

4E Preliminary Year End Report for Mint Wireless Limited**ABN : 51 122 043 029**

For the year ended 30 June 2011

		%	2011 A\$
1. Results for announcements to the market			
Revenue from ordinary activities	Down	10.96%	11,702,527
(Loss) from ordinary activities after tax attributable to members (Consolidated Statement of Comprehensive Income)	Up	20.08%	(2,346,569)
(Net Loss) for the year attributable to members (Consolidated Statement of Comprehensive Income)	Up	20.08%	(2,346,569)

Dividends (distributions)	Amount per/security	Franked amount per/security
Final dividend:	-	-
Interim dividend:	-	-
Previous corresponding period		
Final dividend:	-	-
Interim dividend:	-	-

		Current period	Previous corresponding period
2. NTA Backing per Share	cents	0.12	0.65

3. Gain or Loss of Control Over Entities

Mint Wireless acquired 51% of J & C Pacific Sdn. Berhad from Insas Technology Berhad. The acquisition was approved by an extraordinary general meeting on 17th June 2011. The contribution to the result for the year was loss \$7,259.

Intermoni Pte Ltd. (Singapore) was incorporated during the year.

4. Details of Dividend and Distribution Payments

No dividends or distributions have been paid or provided for the year.

5. Dividend Reinvestment Plans

There are no dividend or distribution reinvestment plans in operation.

6. Associates and Joint Venture Entities

Not applicable.

7. Foreign Entities

Mint Wireless International UK Limited – incorporated in United Kingdom

Mint Wireless International Limited – incorporated in Hong Kong

J & C Pacific SDN. BHD. – incorporated in Malaysia

Intermoni Pte. Ltd. – incorporated in Singapore

8. Audit Dispute or Qualification

This preliminary final report is based upon the consolidated entity's unaudited financial report.

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Mint Wireless Limited

ABN: 51 122 043 029

Preliminary Year End Report For the year ended 30 June 2011

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The Directors of Mint Wireless Limited (Mint or the Company) present their report on the consolidated entity consisting of Mint Wireless Limited and entities it controlled for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period under review were innovative mobile transactions and payment services for the developed and emerging markets. Intermoni, a wholly owned subsidiary of Mint Wireless, core business is the deployment of a micro airtime reload and micro remittance solution that provides a cost effective and efficient mobile money transfer service to the poorly banked population in emerging markets globally. Mint Wireless also has a 51% interest in J&C Pacific Sdn. Berhad, a mobile airtime reload and transfer provider in Malaysia. Mint Technology is a subsidiary of Mint Wireless that develops, manages and distributes innovative consumer technology products and services to major Australian retailers.

REVIEW AND RESULTS OF OPERATION

Operating Results

Mint Wireless Limited financial performance during the financial year ended 30 June 2011 was largely affected by delays in the bank accreditation of the Company's global managed payments service in the United Kingdom and tougher than expected conditions in the Australian retail environment in the second half year during the period under review.

Key financial results for the year ended 30 June 2011 were:

- Operating revenue for the financial year has decreased by 10.96% to \$11,702,527.
- Net operating loss after tax attributable to members for the financial year ended 30 June 2011 was \$2,346,569 up by 20.08% from the previous corresponding period.

During the financial year ended 30 June 2011, the Company successfully:

- Completed the acquisition of 51% of Malaysian based telecommunications services, and mobile based airtime reload and transfer provider J&C Pacific Sdn. Berhad ("J&C") from Insas Technology Berhad ("ITB") for \$1.311 million; and
- Strengthened the Company's balance sheet by completing a placement to institutional and sophisticated investors and subsequent to year-end, a share purchase plan that together raised a total of over \$2 million.

Review of Operations

During the year, the Company made strategic investments into the micro transactions and mobile airtime services market aimed at servicing the large cash-based, poorly banked market largely from developing countries. These investments has strongly positioned the Company to take advantage of growing adoption rates of micro transaction services in fast growing, emerging and developing countries where there are high volumes of international and domestic cash remittances and significant pre-paid mobile airtime penetration market share within each country.

