECTORS</b>               |                      |               |                  |                  |                 |                     |                       |                  |  |  |
| <b>Non-Executive</b>           |                      |               |                  |                  |                 |                     |                       |                  |  |  |
| Graham Dowland <sup>1</sup>    | 68,045               | -             | -                | <b>68,045</b>    | -               | -                   | -                     | <b>68,045</b>    | -  | -  |
| David Ledger <sup>2</sup>      | 92,289               | -             | -                | <b>92,289</b>    | -               | -                   | -                     | <b>92,289</b>    | -  | -  |
| Terry Cuthbertson              | 37,500               | -             | -                | <b>37,500</b>    | -               | -                   | 5,467                 | <b>42,967</b>    | 100%   | -  |
| John Skippen                   | 37,500               | -             | -                | <b>37,500</b>    | -               | -                   | 5,467                 | <b>42,967</b>    | 100%   | -  |
| <b>Executive Directors</b>     |                      |               |                  |                  |                 |                     |                       |                  |  |  |
| Alex Teoh <sup>3</sup>         | 160,550              | 20,000        | -                | <b>180,550</b>   | 13,936          | -                   | -                     | <b>194,486</b>   | -  | -  |
| Andrew Teoh <sup>4</sup>       | 142,202              | 10,000        | -                | <b>152,202</b>   | 12,780          | -                   | -                     | <b>164,982</b>   | -  | -  |
| <b>Other Executives</b>        |                      |               |                  |                  |                 |                     |                       |                  |  |  |
| Jane McGrath <sup>5</sup>      | 104,757              | 9,559         | 15,282           | <b>129,598</b>   | 11,424          | -                   | -                     | <b>141,022</b>   | -  | -  |
| Ross Gillies Tuck <sup>6</sup> | 132,659              | -             | 3,750            | <b>136,409</b>   | 11,926          | -                   | 16,029                | <b>164,364</b>   | 100%   | -  |
| Nigel Turner <sup>7</sup>      | 155,077              | -             | -                | <b>155,077</b>   | 13,460          | -                   | 8,014                 | <b>176,551</b>   | 100%   | -  |
| Richard Clarke <sup>8</sup>    | 96,461               | -             | -                | <b>96,461</b>    | 8,682           | -                   | 598                   | <b>105,741</b>   | 100%   | -  |
| Bobby Sanghera                 | 112,179              | -             | -                | <b>112,179</b>   | 9,441           | -                   | -                     | <b>121,620</b>   | -  | -  |
| <b>TOTAL</b>                   | <b>1,139,219</b>     | <b>39,559</b> | <b>19,032</b>    | <b>1,197,810</b> | <b>81,649</b>   | <b>-</b>            | <b>35,575</b>         | <b>1,315,034</b> |  |  |

1. Directors Fees are paid as Consultancy Fees to Avalon Valley Pty Limited. Further Details are set out on page 8.

2. Directors Fees are paid as Consultancy Fees to Capital Investment Partners Pty Limited (CIP). Details of related party transactions with CIP during the reporting period are set out in Note 19.

3, 4. Details of related party transactions with TAAJ Corporation Pty Limited during the reporting year are set out in Note 18.

5. Was employed from the date of incorporation throughout the reporting period.

6. Was employed from 10 April 2007.

7. Was employed from 3 July 2007

8. Was employed from 10 September 2007

The Key Management Personnel of the Company are the Directors (as named elsewhere in this report). Disclosures are also provided in respect other executives of the Company, reported for the purposes of section 300A(1)(c)(ii) and (iii) of the *Corporations Act 2001*.

No remuneration was paid to the Key Management Personnel of the Group other than by the Company. Accordingly, remuneration paid to Key Management Personnel of the Group is the same as that paid to Key Management Personnel of the Company.

**B. Details of remuneration (audited) (continued)***Compensation by category*

|                                | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| Short-term employment benefits | 1,197,810                            | -                              | 571,217                              | -                              |
| Post employment benefits       | 81,649                               | -                              | 23,960                               | -                              |
| Other long-term benefits       | -                                    | -                              | -                                    | -                              |
| Termination benefits           | -                                    | -                              | -                                    | -                              |
| Share-based payments           | 35,575                               | -                              | 8,435                                | -                              |
|                                | <b>1,315,034</b>                     | <b>-</b>                       | <b>603,612</b>                       | <b>-</b>                       |

During the financial year, no remuneration was paid in the form of a long term incentive bonus, non-monetary benefit, prescribed benefit or other benefit to a specified director or specified executive.

Cash Incentives to the Executive Directors are dependent on the satisfaction of performance conditions. Grants of options under the Employee Option Plan to Executives and the Company Secretary are also dependent on the satisfaction of performance conditions. Other elements of remuneration are not directly related to performance.

During the year to 30 June 2008 no performance-related remuneration was paid or payable to Key Management Personnel of the Company. Cash Incentives may be payable to the Executive Directors as at 30 June 2008 (targets are measured on a calendar year basis).

During the year to 30 June 2008, performance related remuneration was paid to the Sales Manager Mint (Aust) in the form of a commission based on total sales made. The Executive Directors were also paid performance related remuneration in the form of a bonus based on successfully reaching Key Performance Indicators set and approved by the Independent Directors of the Board.

**C. Service agreements (audited)***Summary of Key Contracts Terms*

The key contract and other terms of the Executive Directors, Company Secretary and other Executives are set out below:

| Contract Details                  | Executive Directors                           |   |
|-----------------------------------|---|---|
|                                   | <b>Alex Teoh &amp; Andrew Teoh</b>            |   |
| <b>Duration of contracts</b>      | Commenced on 1 January 2007 until indefinite. |   |
| <b>Termination notice periods</b> | Termination without notice:                   | <ul style="list-style-type: none"> <li>• Immediately for serious misconduct or charged with a criminal offence.</li> </ul>  |
|                                   | Termination with notice:                      | <ul style="list-style-type: none"> <li>• 3 months;</li> <li>• 1 month notice if the Executive commits any serious or persistent breach and the breach is not remedied within 28 days, or in the reasonable opinion of the Board the Executive demonstrates incompetence with regard to the performance of his duties under the agreement; or</li> </ul> |

## C. Service agreements (audited) (continued)

| Contract Details           | Executive Directors                                   |   |
|----------------------------|---|---|
| Termination notice periods | Termination with notice:                              | <ul style="list-style-type: none"> <li>by giving not less than 6 months written notice if the Executive is prevented from performing duties under the agreement by illness or injury for a period of six months during the term.</li> </ul>   |
|                            | Voluntary termination:                                | <ul style="list-style-type: none"> <li>3 months written notice; or</li> <li>immediately by written notice if Mint commits any serious or persistent breach of any provisions of the agreement and the breach is not remedied within 28 days of receipt of written notice from the Executive.</li> </ul> |
| Termination payments       | Redundancy payment under Mint's policies at the time. |   |

| Contract Details          | Company Secretary  |   |
|---------------------------|--|---|
|                           | <b>Gary Stewart</b>  |   |
| Duration of contract      | No formal contract exists between the Company and the Company Secretary; Consultancy arrangement commenced on 1 July 2008. |   |
| Termination notice period | Termination by Company:  | <ul style="list-style-type: none"> <li>At any time</li> </ul> |
|                           | Termination by Company Secretary:  | <ul style="list-style-type: none"> <li>7 days</li> </ul>      |
| Termination Payments      | None   |   |

| Contract Details           | Other Executives   |   |
|----------------------------|--|---|
| Duration of contracts      | <b>Ross Gillies Tuck</b> - appointed 10 April 2007 until indefinite<br><b>Jane McGrath</b> - appointed 13 June 2006 until indefinite<br><b>Nigel Turner</b> - appointed 3 July 2007 until indefinite<br><b>Richard Clarke</b> - appointed 10 September 2007 until indefinite |   |
| Termination notice periods | Termination without notice:  | <i>Immediately for:</i> <ul style="list-style-type: none"> <li>a serious or persistent breach of the terms or conditions of the agreement;</li> <li>persistent or wilful breach, non-observance, neglect or failure to discharge duties to the reasonable requirements of Mint;</li> <li>disobedience to or neglect of lawful instructions or directions duly authorised; or</li> <li>serious misconduct or charged with a criminal offence.</li> </ul> |
|                            | Termination with notice:   | 4 weeks   |
|                            | Voluntary termination:   | 2 weeks   |
| Termination payments       | Redundancy payment under Mint's policies at the time.  |   |

**Remuneration Report**

For year ended 30 June 2008

**D. Share-based compensation (audited)***Fair Value of Options, Rights and Shares – Factors*

No Director nor any Key Management Personnel described in this Report received options, rights or shares as part of their remuneration during the reporting year.

The following factors and assumptions were used in determining the fair value of options granted to Non Executive Directors & Key Management Personnel on entitlement date.

| Tranche | Expiry date | Fair value per option (cents) | Exercise price (cents) | Price of share on grant date (cents) | Estimated volatility | Risk free interest | Dividend yield |
|---------|-------------|-------------------------------|------------------------|--------------------------------------|----------------------|--------------------|----------------|
| 1       | 30-Jun-11   | 0.01                          | 0.25                   | 0.16                                 | 18.5%                | 6.33%              | 0.00%          |
| 2       | 30-Jun-11   | 0.14                          | 0.25                   | 0.17                                 | 140.3%               | 6.37%              | 0.00%          |
| 3       | 30-Jun-11   | 0.01                          | 0.25                   | 0.16                                 | 18.5%                | 6.23%              | 0.00%          |
| 4       | 30-Jun-11   | 0.06                          | 0.25                   | 0.10                                 | 107.3%               | 6.40%              | 0.00%          |
| 5       | 30-Jun-11   | 0.06                          | 0.25                   | 0.10                                 | 107.3%               | 6.40%              | 0.00%          |

**D. Share-based compensation (audited) (continued)**

Vested options may be exercised and converted to fully paid ordinary shares on a one-for-one basis.

*Options and Rights over Equity Instruments Granted as Compensation*

No Director nor any Key Management Personnel described in this Report received options, rights or shares as part of their remuneration during the reporting period.

