

∞ loopmobile

ANNUAL REPORT 2007

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Loop Mobile Limited  
ACN 111 082 485  
For the year ended 30 June 2007



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There were two major areas of achievement during the 2007 fiscal year:

- Firstly, the restructuring of the company and related capital raising to establish Loop as an independent entity, with strong management and governance, funded to execute against the opportunity in front of it; and
- Secondly, the continued development of Loop's technology platform; and the undertaking of significant international business development activities.

## Restructure

Loop Mobile was acquired by AdultShop.com Ltd (ASC) on 1 August 2006 and as part of that transaction, Loop Mobile received additional development funding from ASC. Late in 2006 it became apparent both that Loop Mobile would require additional capital to further its development, and that it would be best placed for growth operating as an independent entity.

On 13 December 2006, ASC announced the intention to spin-off Loop Mobile as a separately listed company, and for Loop Mobile to raise up to \$5 million of additional capital by way of an IPO.

That transaction was successfully completed in the second half of the year, and Loop Mobile was listed on the Australian Securities Exchange on 27 June, 2007. As part of the transaction, ASC's shareholding in the recapitalised Loop Mobile was distributed in-specie to all ASC shareholders. After the transaction, ASC owned no shares in Loop Mobile. \$5 million of new capital was raised in the IPO.

## Business Progress

While these necessary corporate activities were being undertaken, the underlying business of Loop Mobile made solid progress through the year.

In August 2006, Loop Mobile launched its social networking services on the network of Hutchison 3 Mobile in the UK, having been operating with Hutchison 3 Mobile in Australia for the previous 10 months. In November, the two communities were integrated allowing users in Australia and the UK to interact with each other in real time as part of the one international community.

Loop Mobile has continued to develop its core platform, adding features and functionality progressively through the year in regular releases. In particular, the introduction of private messaging as a premium charged-for service has met with strong usage. Private messaging allows users of the service to send a message, including attaching an image or video file, to one specific other user.

In March 2007, Loop Mobile re-branded its main community to MOKO from the old Kink Kommunity name, better reflecting the breadth and quality of the service and the targeted audience. This re-brand was well accepted by carriers and consumers alike.

User engagement with the MOKO service is very strong with average session times being up to 70 minutes in duration, and users making multiple content submissions, video-downloads and private message submissions per month.

The quality of Loop Mobile's MOKO service was shown in winning the MEFFY award in June for best user generated content / community mobile service. The MEFFYs are awarded by the Mobile Entertainment Forum, the leading mobile content trade association in Europe.

Loop Mobile also developed a second area of business in the second half of the year, providing its platform to power mobile communities for the owners of major brands and content. Loop Mobile successfully launched and operated "white-label" communities for the Australian version of Big Brother, for the AFL, NRL and V8 Supercar sports sites of Telstra, and gained commitments to launch in fiscal 2008 communities for Australian Idol for Telstra and for a number of other television formats for ITV in the UK.

Significant efforts have been made in business development through the year. Discussions have continued with carriers in Australia and a number of international markets with a view to integrated "on-deck" launches of MOKO.

In addition, arrangements have also been made to enable Loop Mobile to provide its MOKO service across all mobile carriers in the UK via mobile internet access. This removes the need to negotiate and implement specific agreements with each mobile carrier to gain access to their customers. Access via the mobile internet will also allow Loop Mobile to make its service available across a number of other markets including the USA.

## Board and Management

A new CEO and Managing Director, Martin Hoffman, was appointed in January 2007 to lead Loop Mobile through the IPO and to develop the business internationally.

The Board was re-structured and two new independent directors were appointed; Greg McCann as Chairman and Stuart Simson as a non-executive director. Christine Kennedy continued as a non-executive director providing continuity. Information about these directors is contained later in this Report.

The Loop Mobile staff remained a very stable and committed team. Ian Rodwell, Loop's founder, continues as Head of Product and Technology based in Perth with the bulk of the staff. Senior staff added included Paul Grueber as head of business development, and Michael McCluney as European general manager (commencing 1 July 2007). Both are experienced mobile industry executives.

We would like to thank our fellow directors and particularly the staff of Loop for their continuing commitment and passion.

## Financial Results

Loop Mobile earned total revenue of \$1.51m in 2007 up markedly from \$0.21m in 2006. The business is still in development and roll-out stage and requires further growth to be profitable. In 2007 the loss for the year was \$2.57m compared with a 2006 loss of \$1.77m. However at an operating level, before share-based payment expenses of \$818,000 and IPO-related expenses of \$176,000, the loss narrowed slightly to \$1.58m from \$1.77m.