The highlights for the year ended 30 June 2011 include:

- Successful launch of the Intermoni business unit focused on providing micro transaction services to the poorly banked population of emerging markets globally. Intermoni is a wholly owned subsidiary of Mint Wireless Limited based in Singapore with an innovative and cost effective pre-paid airtime reload and micro remittance solution using pre-paid mobile airtime.
- Acquisition of 51% of J&C immediately provided the Company with operations in Malaysia, resources, mobile technology and infrastructure that the Company will use as a base to develop its micro transactions, pre-paid airtime reload and international airtime transfer business globally.
- Strengthened the Company's balance sheet by completing a placement to institutional and sophisticated investors.

The Group incurred a net loss of \$2,346,569 which was an 20.08% increase from the previous corresponding period. The Company's financial performance during the financial year ended 30 June 2011 was largely affected by delays in the bank accreditation of the Company's global managed payments service in the United Kingdom and tougher than expected conditions in the Australian retail environment in the second half year. In spite of these delays, the Company had increased its capital and operating expenditures in its payments infrastructure with the view that the solution could be scaled globally, comply with international payment security standards (PCI/DSS) and have the ability to accept new payment methods such as EMV (Chip and PIN), debit cards and EFTPOS transactions as required by large enterprise merchants and global banking standards.

With a continued focus on growing the Company's strategic investments in the micro transactions and mobile airtime services market in the new financial year, the Company continues to assess and consider its options with regards to reducing costs, unlocking value and working capital in relation to its payment solutions and technology distribution business divisions.

Consolidated Statement of Comprehensive Income

For year ended 30 June 2011

	Notes	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
Revenue			
Sales revenue	5	11,702,527	13,142,406
Cost of goods sold		<u>9,694,931</u>	<u>11,311,876</u>
Gross Profit		<u>2,007,596</u>	<u>1,830,530</u>
Other income	5	<u>35,193</u>	<u>40,773</u>
Employee benefits expense		1,357,722	1,157,465
Depreciation expense		164,598	129,283
Amortisation of IT Development		637,518	616,182
Finance costs		516,945	299,698
Administration, property & communication expenses		260,536	324,770
Property expense		144,726	247,449
Distribution expense		282,228	177,214
Listing expense		83,376	106,244
Travel expense		182,871	155,193
Professional fees		386,812	330,306
Directors fees		83,500	56,864
Selling expenses		64,559	203,269
Other expenses		<u>227,524</u>	<u>21,586</u>
Total expenses		<u>4,392,915</u>	<u>3,825,523</u>
Loss before income tax		<u>(2,350,126)</u>	<u>(1,954,220)</u>
Income tax (expense)/ credit	6	<u>-</u>	<u>-</u>
Net loss after income tax		<u>(2,350,126)</u>	<u>(1,954,220)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(2,350,126)</u>	<u>(1,954,220)</u>
ATTRIBUTABLE TO:			
Equity shareholders		(2,346,569)	(1,954,220)
Minority Interests		<u>(3,557)</u>	<u>-</u>
Loss for the year		<u>(2,350,126)</u>	<u>(1,954,220)</u>
Basic earnings per share (cents)		(1.32)	(1.11)
Diluted earnings per share (cents)	17	(1.32)	(1.11)

Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		1,678,733	1,063,508
Trade and other receivables	7	1,960,467	3,174,362
Prepayment- Inventory		129,287	237,133
Inventories	8	1,986,151	2,086,229
TOTAL CURRENT ASSETS		5,754,638	6,561,232
NON-CURRENT ASSETS			
Other financial assets	9	157,032	33,300
Property, plant and equipment	10	474,724	252,425
IT Development	11	1,490,099	1,008,023
Goodwill		786,709	-
Other Receivables		20,075	-
TOTAL NON-CURRENT ASSETS		2,928,639	1,293,748
TOTAL ASSETS		8,683,277	7,854,980
CURRENT LIABILITIES			
Payables	12	3,223,747	3,028,647
Provisions	13	103,631	126,581
Short term borrowings		4,293,683	3,545,712
TOTAL CURRENT LIABILITIES		7,621,061	6,700,940
TOTAL LIABILITIES		7,621,061	6,700,940
NET ASSETS		1,062,216	1,154,040
EQUITY			
Contributed equity	14	13,221,035	11,559,560
Reserves	15	101,614	39,172
Accumulated Losses	15	(12,794,818)	(10,444,692)
		527,831	1,154,040
Minority Interests		534,385	-
TOTAL EQUITY		1,062,216	1,154,040

		Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		12,968,407	11,810,459
Payments to suppliers and employees		(13,230,340)	(14,874,696)
Interest received		5,573	1,180
Interest paid		(449,728)	(266,470)
Others		-	104,882
Income tax refund		-	199,429
Net cash used in operating activities	16	(706,088)	(3,025,216)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(160,004)	(12,013)
Payment for IT development		(1,087,554)	(125,135)
Net cash used in investing activities		(1,247,558)	(137,148)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds for shares to be allotted		1,500,901	-
Proceeds from issue of convertible notes		550,000	-
Cost of share issue		(30,000)	-
Proceeds from borrowings		547,970	11,211,949
Repayment of borrowings		-	(7,666,237)
Net cash provided by financing activities		2,568,871	3,545,712
Net increase decrease in cash and cash equivalents		615,225	383,348
Cash and cash equivalents at beginning of year		1,063,508	680,160
Cash and cash equivalents at end of the year		1,678,733	1,063,508

Consolidated Statement of Changes to Equity

For year ended 30 June 2011

	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
Total Equity at the beginning of the year	1,154,040	3,105,079
Cost of share issue	(30,000)	-
Employee share options	62,442	3,183
Loss for the year	(2,350,126)	(1,954,220)
Total recognised income and expense for the year	(1,163,644)	(1,954,220)
Transactions with equity holders in their capacity as equity holders:		
New issue of shares	1,691,475	-
Minority Interests	534,385	-
Total equity at the end of the year	<u>1,062,216</u>	<u>1,154,040</u>

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NOTE 1: CORPORATE INFORMATION

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 the Consolidated Entity comprised by Mint Wireless Limited and its subsidiaries ("Group or Consolidated Entity")

NOTE 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.

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 2011.

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 \$2,350,126 for the year ended 30 June 2011 and had a net cash outflow from operations of \$706,088 for the year. As at 30 June 2011 the Group had cash assets of \$1,678,733, current assets of \$5,754,638 and current liabilities of \$6,150,160 (after excluding proceeds of shares allotted of \$1,470,901). 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 2012. These forecasts are based on secured and projected orders from major retail customers. The Group is also continuing to reduce its cost base.

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 by the Company.

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 of IT development 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.

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.

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 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:

- 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
- 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.

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:

- 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
- 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 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.

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 are 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. Payments made under operating leases (net of any incentives received from the lessor) are charged as an expense on a straight-line basis over the period of the lease.

q) Property, plant & equipment

Property, 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 are 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

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 entity'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 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 statement of comprehensive income with a corresponding adjustment to equity.

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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 statement of financial position 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.

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 statement of comprehensive income immediately.