Details of the entitlement to options over ordinary shares in the Company that were granted as compensation during the reporting period and details on options that vested during the reporting period are as follows:

|                   | Balance 1-Jul-07 | Granted as remuneration | Options exercised | Balance when ceased to be a Director | Balance 30-Jun-08 | Total vested 30-Jun-08 | Total Exercisable 30-Jun-08 |
|-------------------|------------------|-------------------------|-------------------|--------------------------------------|-------------------|------------------------|-----------------------------|
| <b>Directors</b>  |                  |                         |                   |                                      |                   |                        |                             |
| Graham Dowland    | 2,500,000        | -                       | -                 | 2,500,000                            | Nil               | -                      | -                           |
| David Ledger      | 4,001,875        | -                       | -                 | 4,001,875                            | Nil               | -                      | -                           |
| Terry Cuthbertson | -                | 500,000                 | -                 | -                                    | 500,000           | 47,373                 | 47,373                      |
| John Skippen      | -                | 500,000                 | -                 | -                                    | 500,000           | 47,373                 | 47,373                      |
| <b>Executives</b> |                  |                         |                   |                                      |                   |                        |                             |
| Ross Gillies Tuck | -                | 500,000                 | -                 | -                                    | 500,000           | 115,281                | 115,281                     |
| Nigel Turner      | -                | 250,000                 | -                 | -                                    | 250,000           | 56,780                 | 56,780                      |
| Richard Clarke    | -                | 250,000                 | -                 | -                                    | 250,000           | 53,341                 | 53,341                      |
| Graham Chan       | -                | 150,000                 | -                 | -                                    | 150,000           | 34,898                 | 34,898                      |
| <b>Total</b>      | <b>6,501,875</b> | <b>2,150,000</b>        | <b>-</b>          | <b>6,501,875</b>                     | <b>2,150,000</b>  | <b>355,045</b>         | <b>355,045</b>              |

*Exercise of Options*

No shares were issued to Directors or any Key Management Personnel on the exercise of options or rights previously granted as compensation, during the reporting period.

**Remuneration Report**

For year ended 30 June 2008

**D. Share-based compensation (audited) (continued)***Analysis of Options and Rights over Equity Instruments Granted as Compensation*

Details of the vesting profile of the entitlement to options granted as an incentive to the Company Secretary is set out below:

| Name              | Details of Options |            | % vested in year | % forfeited in year <sup>1</sup> | Financial year in which grant vests | Value yet to vest     |                       |
|-------------------|--------------------|------------|------------------|----------------------------------|-------------------------------------|-----------------------|-----------------------|
|                   | Number             | Grant Date |                  |                                  |                                     | Min (\$) <sup>2</sup> | Max (\$) <sup>3</sup> |
| Terry Cuthbertson | 250,000            | 18-Oct-07  | 19%              | -                                | Nov 2007                            | -                     | -                     |
|                   | 250,000            | 18-Oct-07  | -                | -                                | Dec 2008                            | -                     | -                     |
| John Skippen      | 250,000            | 18-Oct-07  | 19%              | -                                | Nov 2007                            | -                     | -                     |
|                   | 250,000            | 18-Oct-07  | -                | -                                | Dec 2008                            | -                     | -                     |
| Ross Gillies Tuck | 500,000            | 9-Aug-07   | 23%              | -                                | Jun 2008                            | -                     | -                     |
| Nigel Turner      | 250,000            | 9-Aug-07   | 23%              | -                                | Jun 2008                            | -                     | -                     |
| Richard Clarke    | 250,000            | 7-Sep-07   | 21%              | -                                | Jun 2008                            | -                     | -                     |
| Graham Chan       | 150,000            | 3-Aug-07   | 23%              | -                                | Jun 2008                            | -                     | -                     |

<sup>1</sup> The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest performance criteria not being achieved.

<sup>2</sup> The minimum value of options yet to vest is \$nil as the performance criteria may not be met and consequently the option may not vest.

<sup>3</sup> The maximum values presented above are based on the fair value of the options over their life calculated at entitlement date using a Black-Scholes Merton model.

*Analysis of Movements on Options*

The movement during the reporting period, by total number of entitlement to options over ordinary shares in Mint held by the Directors or any Key Management Personnel is detailed below:

|                   | Year | Entitlement to Options granted in year \$ <sup>1</sup> | Exercised in Year \$ | Forfeited in Year \$ | Total Option Value in Year \$ |
|-------------------|------|--|----------------------|----------------------|-------------------------------|
| Terry Cuthbertson | 2008 | 5,467  | -                    | -                    | 5,467                         |
| John Skippen      | 2008 | 5,467  | -                    | -                    | 5,467                         |
| Ross Gillies Tuck | 2008 | 16,029   | -                    | -                    | 16,029                        |
| Nigel Turner      | 2008 | 8,014  | -                    | -                    | 8,014                         |
| Richard Clarke    | 2008 | 598  | -                    | -                    | 598                           |

<sup>1</sup> The value of the entitlement to options grants in the year is the fair value of the options calculated at grant date using a Black-Scholes Merton pricing model.

**E. Additional Information (unaudited)**

As detailed under headings A & B, remuneration of Executives consists of an unrisksed element (base pay) plus cash bonuses and grants of options based on performance in relation to key strategic measures linked to drivers of performance in future reporting periods. As such, remuneration is not linked to the financial performance of the Company in the current reporting period.

No cash bonuses were forfeited during the period by Directors, the Company Secretary or Key Management Personnel. Because the performance period with respect to the Executive Directors' Cash Incentive is measure on a calendar year basis, part of this Incentive remains unvested at year-end.

This report is made in accordance with a resolution of the Directors.



**ALEX TEOH**

**Managing Director**

Sydney, New South Wales

29<sup>th</sup> September 2008

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**Income Statement**

For year ended 30 June 2008

|  | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|-------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>Revenue</b>   |       |                                      |                                |                                      |                                |
| Sales revenue  | 6     | 4,709,813                            | -                              | 1,254,644                            | -                              |
| Cost of goods sold                                       |       | 3,778,663                            | -                              | 1,160,359                            | -                              |
| <b>Gross Profit</b>                                      |       | <b>931,150</b>                       | <b>-</b>                       | <b>94,285</b>                        | <b>-</b>                       |
| <b>Other income</b>                                      | 6     | <b>401,233</b>                       | <b>311,166</b>                 | <b>23,269</b>                        | <b>16,100</b>                  |
| Employee benefits expense                                |       | 2,410,787                            | 275,004                        | 806,698                              | 806,698                        |
| Depreciation & amortisation expense                      |       | 126,877                              | 105,500                        | 89,363                               | -                              |
| Amortisation of IT Development                           |       | 537,545                              | 35,720                         | 285,757                              |                                |
| Finance costs  |       | 36,168                               | 3,909                          | 68,675                               | 32,141                         |
| Administration, property & communication expenses        |       | 362,152                              | 110,054                        | 167,829                              | 4,434                          |
| Provision for the impairment of investment in subsidiary |       | -                                    | 3,524,174                      | -                                    | 922,231                        |
| Rental expense   |       | 205,590                              | 63,749                         | 118,438                              | -                              |
| Distribution expense                                     |       | 150,877                              | 4,988                          | 25,025                               | 2,417                          |
| Listing fees   |       | 101,479                              | 67,175                         | -                                    | -                              |
| Travel expense   |       | 225,028                              | 31,654                         | -                                    | -                              |
| Professional fees  |       | 670,961                              | 237,819                        | 286,650                              | 281,115                        |
| Directors fees   |       | 163,508                              | 147,766                        | 22,500                               | 22,500                         |
| Selling expenses   |       | 321,582                              | 13,757                         | 309,716                              | 7,661                          |
| Other expenses   |       | 329,932                              | -                              | -                                    | -                              |
| <b>Total Expenses</b>                                    |       | <b>5,642,486</b>                     | <b>4,621,269</b>               | <b>2,180,651</b>                     | <b>2,079,197</b>               |
| <b>Profit/(Loss) before income tax</b>                   |       | <b>(4,310,103)</b>                   | <b>(4,310,103)</b>             | <b>(2,063,097)</b>                   | <b>(2,063,097)</b>             |
| Income tax expense (credit)                              | 7     | -                                    | -                              | -                                    | -                              |
| <b>Net loss attributable to members of the Company</b>   |       | <b>(4,310,103)</b>                   | <b>(4,310,103)</b>             | <b>(2,063,097)</b>                   | <b>(2,063,097)</b>             |
| Basic earnings per share (cents)                         | 22    | (0.25)                               |                                | (0.18)                               |                                |
| Diluted earnings per share (cents)                       | 22    | (0.25)                               |                                | (0.18)                               |                                |