## Prospects

Going into fiscal 2008, Loop Mobile is well placed. It is now an independent company with an experienced management and Board team and has successfully raised further development capital. It is operating in a market that continues to see rapid growth in the take-up of mobile data services.

The market in which Loop Mobile operates is very competitive with there being many other services of a similar or related nature. The environment is changing rapidly as mobile carriers continue to assess their strategy with respect to mobile internet services. However, Loop Mobile has a strong product and services platform, which will be enhanced by further product development, particularly in music, in the coming period. Loop Mobile is also aiming to significantly expand its addressable market in 2008 via both new carrier and white-label partnerships, and general mobile internet access.

We look forward to providing a further update on progress and prospects at the AGM on the 29th of November. It will of course also be available via our website ([www.loopmobilelimited.com](http://www.loopmobilelimited.com)) and the ASX announcements site at the same time.

Greg McCann



Chairman  
29 August 2007

Martin Hoffman



Managing Director  
29 August 2007



Loop Mobile's flagship product is the mobile social networking/chat service branded as MOKO.

MOKO is available world-wide via the mobile internet on 2.5G and 3G networks and also available from a limited but growing number of mobile carrier "decks" or portals in Australia and the UK.

MOKO is delivered as a browser-based service rather than via a downloadable application file. Its main features include:

- User-controlled profiles including user-name, text description, image and video gallery, and descriptive single-word "tags";
- The ability for users to upload images and videos via MMS, where every such piece of content automatically generates a new chat room or thread;
- Live text chat;
- Private media messaging to other users;
- Private chat rooms for groups of friends;
- Search for other users by username and tags;
- Friends list and ability to see who is online;
- Themed chat lounges;
- Editorial-driven MOKOZine and competitions;
- MyMOKO function for the management of a user's profile, lists, content and friends;
- Full pre-moderation of all text, image and video content before it goes live.

MOKO is a well-designed and highly use-able service. It has won national and international awards and receives positive feedback from carriers around the world for its design and functionality.

Loop is focusing current development efforts on MOKO Music, which is designed to extend the MOKO service with specific functionality for the sharing and enjoyment of music including video and audio streaming. This builds on the fact that music is one of the biggest topic areas for chat within MOKO; and also represents the biggest single category of "tag" searches for other users. MOKO Music will offer labels and independent, un-signed and amateur artists a way to connect and interact with their fans. It will offer fans a way to discover, share, discuss and interact with music and artists.

## CORPORATE DIRECTORY

Directors	G McCann - Non Executive Chairman M Hoffman - Managing Director C Kennedy - Non Executive Director S Simson - Non Executive Director
Company secretary	Mr A W Bursill
Registered office	Suite 118, 133 Alexander Street CROWS NEST, NSW 2060 Telephone (02) 9965 7250 Fax (02) 9439 2738
Share registry	Link Market Services Limited Level 9, 333 Collins Street Melbourne VIC 3000
ASX code	LPM
Listed on the ASX	27 June 2007
Auditor	Grant Thornton NSW Level 17, 383 Kent Street Sydney, NSW 2000
Solicitor	Gaden Lawyers Sydney Pty Limited Skygarden Building 77 Castlereagh Street Sydney NSW 2000
Bankers	National Australia Bank L16 Northpoint, 100 Miller St North Sydney NSW 2060
Internet address	<a href="http://www.loopmobilelimited.com">www.loopmobilelimited.com</a>

Your directors present their report on Loop Mobile Limited ("Loop Mobile") for the year ended 30 June 2007.

### Directors

The following persons were directors of Loop Mobile during the whole of the financial year and up to the date of this report, unless otherwise noted:

Greg McCann	- Non Executive Chairman (appointed 24 April, 2007)
Martin Hoffman	- Chief Executive Officer and Managing Director (appointed 15 January, 2007)
Christine Kennedy	- Non Executive Director
Stuart Simson	- Non Executive Director (appointed 24 April, 2007)

Ian Rodwell was a director from the beginning of the financial year until his resignation as a director on 24 April 2007. Mr Rodwell retains his position as Head of Technology and Product.

Malcolm Day was appointed as director on 1 August 2006 and resigned on 24 April 2007.

Gavin Bullen was a director at the beginning of the financial year until his resignation on 6 July 2006.

### Principal activities

During the year the principal continuing activity of Loop Mobile is delivering mobile social networking services to global consumers within the youth and young adult demographic. There have been no significant changes in the nature of the activities of Loop Mobile Limited during the year.