Other Information

For year ended 30 June 2011

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

Business segments	Mobile Payment System	Trading	Micro Payment Solution	Eliminations and Corporate	Consolidated	Mobile Payment System	Trading	Eliminations and Corporate	Consolidated
	2011	2011	2011	2011	2011	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Sales to customers outside the consolidated entity	142,461	11,522,894	37,114	58	11,702,527	166,787	12,975,619	-	13,142,406
Other revenue	15,916	15,653	3,537	87	35,193	39,939	834	-	40,773
Total segment revenue	158,377	11,538,547	40,651	145	11,737,720	206,726	12,976,453	-	13,183,179
Expenses	1,598,851	12,440,061	47,910	1,024	14,087,846	1,341,780	12,593,293	1,202,326	15,137,399
Results									
Segment result	(1,440,474)	(901,514)	(7,259)	(879)	(2,350,126)	(1,135,054)	383,160	(1,202,326)	(1,954,220)
Consolidated entity loss from ordinary activities before income tax expense	(1,440,474)	(901,514)	(7,259)	(879)	(2,350,126)	(1,135,054)	383,160	(1,202,326)	(1,954,220)
Income tax (expense)/ credit	-	-	-	-	-	-	-	-	-
Consolidated entity loss from ordinary activities after income tax expense	(1,440,474)	(901,514)	(7,259)	(879)	(2,350,126)	(1,135,054)	383,160	(1,202,326)	(1,954,220)

Other Information

For year ended 30 June 2011

(a) Primary Segment Information (Continued)

Business segments	Mobile Payment System	Trading	Micro Payment Solution	Eliminations and Corporate	Consolidated
	2011	2011	2011	2011	2011
	\$	\$	\$	\$	\$
Assets					
Segment assets	1,741,577	2,760,166	976,010	3,205,524	8,683,277
Total assets	1,741,577	2,760,166	976,010	3,205,524	8,683,277
Liabilities					
Segment liabilities	(180,971)	(4,628,028)	(449,634)	(2,362,428)	(7,621,061)
Total liabilities	(180,971)	(4,628,028)	(449,634)	(2,362,428)	(7,621,061)
Other segment information:					
Depreciation and amortisation of segment assets	688,032	112,540	1,544	-	802,116
Capital expenditure	1,108,830	6,086	323,907	119,396	1,558,219
Impairment Losses	-	-	-	-	-
Other non-cash expenses	-	-	-	-	-

Mobile Payment System	Trading	Eliminations and Corporate	Consolidated
2010	2010	2010	2010
\$	\$	\$	\$
1,754,144	5,914,708	186,128	7,854,980
1,754,144	5,914,708	186,128	7,854,980
(386,861)	(6,210,893)	(133,186)	(6,700,940)
(386,861)	(6,210,893)	(133,186)	(6,700,940)
654,966	90,499	-	745,465
137,148	-	-	137,148
-	-	-	-
-	-	-	-

NOTE 4: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing this Financial Report the Group has made 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 has 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 2011, the carrying value of capitalised IT development is \$1,490,099, after an impairment change of \$637,518.

Other Information

For year ended 30 June 2011

NOTE 5 : REVENUE	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
Revenues from continuing operations		
<i>Sales Revenue</i>		
Revenue from sale of goods	11,522,893	13,011,670
Revenue from services	179,634	130,736
	<u>11,702,527</u>	<u>13,142,406</u>
<i>Other Income</i>		
Miscellaneous income	30,955	39,593
Interest	4,238	1,180
	<u>35,193</u>	<u>40,773</u>
NOTE 6 : INCOME TAX	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
(a) The components of tax (expense)/ credit:		
Current tax	-	-
Total Income tax (expense)/ credit	<u>-</u>	<u>-</u>
Loss before tax from continuing operations	(2,350,126)	(1,954,220)
Loss before income tax	<u>(2,350,126)</u>	<u>(1,954,220)</u>
At the statutory income tax rate of 30% (2010: 30%)	(705,038)	(586,266)
Less tax losses not recognised	705,038	586,266
<i>Income tax (expense) / credit</i>	<u>-</u>	<u>-</u>
As at the date of this report, no deferred tax asset have been recognised 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.		
NOTE 7 : RECEIVABLES	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CURRENT		
Trade receivables	1,138,439	3,033,391
Allowance for doubtful debts	(48,734)	(70,118)
	<u>1,089,705</u>	<u>2,963,273</u>
Prepayments and other assets	870,762	211,089
	<u>870,762</u>	<u>211,089</u>
Trade and other receivables	<u><u>1,960,467</u></u>	<u><u>3,174,362</u></u>

Other Information

For year ended 30 June 2011

NOTE 7 : RECEIVABLES (continued)	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
0-3 months	-	-
3-6 months	-	70,118
Over 6 months	48,734	-
Allowance for doubtful debts	48,734	70,118

a) Movements in the provision for impairment of receivables.