**Balance Sheet**

For year ended 30 June 2008

|  | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent Entity<br>2007<br>\$ |
|--|-------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>  |       |                                      |                             |                                      |                             |
| Cash and cash equivalents                                    |       | 2,584,628                            | 2,458,021                   | 558,809                              | 471,618                     |
| Receivables  | 8     | 580,606                              | 1,890                       | 500,287                              | -                           |
| Inventories  | 9     | 452,351                              | -                           | 354,716                              | -                           |
| <b>TOTAL CURRENT ASSETS</b>                                  |       | <b>3,617,585</b>                     | <b>2,459,911</b>            | <b>1,413,812</b>                     | <b>471,618</b>              |
| <b>NON-CURRENT ASSETS</b>                                    |       |                                      |                             |                                      |                             |
| Other financial assets & subsidiaries                        | 10    | 36,958                               | 2,846,214                   | -                                    | 1,226,172                   |
| Property, plant and equipment                                | 11    | 358,146                              | -                           | 292,557                              | -                           |
| IT Development   | 12    | 1,938,755                            | -                           | 2,203,309                            | -                           |
|  |       | -                                    | -                           | -                                    | -                           |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |       | <b>2,333,859</b>                     | <b>2,846,214</b>            | <b>2,495,866</b>                     | <b>1,226,172</b>            |
| <b>TOTAL ASSETS</b>  |       | <b>5,951,444</b>                     | <b>5,306,125</b>            | <b>3,909,678</b>                     | <b>1,697,790</b>            |
| <b>CURRENT LIABILITIES</b>                                   |       |                                      |                             |                                      |                             |
| Payables   | 13    | 586,727                              | 59,310                      | 1,149,802                            | 253,501                     |
| Borrowings - secured   | 14    | -                                    | -                           | 377,504                              | -                           |
| Unsecured Short-term borrowings from director related entity | 14    | -                                    | -                           | 885,621                              | -                           |
| Provisions   | 15    | 142,368                              | 24,466                      | 57,681                               | 5,219                       |
| <b>TOTAL CURRENT LIABILITIES</b>                             |       | <b>729,095</b>                       | <b>83,776</b>               | <b>2,470,608</b>                     | <b>258,720</b>              |
| <b>TOTAL LIABILITIES</b>                                     |       | <b>729,095</b>                       | <b>83,776</b>               | <b>2,470,608</b>                     | <b>258,720</b>              |
| <b>NET ASSETS</b>  |       | <b>5,222,349</b>                     | <b>5,222,349</b>            | <b>1,439,070</b>                     | <b>1,439,070</b>            |
| <b>EQUITY</b>  |       |                                      |                             |                                      |                             |
| Contributed equity   | 16    | 11,559,560                           | 11,559,560                  | 3,493,822                            | 3,493,822                   |
| Reserves   | 17    | 35,989                               | 35,989                      | 8,345                                | 8,345                       |
| Accumulated Losses   | 17    | (6,373,200)                          | (6,373,200)                 | (2,063,097)                          | (2,063,097)                 |
| <b>TOTAL EQUITY</b>  |       | <b>5,222,349</b>                     | <b>5,222,349</b>            | <b>1,439,070</b>                     | <b>1,439,070</b>            |

**Statement of Cashflows**

For year ended 30 June 2008

|  | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent Entity<br>2007<br>\$ |
|--|-------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |       |                                      |                             |                                      |                             |
| Receipts from customers                                    |       | 4,714,234                            | -                           | 987,663                              | -                           |
| Payments to suppliers and employees                        |       | (9,188,536)                          | (450,991)                   | (2,374,718)                          | (873,801)                   |
| Interest received  |       | 275,752                              | 303,549                     | -                                    | -                           |
| Interest paid  |       | (20,309)                             | -                           | -                                    | -                           |
| <b>Net cash provided by (used in) operating activities</b> | 21(a) | <b>(4,218,859)</b>                   | <b>(147,442)</b>            | <b>(1,387,055)</b>                   | <b>(873,801)</b>            |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                 |       |                                      |                             |                                      |                             |
| Cash acquired with subsidiaries                            |       | -                                    | -                           | 32,586                               | -                           |
| Investment in subsidiaries                                 |       | -                                    | (4,487,532)                 | -                                    | (1,148,403)                 |
| Payment for property, plant and equipment                  |       | (121,836)                            | -                           | (257,657)                            | -                           |
| Payment for capital IT Development                         |       | (254,862)                            | -                           | (224,889)                            | -                           |
| <b>Net cash provided by (used in) investing activities</b> |       | <b>(376,698)</b>                     | <b>(4,487,532)</b>          | <b>(449,960)</b>                     | <b>(1,148,403)</b>          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                 |       |                                      |                             |                                      |                             |
| Proceeds from share issue                                  |       | 8,700,000                            | 8,700,000                   | 3,150,000                            | 3,150,000                   |
| Cost of IPO share issue                                    |       | (815,498)                            | (815,498)                   | (656,178)                            | (656,178)                   |
| Proceeds from borrowings                                   |       | -                                    | -                           | 377,504                              | -                           |
| Repayment of borrowings                                    |       | (1,263,125)                          | (1,263,125)                 | (475,502)                            | -                           |
| <b>Net cash provided by financing activities</b>           |       | <b>6,621,377</b>                     | <b>6,621,377</b>            | <b>2,395,824</b>                     | <b>2,493,822</b>            |
| <b>Net increase in cash and cash equivalents</b>           |       | <b>2,025,820</b>                     | <b>1,986,403</b>            | <b>558,809</b>                       | <b>471,618</b>              |
| Cash and cash equivalents at beginning of year             |       | 558,808                              | 471,618                     | -                                    | -                           |
| <b>Cash and cash equivalents at end of the year</b>        |       | <b>2,584,628</b>                     | <b>2,458,021</b>            | <b>558,809</b>                       | <b>471,618</b>              |

**Statement of Changes to Equity**

For year ended 30 June 2008

| Notes  | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>Total Equity at the beginning of the year</b>                             | <b>1,439,070</b>                     | <b>1,439,070</b>               | -                                    | -                              |
| Cost of share issue  | (634,262)                            | (634,262)                      | (656,178)                            | (656,178)                      |
| Employee share options   | 27,644                               | 27,644                         | 8,345                                | 8,345                          |
| Net income recognised directly in equity                                     | -                                    | -                              | -                                    | -                              |
| Profit/loss for the year   | (4,310,103)                          | (4,310,103)                    | (2,063,097)                          | (2,063,097)                    |
| <b>Total recognised income and expense for the year</b>                      | <b>(4,916,721)</b>                   | <b>(4,916,721)</b>             | <b>(2,710,930)</b>                   | <b>(2,710,930)</b>             |
| <b>Transactions with equity holders in their capacity as equity holders:</b> |                                      |                                |                                      |                                |
| Seed Capital   | -                                    | -                              | 4,150,000                            | 4,150,000                      |
| Share issue  | 8,700,000                            | 8,700,000                      | -                                    | -                              |
| <b>Total equity at the end of the Year</b>                                   | <b>5,222,349</b>                     | <b>5,222,349</b>               | <b>1,439,070</b>                     | <b>1,439,070</b>               |

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**1. Corporate information**

The financial report of Mint Wireless Limited (the Company or "Mint") for the year 30 June 2008 was authorised for issue on 29 September 2008 under delegated authority in accordance with a resolution of the directors on 29 September 2008.

Mint Wireless Limited (the Parent Entity) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report includes separate financial statements for the parent as an individual entity and the Consolidated Entity comprised by Mint and its subsidiaries ("Group or Consolidated Entity")

The nature of the operations and principal activities of the Group are described in the Directors' Report and in note 3.

**2. Summary of significant accounting policies**

**a) Basis of preparation**

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 also been prepared on a historical cost basis.

The Company was incorporated on 4 October 2006 and was not required to produce a financial report for the year ending 30 June 2007. Accordingly the comparative for the corresponding previous period 30 June 2007 reflects a period from 4 October 2006 to 30 June 2007.

**Statement of compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting year ending 30 June 2008.

The Directors have not assessed the impact of these new or amended Standards and Interpretations (to the extent relevant to the Group).

**Going Concern**

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$4,310,103 for the year 30 June 2008 and had a net cash outflow from operations of \$4,218,859 for the year. As at 30 June 2008 the Group had cash assets of \$2,584,628 and net current liabilities of \$729,095. The financial report has nonetheless been prepared on a going concern basis which the Directors consider to be appropriate based upon the forecast for the year ending 30 June 2009. Other factors include secured orders from major retail groups. The Group is also continuing to reduce operational costs & seeking necessary financing to accommodate growth for the FY0809 financial year.

**b) Principles of consolidation**

The consolidated financial statements are those of the Consolidated Entity comprising the Parent Entity and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The financial statements of 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.

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated. Un-realised losses are eliminated unless costs cannot be recovered.

Investments in controlled entities are carried at cost, as calculated based on the fair value of consideration paid in the financial statements of the Company.

## 2. Summary of significant accounting policies (continued)

### c) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets (including business combinations). Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of the acquisition plus incidental costs directly attributable to the acquisition.

Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

### d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits is stated at nominal value.

For the purposes of the statement of cashflows, cash and cash equivalents includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

### e) Intangible assets

#### *Intangible assets acquired in a business combination*

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Amortisation is charged on a straight line basis over their expected useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

#### *Patents, trademarks and licences*

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment.

#### *Research and development costs*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

## 2. Summary of significant accounting policies (continued)

### g) Revenue recognition

#### *Sale of goods*

Revenue from the sale of goods and disposal of other assets is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

#### *Software licence fees*

Revenue from the sale of software licences is recognised on an accruals basis in accordance with the substance of the relevant agreement.

#### *Dividend and interest revenue*

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances 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, with the exception of accrued expenses and expense provisions, are stated with the amount of GST included.

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

Cash flows are included in the statement of cashflows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### i) 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 taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

- (i) except where the deferred income tax 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
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. Summary of significant accounting policies (continued)

### i) Income tax (continued)

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 assets and unused tax losses can be utilised:

- (i) except where 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
- (ii) in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences 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 be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company / Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

As at the date of this report, deferred tax assets have been recognised only to the extent to which they offset deferred tax liabilities as it is not yet considered sufficiently probable that future taxable profits will be generated in the appropriate jurisdictions to enable these to be utilised.

#### Tax Consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group will also enter a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

### j) Foreign currency

#### *Foreign currency transactions*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise.

The functional currency of Mint Wireless Limited and all of its subsidiaries is Australian dollars.

### k) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. Trade accounts are normally settled within 30-60 days.

Payables to related parties are carried at amortised cost. Interest, when charged by the lender, is recognised using the effective interest rate method.

### l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

## 2. Summary of significant accounting policies (continued)

### m) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

### n) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

### o) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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 year that would result from 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.

### p) Leased assets

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### q) Property, plant & equipment

Plant and equipment and fixtures & fittings are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

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

|                       |              |
|-----------------------|--------------|
| Fixtures and fittings | 5 years      |
| Plant and equipment   | 5 - 15 years |

## 2. Summary of significant accounting policies (continued)

### r) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

Provisions are made in respect of the consolidated group's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle warranty obligations. As the group has limited warranty experience the provision is based on current expectations.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

### s) Share based payments

Share-based compensation benefits are provided to employees via the Mint Wireless Limited Employee Option Plan.