### Dividends

No dividends were paid or declared during the year (2006: nil).

### Review of operations

Loop Mobile was acquired by AdultShop.com Ltd (ASC) on 1 August 2006 and as part of that transaction, Loop Mobile received additional development funding from ASC. Late in 2006 it became apparent both that Loop Mobile would require additional capital to further its development, and that it would be best placed for growth operating as an independent entity.

On 13 December 2006, ASC announced the intention to spin-off Loop Mobile as a separately listed company, and for Loop Mobile to raise up to \$5 million of additional capital by way of an IPO.

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A new CEO and Managing Director, Martin Hoffman, was appointed in January 2007 to lead Loop Mobile through the IPO and to develop the business internationally. The Board was re-structured and two new independent directors were appointed; Greg McCann as Chairman and Stuart Simson as a non-executive director. Christine Kennedy continued as a director providing continuity.

While these necessary corporate activities were being undertaken, the underlying business of Loop Mobile made solid progress through the year.

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Going into fiscal 2008, Loop Mobile is well placed. It is now an independent company with an experienced management and Board team and has successfully raised further development capital. It is operating in a market that continues to see rapid growth in the take-up of mobile data services. Loop Mobile has a strong product and services platform, which will be enhanced by further product development, particularly in music, in the coming period. Loop Mobile is also aiming to significantly expand its addressable market in 2008 via both new carrier and white-label partnerships, and general mobile internet access.

### **Significant changes in the state of affairs**

During the financial year Loop Mobile was spun-off from its former parent, ASC. As part of this transaction 19,189,453 shares were distributed in specie to eligible shareholders of ASC. The company raised \$5 million dollars in an Initial Public Offering (IPO) and its shares were listed on the Australian Stock Exchange (ASX) on 27 June. Also as part of this process, the name of the company was changed to the current Loop Mobile Limited and it was converted to an Australian public company on 28 February, 2007.

### **Matters subsequent to the end of the financial year**

On 16 July 2007, a total of 11,000,000 options were issued to Directors and Employees. The details of these options is contained with the Company's prospectus dated 24 April 2007. These options will form part of the Directors remuneration for the year ending 30 June 2008.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (a) Loop Mobile's operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) Loop Mobile's state of affairs in future financial years.

## Likely developments and expected results of operations

Likely developments in the operations of Loop Mobile Limited that were not finalised at the date of this report included:

- The ongoing expansion in the number of 3G mobile users as carriers world-wide roll-out new networks, upgrade existing networks and provide new services to boost data usage, as well as introduce new handsets with significantly improved multi-media features;
- Loop Mobile's own business development program seeking partnerships with both mobile carriers and major brand and content owners across the globe.

Additional comments on expected results of certain operations of the Group are included in this annual report under the review of operations.

Further information on likely developments in the operations of Loop Mobile and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to Loop Mobile.

## Environmental regulation

There are no significant environmental regulations applying to the Company.

## Information on directors

### Gregory Ronald McCann (Non executive Chairman)

54 years. Director since 24 April 2007.

#### *Experience and expertise*

Greg McCann is currently the Managing Director and principal of Executive Computing Pty Ltd, an independent software and consulting services supplier to the Asia Pacific region with 25 years of experience. Greg was previously a partner with Deloitte for 24 years and has held a number of senior leadership roles, including Managing Director for Deloitte Consulting/ICS in Australia, a systems integrator specialising in the implementation of enterprise applications. Greg is also Chairman of Tel.Pacific, and on the Board of the law firm, Landers and Rogers. He is a fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

#### *Other current directorship*

Tel Pacific Limited

#### *Former directorships in the last 3 years*

Nil

#### *Special responsibilities*

Chairman

#### *Interest in shares and options*

Nil

**Martin Paul Ulysses Hoffman (Managing director and Chief Executive Officer)**

42 years. Director since 15 January 2007.

**Experience and expertise**

Martin is an experienced executive in the digital media and telecommunications industries. He joined Loop as CEO in January 2007. He was previously CEO of NineMSN from January 2003 until July 2006. NineMSN is a 50:50 joint venture between PBL Media and Microsoft, and is Australia's leading internet content and services business. NineMSN also expanded strongly into the mobile content arena, with Martin driving acquisitions of 5th Finger Pty Ltd and HWW Pty Ltd in 2006.

Martin held senior roles at Fairfax Media between 1999 and 2002, including starting and building the online auction business SOLD.com.au before its sale to Yahoo! in early 2001. He has prior experience at Optus Communications, Potter Warburg and PA Consulting Group.