At 1 July	70,118	21,215
Provision for impairment recognised during the year	48,734	48,903
Receivables written off	(70,118)	-
(i)	48,734	70,118

b) Receivables not impaired

0-3 months	987,877	2,961,893
3-6 months	27,580	1,380
over 6 months	74,248	-
Trade receivables	1,089,705	2,963,273

(i) The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. 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 2011, trade receivables of \$1,089,705 (2010: \$2,963,273) were due but not impaired.

NOTE 8 : INVENTORIES	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CURRENT		
Finished goods		
- at cost	2,634,938	2,559,223
- provision for obsolescence	(648,787)	(472,994)
Total inventories	1,986,151	2,086,229

Other Information

For year ended 30 June 2011

NOTE 9: OTHER FINANCIAL ASSETS	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
NON-CURRENT		
Security Deposits (i)	157,032	33,300
Other Financial Assets	157,032	33,300

(i) Security deposits for the Sydney, Melbourne & Singapore 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 2011 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.

b) Investments in Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	Equity Holding
			2011 %	2010 %
Controlled Entities			%	%
Mint (Aust) Pty Limited	Australia	Ordinary	100	100
Mint Technology Pty Limited	Australia	Ordinary	100	100
Mobile Content Management Pty Limited	Australia	Ordinary	100	100
Mint Wireless International UK Limited	United Kingdom	Ordinary	100	100
Mint Wireless International Limited	Hong Kong	Ordinary	100	100
Intermoni Pte Ltd.	Singapore	Ordinary	100	-
J & C Pacific Sdn. Berhad	Malaysia	Ordinary	51	-

c) Ultimate Parent Company

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

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Other Information

For year ended 30 June 2011

NOTE 10 : PROPERTY, PLANT AND EQUIPMENT		Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
<i>Plant and equipment & IT</i>			
Carrying amount at beginning		252,425	311,792
Additions		190,632	69,916
Additions – J&C Pacific		247,993	-
Disposals		(51,728)	-
Depreciation expense		(164,598)	(129,283)
		474,724	252,425
NOTE 11 : IT DEVELOPMENT			
		Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
IT Development		4,204,826	3,085,232
Accumulated impairment loss		(2,714,727)	(2,077,209)
<i>Net carrying amount</i>		1,490,099	1,008,023
Year ended 30 June 2011			
<i>Opening net book amount</i>		1,008,023	1,553,787
Additions		1,119,594	70,418
Amortisation charge		(637,518)	(616,182)
<i>Closing net book value</i>		1,490,099	1,008,023
NOTE 12 : PAYABLES			
		Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CURRENT			
Trade payables		1,078,057	2,654,819
Other payables and accruals		674,789	373,828
Proceeds for shares to be allotted		1,470,901	-
		3,223,747	3,028,647
NOTE 13 : PROVISIONS			
		Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
CURRENT			
Provision for warranty	(i)	9,207	49,203
Employee benefits	(ii)	94,424	77,378
		103,631	126,581
NON-CURRENT			
Employee benefits		-	-
		103,631	126,581

Other Information

For year ended 30 June 2011

NOTE 13 : PROVISIONS (continued)

(i) A provision of \$9,207 as at 30 June 2011 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.