The fair value of options granted under the Mint Wireless Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflected market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

### t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## **2. Summary of significant accounting policies (continued)**

### **u) Employee benefits**

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date.

#### **Defined contribution superannuation plans**

Contributions to defined contribution superannuation plans are expensed when incurred.

### **v) Impairment of assets**

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

### **w) New accounting standards & interpretations**

The following standards and interpretations have been issued at the reporting date but are not yet effective. *When adopted these standards and interpretations are likely to impact on the financial information presented, however the assessment of impact has not yet been completed.*

## w) New accounting standards &amp; interpretations (continued)

| AASB No. | Title  | Issue Date | Operative Date |
|----------|--|------------|----------------|
| 3        | Business Combinations  | Mar 2008   | 1 July 2009    |
| 8        | Operating Segments   | Feb 2007   | 1 Jan 2009     |
| 101      | Presentation of Financial Statements   | Sept 2007  | 1 Jan 2009     |
| 123      | Borrowing Costs  | June 2007  | 1 Jan 2009     |
| 127      | Consolidated and Separate Financial Statements   | Mar 2008   | 1 July 2009    |
| 1004     | Contributions  | Dec 2007   | 1 July 2008    |
| 1050     | Administered Items   | Dec 2007   | 1 July 2008    |
| 1052     | Disaggregated Disclosures  | Dec 2007   | 1 July 2008    |
| 2007-3   | Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]  | Feb 2007   | 1 Jan 2009     |
| 2007-06  | Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]   | June 2007  | 1 Jan 2009     |
| 2007-8   | Amendments to Australian Accounting Standards arising from AASB 101  | Sept 2007  | 1 Jan 2009     |
| 2008-1   | Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations [AASB 2]   | Feb 2008   | 1 Jan 2009     |
| 2008-3   | Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] | Mar 2008   | 1 July 2009    |

**NOTE 3 : SEGMENT INFORMATION****(a) Primary Segment Information**

| Business segments   | Mobile Payment System | Trading          | Eliminations and Corporate | Consolidated       | Mobile Payment System | Trading          | Eliminations and Corporate | Consolidated       |
|---|-----------------------|------------------|----------------------------|--------------------|-----------------------|------------------|----------------------------|--------------------|
|   | 2008                  | 2008             | 2008                       | 2008               | 2007                  | 2007             | 2007                       | 2007               |
|   | \$                    | \$               | \$                         | \$                 | \$                    | \$               | \$                         | \$                 |
| <b>Revenue</b>  |                       |                  |                            |                    |                       |                  |                            |                    |
| Sales to customers outside the consolidated entity                                | 261,776               | 4,448,037        | -                          | 4,709,813          | 72,380                | 1,182,264        | -                          | 1,254,644          |
| Other revenue   | 10,972                | 88,761           | 301,500                    | 401,233            | 7,169                 | -                | 16,100                     | 23,269             |
| Total segment revenue   | <b>272,748</b>        | <b>4,536,798</b> | <b>301,500</b>             | <b>5,111,046</b>   | <b>79,549</b>         | <b>1,182,264</b> | <b>16,100</b>              | <b>1,277,913</b>   |
| Expenses  | 2,464,331             | 4,767,992        | 2,188,826                  | 9,421,149          | 1,273,026             | 1,614,226        | 453,758                    | 3,341,010          |
| <b>Results</b>  |                       |                  |                            |                    |                       |                  |                            |                    |
| Segment result  | (2,191,583)           | (231,194)        | (1,887,326)                | (4,310,103)        | (1,193,477)           | (431,962)        | (437,658)                  | (2,063,097)        |
| Consolidated entity loss from ordinary activities before income tax expense       | -                     | -                | -                          | (4,310,103)        | -                     | -                | -                          | (2,063,097)        |
| Income tax expense  | -                     | -                | -                          | -                  | -                     | -                | -                          | -                  |
| <b>Consolidated entity loss from ordinary activities after income tax expense</b> | -                     | -                | -                          | <b>(4,310,103)</b> | -                     | -                | -                          | <b>(2,063,097)</b> |

**Notes to the Financial Statements**

For year ended 30 June 2008

**(a) Primary Segment Information (Continued)**

| Business segments                               | Mobile Payment System | Trading          | Eliminations and Corporate | Consolidated     | Mobile Payment System | Trading          | Eliminations and Corporate | Consolidated       |
|---|-----------------------|------------------|----------------------------|------------------|-----------------------|------------------|----------------------------|--------------------|
|   | 2008                  | 2008             | 2008                       | 2008             | 2007                  | 2007             | 2007                       | 2007               |
|   | \$                    | \$               | \$                         | \$               | \$                    | \$               | \$                         | \$                 |
| <b>Assets</b>                                   |                       |                  |                            |                  |                       |                  |                            |                    |
| Segment assets                                  | 2,508,097             | 983,437          | 2,459,910                  | 5,951,444        | 2,890,762             | 547,298          | 471,618                    | 3,909,678          |
| <b>Total assets</b>                             | <b>2,508,097</b>      | <b>983,437</b>   | <b>2,459,910</b>           | <b>5,951,444</b> | <b>2,890,762</b>      | <b>547,298</b>   | <b>471,618</b>             | <b>3,909,678</b>   |
| <b>Liabilities</b>                              |                       |                  |                            |                  |                       |                  |                            |                    |
| Segment liabilities                             | (366,641)             | (278,679)        | (83,775)                   | (729,095)        | (1,320,056)           | (891,832)        | (258,720)                  | (2,470,608)        |
| <b>Total liabilities</b>                        | <b>(366,641)</b>      | <b>(278,679)</b> | <b>(83,775)</b>            | <b>(729,095)</b> | <b>(1,320,056)</b>    | <b>(891,832)</b> | <b>(258,720)</b>           | <b>(2,470,608)</b> |
| <b>Other segment information:</b>               |                       |                  |                            |                  |                       |                  |                            |                    |
| Depreciation and amortisation of segment assets | 537,545               | -                | 126,877                    | 664,422          | 366,963               | 8,157            | -                          | 375,120            |
| Capital expenditure                             | 376,698               | -                | -                          | 376,698          | 482,347               | -                | -                          | 482,347            |
| Cashflow - operating                            | (2,316,307)           | 427,830          | (2,330,382)                | (4,218,859)      | (837,620)             | (236,612)        | (312,823)                  | (1,387,055)        |
| Cashflow - financing                            | -                     | -                | 6,621,377                  | 6,621,377        | (97,998)              | -                | 2,493,822                  | 2,395,824          |
| Cashflow - investing                            | (376,698)             | -                | -                          | (376,698)        | (449,960)             | -                | -                          | (449,960)          |
| Impairment Losses                               | -                     | -                | -                          | -                | -                     | -                | -                          | -                  |
| Other non-cash expenses                         | -                     | -                | -                          | -                | -                     | -                | -                          | -                  |

#### 4. Financial Risk management policies and objectives

Mint Wireless Limited's Audit and Risk Management Committee (Committee) assists the board of directors (Board) performs the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Committee and Board seek to balance the potential adverse effects of financial risks on Mint's financial performance and position with the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various methods available to manage them.

AASB 132 *Financial Instruments Presentation and Disclosure* requires the disclosure of information to assist users of the financial report in assessing the extent of risks related to financial instruments faced by the Group. These risks include financial risks such as market risks (including currency risk, fair value interest rate risk and commodity price risk), credit risk & liquidity risk. These disclosures are not nor are they intended to be an exhaustive list of risks to which Mint is exposed.

##### a) Market risk

###### i) Foreign exchange risk

Mint Wireless Limited is based in Australia, its shares are listed on the Australian Securities Exchange and the Consolidated Entity reports its financial performance and position in Australian dollars (A\$). The Group operates internationally, with the result being that the Group is to some extent exposed to foreign exchange risk arising from fluctuations predominantly in the A\$ / US\$ exchange rate.

As at balance sheet date, the Board has formed the view that it would not be beneficial for the Group to purchase forward contracts or other derivative financial instruments to hedge this foreign exchange risk. Factors which the board considered in arriving at this position included: The cost of purchasing such instruments; and the inherent difficulties associated with forecasting the timing and quantum of US\$ cash inflows and outflows at a time when the Consolidated Entity is still at the development stage of monetising its assets. The Board may reconsider its position with regard to hedging against foreign exchange risk in the future as the Group's activities evolve and / or in response to industry or macro-economic factors.

###### ii) Interest rate risk and fair values

As the Group has certain floating rate deposits there is a risk that the economic value of these borrowings may fluctuate because of changes in market interest rates. This risk is considered an acceptable by-product of the Group's efforts to manage its cash flow obligations. As at balance sheet date, the fair value of financial assets and liabilities is equivalent to their carrying amount.

The table below sets out the carrying amount of the financial instruments exposed to interest rate risk (all of which mature within one year):

|  | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>Financial Assets</b>                                    |                                      |                                |                                      |                                |
| Cash Assets  | 2,584,628                            | 2,458,021                      | 558,809                              | 471,618                        |
| <i>(Weighted average effective interest rate<br/>6.0%)</i> |                                      |                                |                                      |                                |
| <b>Financial Liabilities</b>                               |                                      |                                |                                      |                                |
| Stock finance facility (\$400,000 facility<br>available)   | -                                    | -                              | 377,504                              | -                              |
| Borrowings from related parties                            | -                                    | -                              | 885,621                              | -                              |

**a) Market risk (continued)**

**iii) Commodity price risk**

As a result of its operations the Group is exposed to commodity price risk arising due to fluctuations in the prices of flash memory products. The demand for, and prices of, these devices are dependent on a variety of factors, including:

- Supply and demand;
- The level of consumer product awareness;
- Demand for complementary and competing products;
- Technological progress;
- Actions taken by governments and international cartels; and,
- Global economic and political developments.

As at balance sheet date, the Board has formed the view that it would not be beneficial for the Group to purchase forward contracts or other derivative financial instruments to hedge this commodity price risk. Factors which the Board considered in arriving at this position included the cost of purchasing such instruments and the inherent difficulties associated with forecasting future demand the board may reconsider its position with regard to hedging against commodity price risk in the future.