Martin served two terms as an elected director of the Internet Industry Association of Australia from 2003 to 2007. He is a director and honorary treasurer of the Garvan Institute of Medical Research, and a director of the Sydney Film Festival.

He holds an MBA (Honours) degree from the Institute for Management Development (IMD), in Lausanne, Switzerland; as well as Master of Applied Finance and Bachelor of Economics degrees from Macquarie and Sydney Universities respectively.

**Other current directorships**

Infochoice Ltd (ICH)

**Former directorships in the last 3 years**

Realestate.com.au Ltd (REA) - (7 April 2003 to 5 April 2006)

**Special responsibilities**

Chief Executive Officer

**Interest in shares and options**

Shares: 2,050,000 ordinary shares in Loop Mobile

Options: Nil

**Stuart Armstrong Simson (Non executive director)**

54 years. Director since 24 April 2007.

**Experience and expertise**

Stuart has 36 years experience in the Australian media industry. From 2002 to 2006 he was Executive Chairman and Chairman of emitch Limited the largest on-line advertising agency in Australia and New Zealand. He has also owned and operated a number of new media business covering Internet publishing and Pay TV programming. Until January this year he owned and operated five regional radio stations. Stuart is a former Managing Director of The Age and Sunday Age, and Editor and CEO of BRW Publications. He is a former Managing Director and part owner of National Business Review NZ. Stuart served as Associate Commissioner on the Productivity Commission Inquiry into the Broadcasting Services Act. He is a member of the CSIRO's ICT business advisory council.

**Other current directorship**

Nil

**Former directorships in the last 3 years**

emitch Limited (until 5 September 2006)

**Special responsibilities**

Nil

**Interest in shares and options**

Nil

**Christine Pamela Kennedy (Non executive director)**

33 years. Director since 5 April 2005

**Experience and expertise**

Christine holds a Bachelor of Business (Accountancy) degree and a Bachelor of Laws degree from Queensland University of Technology and is admitted as a solicitor to the Supreme Court of Queensland. Christine spent five years working in Brisbane CBD law firms Jones King Lawyers and later Bain Gasteen Lawyers, specialising in commercial and civil litigation. Since 2004 Christine has been based in London and Singapore as Director and Legal Counsel for a significant, privately-held group of companies.

**Other current directorship**

Nil

**Former directorships in the last 3 years**

Adultshop.com Limited (1 August 2006 until 24 April 2007)

**Special responsibilities**

Nil

**Interest in shares and options**

Nil

**Company Secretary**

The company secretary is Mr A W Bursill. Mr Bursill was appointed to the position of company secretary on 24 April 2007. Mr Bursill holds the position of company secretary for a number of other listed and non-listed entities. Mr Bursill is a member of the Institute of Chartered Accountants in Australia.

**Meetings of directors**

The number of meetings of the company's board of directors held during the year ended 30 June 2007, and the number of meetings attended by each director were:

	Number of meetings held *	Number of meetings attended
G McCann	2	2
M Hoffman	2	2
C Kennedy	2	2
S Simson	2	2
I Rodwell	-	-
M Day	-	-
G Bullen	-	-

\* The company was a wholly owned subsidiary of ASC for the majority of the year and during that time, no formal Directors' meetings were held.

## REMUNERATION REPORT

The remuneration report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Service agreements**
- D Share based payments**

The information provided under headings A-D includes remuneration disclosures that are required under 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 Corporations Act 2001 and Corporations Regulations 2001 which have not been audited.

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

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for Directors, secretaries and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the company operates
- the overall performance of the Company

### **B Details of remuneration**

Details of the nature and amount of each element of the remuneration of the key management personnel (as defined AASB 124 Related Party Disclosures) of Loop Mobile Limited are set out in the following tables.

Key management personnel of Loop Mobile include the following directors and the executive officer.

- G McCann - Non Executive Chairman
- M Hoffman - Managing Director
- C Kennedy - Non Executive Director
- S Simson - Non Executive Director

**REMUNERATION REPORT**

2007	PRIMARY			POST-EMPLOYMENT		SHARE-BASED		Total \$
	Salary & Fees	Consultancy Fees	Non Monetary Benefits	Super-Annuation	Retirement Benefits	Shares	Options	
<b>Non-executive Directors</b>								
G McCann	15,291	-	-	1,376	-	-	-	16,667
S Simson	5,500	-	-	-	-	-	-	5,500
C Kennedy	33,332	-	-	3,000	-	-	-	36,332
M Day (former Director- resigned 24 Apr 2007)	-	-	-	-	-	-	-	-
G Bullen (former Director- resigned 24 Apr 2007)	-	-	-	-	-	-	-	-
<b>Executive Directors</b>								
M Hoffman	140,000	7,875	-	12,600	-	400,000	-	560,475
<b>Other Key Management Personnel</b>								
I Rodwell	157,082	-	-	12,900	-	200,000	-	369,982
A W Bursill (*)	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>351,205</b>	<b>7,875</b>	<b>-</b>	<b>29,876</b>	<b>-</b>	<b>600,000</b>	<b>-</b>	<b>988,956</b>