	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
(ii) Movements in provisions for employee benefit		
Carrying amount at the beginning of the year	77,378	107,009
Additional provision recognised	82,498	77,378
Utilised during the year	(65,452)	(107,009)
Carrying amount at the end of the year	94,424	77,378

NOTE 14 : CONTRIBUTED EQUITY

	2011 No.	2010 No.
(a) Issued and paid up capital		
Ordinary Shares	226,653,333	175,937,500
	226,653,333	175,937,500

(b) Movements in shares on issue

	Date	No. of shares	\$
Beginning of the financial year	1-Jul-10	175,937,500	11,559,560
Conversion of convertible notes	24-May-11	7,000,000	350,000
Acquisition of J&C Pacific Sdn. Berhad	17-Jun-11	43,715,833	1,311,475
Closing Balance	30-Jun-11	226,653,333	13,221,035

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.

Other Information

For year ended 30 June 2011

NOTE 15 : RESERVES AND ACCUMMULATED LOSSES	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
a) Share based payment reserve		
Balance at the beginning of year	39,172	35,989
Movement during the year	62,442	3,183
Balance at end of year	101,614	39,172
b) Accumulated Losses		
Balance at the beginning of year	(10,444,692)	(8,490,472)
Net loss for the year	(2,350,126)	(1,954,220)
Balance at end of year	(12,794,818)	(10,444,692)
NOTE 16 : STATEMENT OF CASH FLOWS	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
(a) Reconciliation of the net loss after tax to the net cash flows from operations:		
Net loss	(2,350,126)	(1,954,220)
Non Cash Items		
Depreciation	164,598	129,283
Amortisation of IT development	637,518	616,182
Loss on disposal of fixed assets	51,728	-
Interest expenses accrued but not paid	67,217	-
Provision for obsolescence	175,793	-
	(1,253,272)	(1,208,755)
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	2,138,026	(1,347,970)
(Increase)/decrease in inventory	202,108	(1,863,867)
(Increase)/decrease in prepayment	107,846	(233,797)
(Increase)/decrease in other assets	(143,807)	3,162
(Decrease)/increase in trade & other payables	(1,667,992)	1,552,415
(Decrease)/increase in employee entitlements	17,046	(29,635)
(Decrease)/increase in provisions	(106,043)	103,231
	547,184	(1,816,461)
Net cash flow used in operating activities	(706,088)	(3,025,216)

Other Information

For year ended 30 June 2011

Note 17 : EARNINGS PER SHARE	Consolidated Entity 2011 \$	Consolidated Entity 2010 \$
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net loss attributed to equity shareholders	(2,346,569)	(1,954,220)
	<u>(2,346,569)</u>	<u>(1,954,220)</u>
	2011	2010
	No of shares	No of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	178,343,039	175,937,500
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>178,343,039</u>	<u>175,937,500</u>
EPS (cents)	(1.32)	(1.11)

The options on issue 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.

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Note 18 : Acquisition of J & C Pacific Sdn. Berhad

On 17 June 2011 the consolidated entity acquired 51% of the ordinary shares of J & C Pacific Sdn. Berhad and its subsidiary for the total consideration transferred of \$1,311,475. The acquired business contributed revenues of \$37,114 and loss before tax of \$7,259 to the consolidated entity for the period to 30 June 2011. The values identified in relation to the acquisition are provisional as at 30 June 2011 as an external valuation of the acquisition is to be conducted.

Details of the acquisition are: -

	Acquiree's carrying value	Fair value
	\$	\$
Trade receivables	189,621	189,621
Cash at bank	83,012	83,012
Other receivables	734,510	734,510
Plant and equipment	247,993	247,993
Inventory	277,822	277,822
Trade payables	(342,257)	(342,257)
Employee liabilities	(10,903)	(10,903)
Other payables	(96,474)	(96,474)

Note 19 : Other

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

Registered Office

Level 4, 450 Victoria Road
GLADESVILLE
NSW 2111
Australia

Principal place of business

Level 4, 450 Victoria Road
GLADESVILLE
NSW 2111
Australia

b) The entity has a formally constituted audit committee



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Alex Teoh
Chief Executive Officer