**b) Credit risk**

The Group trades only with recognised, trustworthy third parties and it is the Group's policy to perform credit verification procedures in relation to any customers wishing to trade on credit terms with the Group. The Group's maximum exposure to credit risk arising from potential default of the counter-party is equal to the carrying value of receivables.

**c) Liquidity risk**

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Group has sufficient working capital and seeking to preserve the 15% share issue limit available to the Company under the ASX Listing Rules.

**d) Summarised sensitivity analysis**

The following table summarises the sensitivity of the Group's financial assets & financial liabilities to interest rate risk, foreign exchange risk & other price risk.

## d) Summarised sensitivity analysis (continued)

|                                    | Carrying amount (AUD) | Interest (AUD)  |                 |               |               | Foreign exchange (USD) |                 |               |               | Other price (AUD) |          |              |          |
|------------------------------------|-----------------------|-----------------|-----------------|---------------|---------------|------------------------|-----------------|---------------|---------------|-------------------|----------|--------------|----------|
|                                    |                       | -1% 2008 \$     |                 | +1% 2008 \$   |               | -10% 2008 \$           |                 | +10% 2008 \$  |               | -10% 2008 \$      |          | +10% 2008 \$ |          |
|                                    |                       | Profit          | Equity          | Profit        | Equity        | Profit                 | Equity          | Profit        | Equity        | Profit            | Equity   | Profit       | Equity   |
| <b>Financial Assets</b>            |                       |                 |                 |               |               |                        |                 |               |               |                   |          |              |          |
| Cash & cash equivalents            | 2,584,628             | (25,846)        | (25,846)        | 25,846        | 25,846        | -                      | -               | -             | -             | -                 | -        | -            | -        |
| Accounts receivable                | 580,606               |                 |                 |               |               | (16,090)               | (16,090)        | 16,090        | 16,090        | -                 | -        | -            | -        |
| <b>Financial Liabilities</b>       |                       |                 |                 |               |               |                        |                 |               |               |                   |          |              |          |
| Trade payables                     | 586,727               | -               | -               | -             | -             | (3,905)                | (3,905)         | 3,905         | 3,905         | -                 | -        | -            | -        |
| <b>Total increase / (decrease)</b> |                       | <b>(31,652)</b> | <b>(31,652)</b> | <b>31,652</b> | <b>31,652</b> | <b>(19,995)</b>        | <b>(19,995)</b> | <b>19,995</b> | <b>19,995</b> | <b>-</b>          | <b>-</b> | <b>-</b>     | <b>-</b> |

**5. Critical accounting estimates & judgements**

In preparing this Financial Report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

**a) Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Capitalisation of IT development expenditure**

The Group capitalised IT development expenditure (including amounts arising on acquisition of \$2,264,177 in 4 October 2006) on the basis either that this is expected to be recouped through future successful exploitation of the associated technology or through subsequent sale of the asset.

**Deferred tax assets**

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not yet considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

**b) Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Impairment of IT development expenditure**

The future recoverability of capitalised IT development expenditure is dependent on a number of factors, including whether the Group decides to continue to exploit the related technology itself or, if not, whether it successfully recovers the related asset through sale.

Factors that could impact the future recoverability include the level of market demand, future technological changes, costs of commercialisation, input costs, future legal changes and changes to the pricing structure for credit card payment gateways.

As at 30 June 2008, the carrying value of capitalised IT development is \$1,938,755.

**NOTE 6 : REVENUE**

| Notes                                      | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>Revenues from continuing operations</b> |                                      |                                |                                      |                                |
| <i>Sales Revenue</i>                       |                                      |                                |                                      |                                |
| Revenue from sale of goods                 | 4,692,481                            | -                              | 1,254,264                            | -                              |
| Revenue from services                      | 17,332                               | -                              | 381                                  | -                              |
|  | <b>4,709,813</b>                     | <b>-</b>                       | <b>1,254,644</b>                     | <b>-</b>                       |
| <i>Other Income</i>                        |                                      |                                |                                      |                                |
| Miscellaneous income                       | 23,631                               | -                              | -                                    | -                              |
| Dividends                                  |                                      |                                |                                      |                                |
| Interest – other persons                   | 312,736                              | 311,166                        | 19,527                               | 16,100                         |
| Foreign exchange gains                     | 64,866                               | -                              | 3,742                                | -                              |
|  | <b>401,233</b>                       | <b>311,166</b>                 | <b>23,269</b>                        | <b>16,100</b>                  |

**NOTE 7 : INCOME TAX**

| Notes  | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>(a) The components of tax expense:</b>  |                                      |                                |                                      |                                |
| Current tax  | -                                    | -                              | -                                    | -                              |
| <b>Total Income tax expense</b>  | <b>-</b>                             | <b>-</b>                       | <b>-</b>                             | <b>-</b>                       |
| <b>(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:</b> |                                      |                                |                                      |                                |
| Loss before tax from continuing operations   | (4,310,103)                          | (4,310,103)                    | (2,063,097)                          | (2,063,097)                    |
| <b>Total loss before income tax</b>  | <b>(4,310,103)</b>                   | <b>(4,310,103)</b>             | <b>(2,063,097)</b>                   | <b>(2,063,097)</b>             |
| At the statutory income tax rate of 30% (2007: 30%)  | (1,293,031)                          | (1,293,031)                    | (618,929)                            | (618,929)                      |
| Less tax losses not recognised   | 1,293,031                            | 1,293,031                      | 618,929                              | 618,929                        |
| <b>Income tax expense</b>  | <b>-</b>                             | <b>-</b>                       | <b>-</b>                             | <b>-</b>                       |

**NOTE 8 : RECEIVABLES****CURRENT**

|                              |                |              |                |          |
|------------------------------|----------------|--------------|----------------|----------|
| Trade receivables            | 446,844        | -            | 468,115        | -        |
| Allowance for doubtful debts | (12,544)       | -            | (8,550)        | -        |
|                              | <b>434,300</b> | <b>-</b>     | <b>459,565</b> | <b>-</b> |
| Prepayments                  | 138,471        | -            | 31,549         | -        |
| TFN Withholding Tax          | 7,835          | 1,890        | 9,173          | -        |
|                              | <b>146,306</b> | <b>1,890</b> | <b>40,722</b>  | <b>-</b> |
|                              | <b>580,606</b> | <b>1,890</b> | <b>500,287</b> | <b>-</b> |

(i) This relates to a vendor prepayment for A-Data & prepaid insurance.

**(a) Impaired receivables**

As at 30 June 2008 current trade receivables of the group with a nominal value of \$12,544 (2007: \$8,550) were impaired. The amount of the provision was \$12,544 (2007: \$8,550). The individually impaired receivables mainly relate to retailers which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the parent in 2008 or 2007.

**NOTE 8 : RECEIVABLES (continued)****(a) Impaired receivables (continued)**

|  | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|-------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| 0-3 months   |       | -                                    | -                              | -                                    | -                              |
| 3-6 months   |       | 12,544                               | -                              | 8,550                                | -                              |
| over 6 months  |       | -                                    | -                              | -                                    | -                              |
|  |       | <b>12,544</b>                        | -                              | <b>8,550</b>                         | -                              |
| <i>Movements in the provision for impairment of receivables.</i> |       |                                      |                                |                                      |                                |
| At 1 July  |       | 8,550                                | -                              | -                                    | -                              |
| Provision for impairment recognised during the year              |       | 3,994                                | -                              | 8,550                                | -                              |
| Receivables written off  |       | -                                    | -                              | -                                    | -                              |
| Unused amount reversed   |       | -                                    | -                              | -                                    | -                              |
|  | (i)   | <b>12,544</b>                        | -                              | <b>8,550</b>                         | -                              |
| <i>Receivables not impaired</i>                                  |       |                                      |                                |                                      |                                |
| 0-3 months   |       | 434,888                              | -                              | 467,466                              | -                              |
| 3-6 months   |       | (588)                                | -                              | (7,901)                              | -                              |
| over 6 months  |       | -                                    | -                              | -                                    | -                              |
|  | (ii)  | <b>434,300</b>                       | -                              | <b>459,565</b>                       | -                              |

(i) The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(ii) As of 30 June 2008, trade receivables of \$434,300 (2007: \$459,565) were due but not impaired.

**NOTE 9 : INVENTORIES****CURRENT**

|                              |  |                |   |                |   |
|------------------------------|--|----------------|---|----------------|---|
| Finished goods               |  |                |   |                |   |
| - at cost                    |  | 872,670        | - | 472,967        | - |
| - provision for obsolescence |  | (420,319)      | - | (118,251)      | - |
| Total Inventories            |  | <b>452,351</b> | - | <b>354,716</b> | - |

## NOTE 10 : OTHER FINANCIAL ASSETS

|   | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|---|-------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| NON-CURRENT                               |       |                                      |                                |                                      |                                |
| Security Deposits                         | (i)   | 36,958                               | -                              | -                                    | -                              |
|   |       | <b>36,958</b>                        | <b>-</b>                       | <b>-</b>                             | <b>-</b>                       |
| <i>Investments in controlled entities</i> |       |                                      |                                |                                      |                                |
| At cost                                   |       | -                                    | 7,292,619                      | -                                    | 2,148,402                      |
| Less provision for impairment             |       | -                                    | (4,446,405)                    | -                                    | (922,230)                      |
|   |       | <b>-</b>                             | <b>2,846,214</b>               | <b>-</b>                             | <b>1,226,172</b>               |
|   |       | <b>36,958</b>                        | <b>2,846,214</b>               | <b>-</b>                             | <b>1,226,172</b>               |

(i) Security deposits on the Sydney & Melbourne office.

**a) Wholly-owned Group**

Details of interests in wholly-owned controlled entities are set out at part (b) of this note. Details of dealings with controlled entities are as follows:

*Inter-company accounts*

Mint Wireless Limited provides working capital to its controlled entities. Transactions between Mint Wireless Limited and other controlled entities in the wholly-owned Group during the year ended 30 June 2008 consisted of:

- (i) Working capital advanced by Mint Wireless Limited;
- (ii) Provision of services by Mint Wireless Limited, and
- (iii) Expenses paid by Mint Wireless Limited on behalf of its controlled entities.