\* A W Bursill, company secretary, is an associate of Franks & Associates Pty Ltd who provides accounting and company secretarial services to Loop Mobile Limited. The contract between Loop Mobile Limited and Franks & Associates is based on normal commercial terms. No remuneration was received by Franks and Associates in relation to this contract for the year.

2006	PRIMARY			POST-EMPLOYMENT		SHARE-BASED		Total \$
	Salary & Fees	Consultancy Fees	Non monetary benefits	Super-annuation	Retirement benefits	Shares	Options	
<b>Non-Executive Directors</b>								
M Day	-	-	-	-	-	-	-	-
C Kennedy	14,667	-	-	1,320	-	-	-	15,987
G Bullen	-	-	-	-	-	-	-	-
<b>Executive Directors</b>								
-	-	-	-	-	-	-	-	-
<b>Other key personnel</b>								
I Rodwell	93,000	-	-	12,150	-	-	-	105,150
<b>TOTAL</b>	<b>107,667</b>	<b>-</b>	<b>-</b>	<b>13,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,137</b>

## REMUNERATION REPORT

### C Service agreements (audited)

M Hoffman, Managing Director (commencing from 15 January, 2007)

- Term – open term, with 6 months notice from either party
- Base salary, exclusive of superannuation, \$300,000 per annum
- Annual performance-related cash bonus at maximum of 50% of base salary

I Rodwell, Head of Technology and Product (commencing under a new contract from 15 January, 2007)

- Term – open term, 6 months notice from either party
- Base salary, exclusive of superannuation, \$200,000 per annum

### D Share-based payments (audited)

#### Options

No options have been issued to Directors or Key Management Personnel during the year ending 30 June 2007. (2006: nil).

After the end of the financial year, on 16 July 2007, a total of 11,000,000 options were issued to Directors and Employees as follows:

Option series	Numbers of options issued	Exercise Price	Earliest exercise date	Expiry date
A	5,500,000	\$0.20	16 July 2007	15 June 2012
B	2,750,000	\$0.20	15 June 2008	15 June 2012
C	2,750,000	\$0.20	15 June 2009	15 June 2012
Total	11,000,000			

Name of option holder	Number of options issued	Series A	Series B	Series C
Martin Hoffman	5,000,000	2,500,000	1,250,000	1,250,000
Ian Rodwell	3,000,000	1,500,000	750,000	750,000
Greg McCann	1,000,000	500,000	250,000	250,000
Christine Kennedy	1,000,000	500,000	250,000	250,000
Stuart Simson	1,000,000	500,000	250,000	250,000
Total	11,000,000	5,500,000	2,750,000	2,750,000

These options will form part of the Directors remuneration for the year ending 30 June 2008.

#### Shares provided in exercise of remuneration options

No ordinary shares were issued during the year ended 30 June 2007 as a result of exercise of remuneration options by the Directors of Loop.

#### Shares granted to directors

The following shares were granted to directors during the current financial year:

Director	Number of shares granted
M Hoffman	2,000,000
I Rodwell	1,000,000

### Insurance of officers

During the financial year, Loop paid directors and officer public liability insurance premium of \$46,013 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of Loop. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### Auditor

Grant Thornton NSW was appointed by the directors' in accordance with the requirements of the Corporations Act 2001 in anticipation of the listing of the Company.

### Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company is important.

Details of amounts paid or payable to the auditor, Grant Thornton NSW, for audit and non-audit services provided during the year are set out below:

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporation Act 2001 for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor:

	2007	2006
	\$	\$
Audit services		
Grant Thornton NSW - Audit and review of financial reports	47,500	-
Non-audit services		
Grant Thornton – Investigating Accountant Report for IPO	85,000	-
Grant Thornton – Tax advice	4,100	-
<b>Total</b>	<b>136,600</b>	<b>-</b>

### Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17. This report is made in accordance with a resolution of directors.