The above transactions were made interest free with no fixed terms for repayment.

At balance date amounts receivable from controlled entities totalled \$7,292,619 (at cost) (note 10). Following recent guidance issued by the Australian Accounting Standards Board, this receivable has been included within the cost of investment in subsidiaries. In accordance with the Company's accounting policies (note 2 (v)) an impairment provision of \$4,446,405 (note 10) has been recognised in respect of these receivables.

**b) Investments in Controlled Entities**

| Name of Entity                        | Country of<br>Incorporation | Class of Shares | Equity Holding<br>% |
|---------------------------------------|-----------------------------|-----------------|---------------------|
| <b>Controlled Entities</b>            |                             |                 |                     |
| Mint (Aust) Pty Limited               | Australia                   | Ordinary        | 100                 |
| Mint Trading Pty Limited              | Australia                   | Ordinary        | 100                 |
| Mobile Content Management Pty Limited | Australia                   | Ordinary        | 100                 |

**c) Ultimate Parent Company**

The ultimate parent company in the wholly-owned Group is Mint Wireless Limited, a company incorporated in Australia.

**NOTE 11 : PROPERTY, PLANT AND EQUIPMENT**

|   | Consolidated Entity<br>2008 | Parent Entity<br>2008 | Consolidated Entity<br>2007 | Parent Entity<br>2007 |
|---|-----------------------------|-----------------------|-----------------------------|-----------------------|
|   | \$                          | \$                    | \$                          | \$                    |
| <b>Plant and equipment &amp; IT</b>                           |                             |                       |                             |                       |
| Carrying amount at beginning                                  | 292,557                     | -                     | -                           | -                     |
| Additions   | 192,466                     | -                     | 257,657                     | -                     |
| Disposals   | -                           | -                     | -                           | -                     |
| Additions through acquisition of entities / operations        | -                           | -                     | 124,263                     | -                     |
| Depreciation expense  | (126,877)                   | -                     | (89,363)                    | -                     |
| Impairment  | -                           | -                     | -                           | -                     |
| Net foreign currency movements arising from foreign operation | -                           | -                     | -                           | -                     |
|   | <b>358,146</b>              | <b>-</b>              | <b>292,557</b>              | <b>-</b>              |

**NOTE 12 : IT DEVELOPMENT****At 30 June 2008**

|                             |                  |          |                  |          |
|-----------------------------|------------------|----------|------------------|----------|
| <i>IT Development</i>       | 2,808,383        | -        | 2,489,066        | -        |
| Accumulated impairment loss | (869,628)        | -        | (285,757)        | -        |
| <i>Net carrying amount</i>  | <b>1,938,755</b> | <b>-</b> | <b>2,203,309</b> | <b>-</b> |

**Year ended 30 June 2008**

|  |                  |          |                  |          |
|--|------------------|----------|------------------|----------|
| <i>Opening net book amount</i>                         | 2,203,309        | -        | -                | -        |
| Additions  | 272,991          | -        | 224,889          | -        |
| Additions through acquisition of entities / operations | -                | -        | 2,264,177        | -        |
| Amortisation charge                                    | (537,545)        | -        | (285,757)        | -        |
| <i>Closing net book value</i>                          | <b>1,938,755</b> | <b>-</b> | <b>2,203,309</b> | <b>-</b> |

**NOTE 13 : PAYABLES****CURRENT**

|                |                |               |                  |                |
|----------------|----------------|---------------|------------------|----------------|
| Trade payables | 389,548        | 15,634        | 783,695          | 69,732         |
| Other payables | 197,179        | 43,676        | 366,107          | 183,769        |
|                | <b>586,727</b> | <b>59,310</b> | <b>1,149,802</b> | <b>253,501</b> |

**NOTE 14 : BORROWINGS****CURRENT***Secured*

|  |      |          |                |          |
|--|------|----------|----------------|----------|
| Lease liability                        |      |          |                |          |
| Borrowing's secured by floating charge | (i)  | -        | 361,949        | -        |
| - bank overdraft                       | (ii) | -        | 15,555         | -        |
|  |      | <b>-</b> | <b>377,504</b> | <b>-</b> |

*Unsecured*

|  |       |          |                  |          |
|--|-------|----------|------------------|----------|
| Aggregate amounts payable to related parties | (iii) | -        | 885,621          | -        |
|  |       | <b>-</b> | <b>-</b>         | <b>-</b> |
|  |       | <b>-</b> | <b>885,621</b>   | <b>-</b> |
|  |       | <b>-</b> | <b>1,263,125</b> | <b>-</b> |

**NOTE 14 : BORROWINGS (continued)**

- (i) This inventory financing facility has since been repaid. As at 30 June 2008 the facility of \$400,000 is still available but has not been drawn down on. It is secured by a fixed and floating charge, is repayable 120 days after delivery of the inventory to which it relates.
- (ii) This overdraft has since being paid & no longer utilised in the current financial year.
- (iii) A interest bearing loan of \$885,621 was repaid to TAAJ Corporation pursuant to the terms of a loan agreement.

**NOTE 15 : PROVISIONS**

|                        | Notes | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|------------------------|-------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>CURRENT</b>         |       |                                      |                                |                                      |                                |
| Provision for warranty | (i)   | 49,203                               | -                              | -                                    | -                              |
| Employee benefits      | (ii)  | 93,165                               | 24,466                         | 57,681                               | 5,219                          |
|                        |       | <b>142,368</b>                       | <b>24,466</b>                  | <b>57,681</b>                        | <b>5,219</b>                   |
| <b>NON-CURRENT</b>     |       |                                      |                                |                                      |                                |
| Employee benefits      |       | -                                    | -                              | -                                    | -                              |
|                        |       | <b>142,368</b>                       | <b>24,466</b>                  | <b>57,681</b>                        | <b>5,219</b>                   |

(i) A provision of \$49,203 as at 30 June 2008 has been recognized for estimated warranty claims in respect of products sold which are still under warranty at balance date. The provision for warranty is based on current experience & expectations.

**(ii) Movements in provisions for employee benefit**

|   |               |               |               |              |
|---|---------------|---------------|---------------|--------------|
| Carrying amount at the beginning of the year  | 57,681        | 5,219         | -             | -            |
| Additional provisions recognised              | 103,234       | 38,941        | 70,995        | 7,630        |
| Utilised during the year                      | (67,750)      | (19,694)      | (13,314)      | (2,411)      |
| <b>Carrying amount at the end of the year</b> | <b>93,165</b> | <b>24,466</b> | <b>57,681</b> | <b>5,219</b> |

**NOTE 16 : CONTRIBUTED EQUITY**

|                                       | 2008               |                   | 2007               |                  |
|---------------------------------------|--------------------|-------------------|--------------------|------------------|
|                                       | No.                | \$                | No.                | \$               |
| <b>(a) Issued and paid up capital</b> |                    |                   |                    |                  |
| Ordinary Shares                       | 175,937,500        | 11,559,560        | 132,437,500        | 3,493,822        |
|                                       | <b>175,937,500</b> | <b>11,559,560</b> | <b>132,437,500</b> | <b>3,493,822</b> |

**(b) Movements in shares on issue**

|   | Date      | No. of<br>shares   | Issue Price | \$                |
|---|-----------|--------------------|-------------|-------------------|
| Beginning of the financial year                                 | 01-Jul-07 | 132,437,500        |             | 3,493,822         |
| Issued during the year  |           |                    |             |                   |
| Fully paid ordinary share issued under Initial Public Offereing | 02-Aug-07 | 43,500,000         | 0.20        | 8,700,000         |
| Cost of share issue for IPO capital raising 2-August 2007       |           |                    |             | (634,262)         |
| <b>Closing balance as at 30-Jun-08</b>                          |           | <b>175,937,500</b> |             | <b>11,559,560</b> |

**NOTE 16 : CONTRIBUTED EQUITY (continued)****Ordinary Shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held. Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital, nor par value in respect of its issued shares.

**NOTE 17 : RESERVES AND ACCUMMULATED LOSSES**

| Notes  | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>a) Share based payment reserve</b>                        |                                      |                                |                                      |                                |
| Balance at the beginning of year                             | 8,345                                | 8,345                          | -                                    | -                              |
| Movement during the year                                     | 27,644                               | 27,644                         | 8,345                                | 8,345                          |
| <b>Balance at end of year</b>                                | <b>35,989</b>                        | <b>35,989</b>                  | <b>8,345</b>                         | <b>8,345</b>                   |
| <b>b) Accumulated Losses</b>                                 |                                      |                                |                                      |                                |
| Balance at the beginning of year                             | (2,063,097)                          | (2,063,097)                    | -                                    | -                              |
| Net loss attributable to members of<br>Mint Wireless Limited | (4,310,103)                          | (4,310,103)                    | (2,063,097)                          | (2,063,097)                    |
| <b>Balance at end of year</b>                                | <b>(6,373,200)</b>                   | <b>(6,373,200)</b>             | <b>(2,063,097)</b>                   | <b>(2,063,097)</b>             |

**NOTE 18 : OPTIONS**

As at balance date, the Company and Consolidated Entity has the following class of options on issue:

| Description  | Number            | Exercise<br>Price<br>(cents) | Expiry     |
|--|-------------------|------------------------------|------------|
| Unlisted options   | 21,218,750        | 0.25                         | 31/12/2008 |
| Grants under Employee Share Option<br>Plan (details below) | 2,150,000         | 0.25                         | Various    |
| <b>Total</b>   | <b>23,368,750</b> |                              |            |

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

*Mint Wireless Limited Employee Share Option Plan*

Each option granted under the Mint Wireless Limited Employee Option Plan entitles the employee to acquire one ordinary share of Mint Wireless Limited. There are no voting or dividend rights attaching to the options until they are exercised by the employee, at which point ordinary shares which rank equally with all other Mint shares are issued and quoted on the ASX. The options cannot be transferred and will not be quoted on the ASX.

All options expire on the earlier of their expiry date or termination of the individual's employment. Should the Vesting Conditions (described below) not be met, options will lapse.

**NOTE 18 : OPTIONS (continued)**

**a) Share based payments**

| Mint Wireless Employee Limited Option Plan                   | Grant date | 2008 Number       | Vesting date | Exercise price | Expiry    |
|--|------------|-------------------|--------------|----------------|-----------|
| <b>Vesting conditions</b>                                    |            |                   |              |                |           |
| 12 months employment plus achievement of Board approved KPIs | 3-Aug-07   | 150,000           | 30-Jun-08    | 0.250          | 30-Jun-11 |
| 12 months employment plus achievement of Board approved KPIs | 9-Aug-07   | 750,000           | 30-Jun-08    | 0.250          | 30-Jun-11 |
| 12 months employment plus achievement of Board approved KPIs | 7-Sep-07   | 250,000           | 30-Jun-08    | 0.250          | 30-Jun-11 |
| 12 months employment plus achievement of Board approved KPIs | 28-Nov-07  | 500,000           | 27-Nov-07    | 0.250          | 30-Jun-11 |
| 12 months employment plus achievement of Board approved KPIs | 28-Nov-07  | 500,000           | 31-Dec-08    | 0.250          | 30-Jun-11 |
| <b>Grants under Employee Share Option Plan</b>               |            | <b>2,150,000</b>  |              |                |           |
| Unlisted Options   |            | 21,218,750        |              | 0.250          | 31-Dec-08 |
| <b>Total Options</b>   |            | <b>23,368,750</b> |              |                |           |

|   | Weighted average exercise price 2008 cents | No. of options 2008 | Weighted average exercise price 2007 cents | No. of options 2007 |
|---|--|---------------------|--|---------------------|
| Outstanding at the beginning of the year  | 0.3365                                     | 6,500,000           | -  | -                   |
| Forfeited during the year                 | 0.3365                                     | (6,500,000)         | -  | -                   |
| Exercised during the year                 | -  | -                   | -  | -                   |
| Granted during the year                   | 0.25                                       | 2,150,000           | 0.3365                                     | 6,500,000           |
| <b>Outstanding at the end of the year</b> | <b>0.25</b>                                | <b>2,150,000</b>    | <b>0.3365</b>                              | <b>6,500,000</b>    |
| Exercisable at the end of the year        |  | -                   |  | -                   |

The options outstanding at 30 June 2008 have an exercise price of \$0.25 and a weighted average contractual life of 3 years.

During the financial year, no options were exercised.

The fair value of services received in return for options granted are measured by reference to the fair value of options granted. The estimate of the fair value of the services received is measured based on the Black Scholes option-pricing model. The contractual life of the options is used as an input into the model. Expectations of early exercise are incorporated into the model as well.

| Tranche | Expiry date | Fair value per option (cents) | Exercise price (cents) | Price of share on grant date (cents) | Estimated volatility | Risk free interest | Dividend yield |
|---------|-------------|-------------------------------|------------------------|--------------------------------------|----------------------|--------------------|----------------|
| 1       | 30-Jun-11   | 0.01                          | 0.25                   | 0.16                                 | 18.5%                | 6.33%              | 0.00%          |
| 2       | 30-Jun-11   | 0.14                          | 0.25                   | 0.17                                 | 140.3%               | 6.37%              | 0.00%          |
| 3       | 30-Jun-11   | 0.01                          | 0.25                   | 0.16                                 | 18.5%                | 6.23%              | 0.00%          |
| 4       | 30-Jun-11   | 0.06                          | 0.25                   | 0.10                                 | 107.3%               | 6.40%              | 0.00%          |
| 5       | 30-Jun-11   | 0.06                          | 0.25                   | 0.10                                 | 107.3%               | 6.40%              | 0.00%          |

**NOTE 18 : OPTIONS (continued)**

The expected volatility is based on the historic volatility of peer group entities (calculated on the weighted average remaining life of the share options), adjusted for any expected changes to volatility due to publicly available information.

Options will only convert to ordinary shares upon the achievement of a service condition and performance conditions.

**NOTE 19 : KEY MANAGEMENT PERSONNEL DISCLOSURES**

The Directors of Mint Wireless Limited during the year were:

- **Graham Dowland**, former Chairman (resigned 27 November 2007)
- **David Ledger**, former Non Executive Director (resigned 3 June 2008)
- **Alex Teoh**, CEO, Managing Director
- **Andrew Teoh**, Executive Director
- **Terry Cuthbertson**, Chairman (appointed 27 November 2007)
- **John Skippen**, Non Executive Director (appointed 27 November 2007, resigned 22 September 2008)

*Other Key Management Personnel*

- **Ross Gillies Tuck**, Product Development Manager – portable payments (appointed 10 April 2007)
- **Jane McGrath**, Business Development Manager (appointed 13 June 2006)
- **Nigel Turner**, Marketing Director (appointed 3 July 2007)
- **Richard Clarke**, Sales Director - Trading (appointed 10 September 2007)
- **Bobby Sanghera**, Sales Director – Portable Payments (appointed 12 November 2007)

Other than the Directors & those named above, no other persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the current financial period

**a) Share & option holdings**

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Mint Wireless Limited and other Key Management Personnel of the Group, including their personally related parties, are set out in the following table.

**b) Number of shares held by Key Management Personnel:**

|                    | <i>Balance<br/>1-Jul-07</i> | <i>Received as<br/>remuneration</i> | <i>Purchased in<br/>their capacity<br/>as investors</i> | <i>Options<br/>Exercised</i> | <i>Balance<br/>when<br/>ceased<br/>to be a<br/>Director</i> | <i>Net<br/>change<br/>Other</i> | <i>Balance<br/>30-Jun-08</i> |
|--------------------|-----------------------------|-------------------------------------|---|------------------------------|---|---------------------------------|------------------------------|
| <b>Directors</b>   |                             |                                     |   |                              |   |                                 |                              |
| Alex Teoh (3)      | 100,000,000                 | -                                   | 1,000,000   | -                            | -   | -                               | 101,000,000                  |
| Andrew Teoh (3)    | 100,000,000                 | -                                   | -   | -                            | -   | -                               | 100,000,000                  |
| Graham Dowland (1) | 7,500,000                   | -                                   | -   | -                            | 7,500,000   | -                               | Nil                          |
| David Ledger (2)   | 9,003,750                   | -                                   | 700,000   | -                            | 9,703,750   | -                               | Nil                          |

<sup>1</sup> These securities are held by Treffina Dowland, the wife of Graham Dowland. Graham has a relevant interest in 5,000,000 shares pursuant to a call option deed between Avalon Valley Pty Ltd (a company of which Graham is a director and shareholder) and TAAJ Corporation Pty Ltd. Graham Dowland resigned as Chairman & Non Executive Director on the 10<sup>th</sup> January 2008.

<sup>2</sup> These securities are held by Alison Ledger, the wife of David Ledger and Arlington Capital Pty Ltd. David has a relevant interest in 5,000,000 shares pursuant to a call option deed between Arlington Capital Pty Ltd and TAAJ Corporation Pty Ltd. The option is exercisable following the release of the shares from any escrow requirements imposed by ASX until 30 June 2011. The consideration payable upon exercise is \$0.20 per share. David Ledger resigned as a Non Executive Director on the 3<sup>rd</sup> June 2008.

<sup>3</sup> The 100,000,000 securities are held by TAAJ Corporation Pty Ltd. The sole shareholder of TAAJ Corporation Pty Ltd is JAAT Holdings Pty Limited the trustee of the TAAJ Trust, of which Alex Teoh and Andrew Teoh are beneficiaries. From the Initial Public Offering, Alex Teoh acquired 200,000 fully paid ordinary shares & Yin-Yin Teoh, the wife of Alex Teoh acquired 800,000 fully paid ordinary shares.

## c) Number of options held by Key Management Personnel

|                   | Balance<br>1-Jul-07 | Granted as<br>remuneration | Options<br>exercised | Balance<br>when<br>ceased to<br>be a<br>Director | Balance<br>30-Jun-08 | Total<br>vested<br>30-Jun-08 | Total<br>Exercisable<br>30-Jun-08 | Total Un-<br>exercisable<br>30-Jun-08 |
|-------------------|---------------------|----------------------------|----------------------|--|----------------------|------------------------------|-----------------------------------|---------------------------------------|
| <b>Directors</b>  |                     |                            |                      |  |                      |                              |                                   |                                       |
| Graham Dowland    | 2,500,000           | -                          | -                    | 2,500,000  | Nil                  | -                            | -                                 | -                                     |
| David Ledger      | 4,001,875           | -                          | -                    | 4,001,875  | Nil                  | -                            | -                                 | -                                     |
| Terry Cuthbertson | -                   | 500,000                    | -                    | -  | 500,000              | 47,373                       | 47,373                            | -                                     |
| John Skippen      | -                   | 500,000                    | -                    | -  | 500,000              | 47,373                       | 47,373                            | -                                     |
| <b>Total</b>      | <b>6,501,875</b>    | <b>1,000,000</b>           | <b>-</b>             | <b>6,501,875</b>                                 | <b>1,000,000</b>     | <b>94,746</b>                | <b>94,746</b>                     | <b>-</b>                              |

## d) Loans to Key Management Personnel

There were no loans made to Directors of Mint Wireless Limited or other Key Management Personnel of the Group (or their personally related entities) during the current period.

## e) Other transactions with Key Management Personnel

|  |       | Consolidated<br>Entity | Parent<br>Entity | Consolidated<br>Entity | Parent<br>Entity |
|--|-------|------------------------|------------------|------------------------|------------------|
|  |       | 2008                   | 2008             | 2007                   | 2007             |
| Payments to director related party             | Notes | \$                     | \$               | \$                     | \$               |
| <i>Capital Investment Partners Pty Limited</i> | (i)   | 579,656                | 579,656          | 201,300                | 201,300          |
| <i>Avalon Valley Pty Ltd</i>                   | (ii)  | 17,445                 | 17,445           | -                      | -                |
| <i>Taaj Corporation Pty Ltd</i>                | (iii) | 1,105,621              | 1,105,621        | 646,484                | 646,484          |

(i) During the year, Capital Investment Partners Pty Limited (CIP), a company of which David Ledger was a director and shareholder, was entitled to receive a corporate advisory fee from the Company equivalent to 5% of the value of funds raised from offers. CIP is also entitled to receive a success fee equivalent to 1% of the funds raised. This totalled \$574,200. Other out of pocket expenses & travel totalled \$5,456.