Greg McCann



Chairman  
29 August 2007

Martin Hoffman



Managing Director  
29 August 2007

## CORPORATE GOVERNANCE STATEMENT

### General

The Company's corporate governance framework has been formulated in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in 2003 (ASX Recommendations). The Company's framework largely complies with these recommendations. Consistent with the Company's approach to sound corporate governance, opportunities for improvement are regularly considered.

Day-to-day management of the affairs of the Company and its controlled entities are delegated by the Board to the Chief Executive Officer and senior executives. The Directors are responsible to shareholders for the performance of the Company and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The main processes that the directors of the Company use in doing so are set out in this statement.

### The Board of Directors

The Board carries out its responsibilities according to the following mandate:

- The Board should comprise at least four directors, with at least half being non-executive directors;
- The Chairman of the board should be a non-executive director;
- The directors should possess a broad range of skills, qualifications and experience;
- The Board should at least meet on a quarterly basis; and
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each director prior to that meeting.

The primary responsibilities of the Board include:

- The approval of the annual and half-yearly financial reports, and quarterly cash statements (as long as required);
- The establishment of the long term goals of the consolidated entity and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of Loop and monitoring the results on a quarterly basis;
- Ensuring that the consolidated entity has implemented adequate internal controls together with appropriate monitoring of compliance activities; and
- Ensuring that the consolidated entity is able to pay its debts as and when they fall due.

Loop discloses the curriculum vitae of each director in its Annual Report.

The Chairman of Loop is Greg McCann and the Chief Executive Officer is Martin Hoffman, therefore as required under best practice, there is separation of these two roles.

Due to Loop's current size and nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

Recommendation 2.1 states that a majority of the Board should be independent. As at the date of the Prospectus, two of the four of the Directors are not considered independent, namely Martin Hoffman who is an executive director of Loop and Christine Kennedy who is an associate of a substantial Shareholder, Loop BVI.

### Executive Management

Loop Mobile's executive management comprises the Chief Executive Officer (Mr Martin Hoffman), Head of Technology and Product (Mr Ian Rodwell), and Head of Business Development (Mr Paul Grueber), to whom the Board delegates responsibilities to as outlined in their contracts and as expected for these executive positions.

Loop's Chief Financial Officer and Company Secretary is Mr Andrew Bursill. Mr Bursill performs these duties pursuant to a contractual arrangement between Loop and Franks & Associates Pty Ltd, a firm of Chartered Accountants.

### Independent Professional Advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at Loop's expense concerning any aspect of Loop's operations or undertaking in order to fulfil their duties and responsibilities as directors.

## Ethical Standards

The Board endeavours to ensure that the Directors, officers and employees of Loop act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, Directors, officers and employees must:

- Comply with the law;
- Act in the best interests of Loop;
- Be responsible and accountable for their actions; and • Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

## Trading Policy

Loop's policy regarding directors and employees trading in its securities, is set by the Board of Directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Loop has set the following windows for trading in the company's securities by the directors and employees, being between two and thirty two days following:

- The release to the ASX of Loop's preliminary full year financial statements;
- The release to the ASX of Loop's half year financial statements;
- The release to the ASX of Loop's quarterly 4C cash statements;
- The date on which Loop holds its annual general meeting; and
- The initial quotation of Loop's Shares on the ASX.

## Audit & Finance Committee

Due to the size and nature of Loop, the Board does not have an audit and finance committee, which is a departure from Recommendations 4.2, 4.3 and 4.4 of the Principles of Good Corporate Governance and Best Practice Recommendations set by the ASX.

The Board is aware of the Principles of Good Corporate Governance and Best Practice Recommendations, and will continue to work towards full adoption of the recommendations in line with growth and development of Loop in the years ahead.

## Continuous Disclosure

The CEO and Company Secretary have been appointed as the persons responsible for communications with the ASX. The Board is responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meeting. Loop adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed. Due to the size of Loop, all communications are prepared and administered in-house.

## Remuneration Committee/Nomination Committee

Due to the size and nature of Loop, the Board has not yet established a remuneration committee / nomination committee, which is a departure from Recommendations 2.4 and 9.2 of the Principles of Good Corporate Governance and Best Practice Recommendations set by the ASX.

The Board is aware of the Principles of Good Corporate Governance and Best Practice Recommendations, and will continue to work towards full adoption of the recommendations in line with growth and development of Loop in the years ahead.