(ii) During the year, Avalon Valley Pty Ltd, a company of which Graham Dowland was a Director and shareholder, was paid out of pocket expenses & travel totalling \$17,445.

(iii) During the year, \$220,000 was paid to TAAJ Corporation, an entity associated with Alex Teoh and Andrew Teoh. TAAJ provides administrative & operational services to the Company as required. A loan with interest of \$885,621 was repaid to TAAJ Corporation pursuant to the terms of a loan agreement. Further information in relation to the loan can be found in note 14.

It should be noted that under the deed agreement between TAAJ Corporation & Mint Wireless Limited (Mint), schedule 1, the following performance milestones are in effect.

- Subject to b) below, if Mint fails to achieve an annualised revenue (Annualised Revenue) for the financial year ending 30 June 2009 (FY09) of \$1,380,000 per month or \$16,560,000 (annualised) (FY09 Revenue), 35,000,000 of the Mint shares will be cancelled in accordance with clause 2(a)
- If the FY09 Revenue is within 0-5% of the performance milestone outlined in (a) above, at the discretion of the Board, a minimum of 15,000,000 of the Mint shares will be cancelled in accordance with clause 2(a)
- For the purposes of (a) above, the Annualised Revenue shall be calculated as Mint's average revenue per month of the forth quarter of FY09 multiplied by twelve (12).

**NOTE 20 : AUDITORS REMUNERATION**

During the year, the following fees were paid or payable for services provided by the auditor of the Parent Entity, its related practices and non-related audit firms:

Amounts received or due and receivable by **Pitcher Partners for:**

Audit of the financial report of the entity and any other entity in the consolidated entity

30,000      30,000      18,000      18,000

Additional audit cost from the previous year.

6,200      6,200      -      -

Other financial services

- Income tax advice etc

30,883      30,883      -      -

For Investigating Accountant's Report for Prospectus dated 13 June 2007

-      -      7,000      7,000

**67,083      67,083      25,000      25,000**

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## NOTE 21 : CASH FLOW INFORMATION

| Notes   | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|---|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| (a) Reconciliation of the net loss after tax to the net cash flows from operations: |                                      |                                |                                      |                                |
| <b>Net loss</b>   | <b>(4,310,103)</b>                   | <b>(4,310,103)</b>             | <b>(2,063,097)</b>                   | <b>(2,063,097)</b>             |
| <b>Non Cash Items</b>   |                                      |                                |                                      |                                |
| Depreciation  | 126,877                              | 105,500                        | 375,120                              | -                              |
| Amortisation of IT Development  | 537,545                              | 35,720                         | -                                    | -                              |
| Provision for impairment of investment  | -                                    | 3,524,174                      | -                                    | 922,231                        |
|   | <b>664,422</b>                       | <b>3,665,394</b>               | <b>375,120</b>                       | <b>922,231</b>                 |
| <b>Changes in assets and liabilities</b>  |                                      |                                |                                      |                                |
| (Increase)/decrease in trade receivables  | 25,265                               | -                              | (235,305)                            | -                              |
| (Increase)/decrease in inventory  | (97,635)                             | -                              | 76,195                               | -                              |
| (Increase)/decrease in other assets   | (148,838)                            | -                              | (40,722)                             | -                              |
| (Increase)/decrease in long term assets   | (36,958)                             | -                              | -                                    | -                              |
| (Decrease)/increase in trade & other payables                                       | (427,343)                            | 436,812                        | 434,728                              | 253,501                        |
| (Decrease)/increase in employee entitlements  | 35,484                               | 24,466                         | 57,681                               | 5,219                          |
| (Decrease)/increase in provisions   | 49,203                               | -                              | -                                    | -                              |
| (Decrease)/increase share based payments  | 27,644                               | 35,989                         | 8,345                                | 8,345                          |
|   | <b>(573,178)</b>                     | <b>497,267</b>                 | <b>300,922</b>                       | <b>267,065</b>                 |
| <b>Net cash flow from operating activities</b>                                      | <b>(4,218,859)</b>                   | <b>(147,442)</b>               | <b>(1,387,055)</b>                   | <b>(873,801)</b>               |

## NOTE 22 : EARNINGS PER SHARE

|   | 2008<br>\$         | 2007<br>\$         |
|---|--------------------|--------------------|
| The following reflects the income and share data used in the calculation of basic and diluted earnings per share: |                    |                    |
| Net loss  | (4,310,103)        | (2,063,097)        |
| Earnings used in calculating basic and diluted earnings per share   | <b>(4,310,103)</b> | <b>(2,063,097)</b> |

**NOTE 22 : EARNINGS PER SHARE (CONTINUED)**

|  | <b>2008</b>         | <b>2007</b>         |
|--|---------------------|---------------------|
|  | <b>No of shares</b> | <b>No of shares</b> |
| Weighted average number of ordinary shares used in calculating basic earnings per share            | 172,134,221         | 116,269,053         |
| <b>Effect of dilutive securities:</b>  |                     |                     |
| Share options  | -                   | -                   |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | 172,134,221         | 116,269,053         |
| EPS (cents)  | <b>(0.25)</b>       | <b>(0.18)</b>       |

The options on issue (Note 18) represent potential ordinary shares but are not dilutive as they would decrease the loss per share. Accordingly they have been excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share.

**NOTE 23: SUBSEQUENT EVENTS**

On the 1 July 2008 Ms Jacinta Bayard resigned as Company Secretary, which was only on an interim basis. Mr Gary Stewart has now been appointed.

On the 14 July 2008 Mint Trading Pty Ltd was appointed as the sole distributor of Aiptek products in Australia & New Zealand.

On the 31 July 2008 Mint Trading Pty Limited launched the smallest commercially available pocket projector manufactured by Aiptek.

On the 5 August 2008 Mint Trading Pty Ltd secured an order from K Mart to supply Aiptek DV cameras from August 2008.

On the 13 August 2008 Uniden placed it's first order to pre-bundle Mint's SD cards with all Uniden GPS units sold in Australia & New Zealand. This agreement comes off the back of rigorous testing by Uniden's research & development team in Japan.

Other than the matters discussed above, in the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Consolidated Entity's operations, results of those operations or the state of affairs in future financial years.

**NOTE 24 : COMMITMENTS AND CONTINGENCIES**

| Notes  | Consolidated<br>Entity<br>2008<br>\$ | Parent<br>Entity<br>2008<br>\$ | Consolidated<br>Entity<br>2007<br>\$ | Parent<br>Entity<br>2007<br>\$ |
|--|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <b>Lease expenditure commitments</b>                           |                                      |                                |                                      |                                |
| <i>(a) Operating leases (non-cancellable):</i>                 |                                      |                                |                                      |                                |
| Premises Rented (i)  |                                      |                                |                                      |                                |
| Minimum lease payments   |                                      |                                |                                      |                                |
| - Not later than one year                                      | 183,576                              | -                              | 144,900                              | -                              |
| - Later than one year and not later than five years            | 384,782                              | -                              | 362,250                              | -                              |
| - Later than five years  | -                                    | -                              | -                                    | -                              |
| - Aggregate lease expenditure contracted for at reporting date | <b>568,358</b>                       | <b>-</b>                       | <b>507,150</b>                       | <b>-</b>                       |

**NOTE 24 : COMMITMENTS AND CONTINGENCIES (continued)**

- (i) Relates to the rental of the Group's Sydney office which has been secured for 6 years from 1 January 2006 until 31 December 2011 & the Melbourne office from 1 April 2008 to 31 March 2010.

**NOTE 25 : RELATED PARTY TRANSACTIONS**

There have been no transactions with related parties during the year ended 30 June 2008 other than as disclosed elsewhere in the financial report.

Mint Wireless Limited is a listed public company, incorporated and operating in Australia.

**Registered Office**

91-95 Victoria Road  
ROZELLE  
NSW 2039  
Australia

**Principal place of business**

91-95 Victoria Road  
ROZELLE  
NSW 2039  
Australia

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**Directors Declaration**

For year ended 30 June 2008

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**Directors' Declaration**

In the Directors' opinion:

- (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, 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 2008 and of their performance for the year ended on that date; and
  - (ii) compliance with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the financial year ended 30 June 2008.

This declaration is made in accordance with a resolution of the Directors.



.....  
**ALEX TEOH**  
**Managing Director**  
Sydney, New South Wales  
29<sup>th</sup> September 2008

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C J CHIRGWIN  
K J CRANFIELD  
A W ELKERTON  
M A GODLEWSKI  
B W JONES  
C W HOPE  
D S MCGILL  
C R MILLINGTON  
Y E PIETSCH  
R M SHANLEY  
D W STAPLES  
D G YOUNG

CONSULTANTS:  
J S YOUNG  
D G BARNSDALL  
P S ROWE

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Mint Wireless Limited**

In relation to the independent audit of Mint Wireless Limited for the year ended 30 June 2008, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct.

MARK GODLEWSKI  
Partner  
PITCHER PARTNERS

Sydney

29 September 2008

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CONSULTANTS:  
J S YOUNG  
D G BARNSDALL  
P S ROWE

**MINT WIRELESS LIMITED  
ACN 122 043 029  
AND CONTROLLED ENTITIES  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS**

We have audited the accompanying financial report of Mint Wireless Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**MINT WIRELESS LIMITED  
ACN 122 043 029  
AND CONTROLLED ENTITIES  
INDEPENDENT AUDIT REPORT  
TO THE MEMBERS**

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion,

- (a) the financial report of Mint Wireless Limited is 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 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Mint Wireless Limited and controlled entities for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Handwritten signature of Mark Godlewski in black ink.

MARK GODLEWSKI  
Partner  
29 September 2008

Handwritten signature of Pitcher Partners in black ink.

PITCHER PARTNERS  
SYDNEY

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