### **Risk Management**

The Board is responsible for oversight of Loop management's system of internal controls. The Board constantly monitors the operation and financial aspects of Loop's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face Loop.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that Loop has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

Loop obtains statements from its Chief Executive Officer and Chief Financial Officer that:

- Loop's financial reports present a true and fair view in all material respects of Loop's financial condition and operational results, and are in accordance with the relevant accounting standards. Furthermore, the Board states to Shareholders in Loop's accounts that they are true and fair, in all material respects
- The integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the Board.
- Loop's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board believes Loop's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a company of Loop's size and nature. The Board will continue to monitor this aspect of Loop closely, and will cause to be developed a comprehensive Risk Management Process and Policy document, additional to the material outlined above.

### **Code of Conduct**

As part of the Board's commitment to the highest standard of conduct, Loop adopts a code of conduct to guide management and employees in carrying out their duties and responsibilities as follows.

All directors, executives, employees and consultants of Loop are expected to act with integrity and objectivity and maintain appropriate ethical standards.

All directors, executives, employees and consultants of Loop have the following duties:

- to act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity;
- to work in a safe, healthy and efficient manner, using their skills, time and experience to the maximum of their ability;
- to comply with applicable awards, company policies and job requirements;
- not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by Loop;
- to ensure that Loop's resources and property are used properly; and
- not to disclose information or documents relating to Loop or its business, other than as required by law, not to make any unauthorised public comment on Loop's affairs and not to misuse any information about Loop or its associates.

**AUDITOR'S INDEPENDENCE  
DECLARATION**

Chartered Accountants  
Business Advisers and Consultants



**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF LOOP MOBILE LIMITED  
ACN: 35 111 082 485**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Loop Mobile Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants

*G S Layland*

G S LAYLAND  
Partner

Sydney

29 August 2007

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LOOP MOBILE LIMITED AND CONTROLLED  
ENTITY  
ACN: 35 111 082 485**

We have audited the accompanying financial report of Loop Mobile Limited and its controlled entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and 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 controls 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 equivalents to International Financial Reporting 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, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 circumstance, 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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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LOOP MOBILE LIMITED AND CONTROLLED  
ENTITY (cont)**

**Independence**

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

**Auditor's opinion**

In our opinion:

- (a) The financial report of Loop Mobile 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 2007 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'G S Layland'.

G S LAYLAND  
Partner

Sydney

29 August 2007

## INCOME STATEMENTS

For the year ended 30 June 2007

	Note	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
		\$	\$	\$	\$
Sales revenue		1,483,965	212,372	1,483,965	212,372
Other revenue		23,747	-	23,121	-
<b>Total revenue</b>	<b>5</b>	<b>1,507,712</b>	<b>212,372</b>	<b>1,507,086</b>	<b>212,372</b>
Computer expenses		(403,928)	(270,317)	(403,928)	(270,317)
Marketing expenses		(53,669)	(75,355)	(53,669)	(75,355)
Travel and entertainment expenses		(255,736)	(177,058)	(255,736)	(177,058)
Occupancy expenses		(101,999)	(85,650)	(101,999)	(85,650)
Administration expenses		(468,168)	(13,310)	(468,132)	(13,130)
Finance costs		(52,202)	(355)	(52,202)	(355)
Legal and professional fees		(65,825)	(403,769)	(65,825)	(403,769)
IPO related expenses		(175,601)	-	(175,601)	-
Employee benefits expenses	6	(1,652,682)	(897,764)	(1,652,682)	(897,764)
Share based payments	6	(818,000)	-	(818,000)	-
Depreciation and amortisation		(34,534)	(61,565)	(34,534)	(61,565)
<b>Total expenses</b>		<b>(4,082,344)</b>	<b>(1,985,143)</b>	<b>(4,082,308)</b>	<b>(1,984,963)</b>
Loss before income tax expense		(2,574,632)	(1,772,771)	(2,575,222)	(1,772,591)
Income tax expense	7	-	-	-	-
<b>Loss for the year after tax</b>		<b>(2,574,632)</b>	<b>(1,772,771)</b>	<b>(2,575,222)</b>	<b>(1,772,591)</b>
Loss attributable to equity holders of Loop Mobile Limited		(2,574,632)	(1,772,771)	(2,575,222)	(1,772,591)
Basic EPS (cents per share)	22	(35.67)	(26,126.56)		
Diluted EPS (cents per share)	22	(35.67)	(26,126.56)		

**BALANCE SHEET**
**As at 30 June 2007**

	Note	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
<b>Current assets</b>					
Cash assets	8	5,083,013	30,646	5,080,980	27,512
Trade and other receivables	9	252,150	77,887	252,150	77,887
Other current assets	10	55,499	12,971	57,122	16,285
<b>Total current assets</b>		<b>5,390,662</b>	<b>121,504</b>	<b>5,390,252</b>	<b>121,684</b>
<b>Non-current assets</b>					
Property, plant and equipment	11	31,033	46,810	31,033	46,810
Intangible assets	12	1,699	1,908	1,699	1,908
<b>Total non-current assets</b>		<b>32,732</b>	<b>48,718</b>	<b>32,732</b>	<b>48,718</b>
<b>Total assets</b>		<b>5,423,394</b>	<b>170,222</b>	<b>5,422,984</b>	<b>170,402</b>
<b>Current liabilities</b>					
Trade and other payables	14	1,262,159	484,004	1,262,159	484,004
Short-term provisions	15	139,041	29,263	139,041	29,263
<b>Total current liabilities</b>		<b>1,401,200</b>	<b>513,267</b>	<b>1,401,200</b>	<b>513,267</b>
<b>Total liabilities</b>		<b>1,401,200</b>	<b>513,267</b>	<b>1,401,200</b>	<b>513,267</b>
<b>Net assets/(liabilities)</b>		<b>4,022,194</b>	<b>(343,045)</b>	<b>4,021,784</b>	<b>(342,865)</b>
<b>Equity</b>					
Issued capital	16	9,066,663	2,112,642	9,066,663	2,112,642
Reserves	17	215,471	229,621	215,471	229,621
Accumulated losses	18	(5,259,940)	(2,685,308)	(5,260,350)	(2,685,128)
<b>Total equity</b>		<b>4,022,194</b>	<b>(343,045)</b>	<b>4,021,784</b>	<b>(342,865)</b>

## STATEMENT OF CHANGES IN EQUITY

**For the year ended 30 June 2007**

CONSOLIDATED	Ordinary Shares	Capital contributions	Reserves	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2005	2	951,364	-	(912,536)	38,830
Loss for the year	-	-	-	(1,772,772)	(1,772,772)
Total recognised income and expense for the year	-	-	-	(1,772,772)	(1,772,772)
Issue of shares	2,112,640	(721,743)	-	-	1,390,897
Balance at 30 June 2006	2,112,642	229,621	-	(2,685,308)	(343,045)
Foreign currency translation reserve	-	-	(11,349)	-	(11,349)
Net income recognised directly in equity	-	-	(11,349)	-	(11,349)
Loss for the year	-	-	-	(2,574,632)	(2,574,632)
Total recognised income and expense for the year	-	-	(11,349)	(2,574,632)	(2,585,981)
Conversion of debt to equity	1,500,000	-	-	-	1,500,000
Issue of shares - IPO	5,000,000	-	-	-	5,000,000
Capital contributed - related party	-	72,030	-	-	72,030
Return of capital contributed	-	(74,831)	-	-	(74,831)
Capital raising costs	(363,979)	-	-	-	(363,979)
Share based payments	818,000	-	-	-	818,000
Balance at 30 June 2007	9,066,663	226,820	(11,349)	(5,259,940)	4,022,194

STATEMENT OF CHANGES  
IN EQUITY

**For the year ended 30 June 2007**

PARENT	Ordinary Shares	Capital contributions	Reserves	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2005	2	951,364	-	(912,537)	38,829
Loss for the year	-	-	-	(1,772,591)	(1,772,591)
Total recognised income and expense for the year	-	-	-	(1,772,591)	(1,772,591)
Issue of shares	2,112,640	(721,743)	-	-	1,390,897
Balance at 30 June 2006	2,112,642	229,621	-	(2,685,128)	(342,865)
Foreign currency translation reserve	-	-	(11,349)	-	(11,349)
Net income recognised directly in equity	-	-	(11,349)	-	(11,349)
Loss for the year	-	-	-	(2,575,222)	(2,574,632)
Total recognised income and expense for the year	-	-	(11,349)	(2,575,222)	(2,586,571)
Conversion of debt to equity	1,500,000	-	-	-	1,500,000
Issue of shares - IPO	5,000,000	-	-	-	5,000,000
Capital contributed - related party	-	72,030	-	-	72,030
Return of capital contributed	-	(74,831)	-	-	(74,831)
Capital raising costs	(363,979)	-	-	-	(363,979)
Share based payments	818,000	-	-	-	818,000
Balance at 30 June 2007	9,066,663	226,820	(11,349)	(5,260,350)	4,021,784

## CASH FLOW STATEMENTS

For the year ended 30 June 2007

	Note	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		1,443,580	165,912	1,443,580	165,912
Payments to suppliers and employees		(3,054,945)	(1,915,771)	(3,054,909)	(1,915,591)
Interest received / (paid)		17,822	(355)	17,196	(355)
Net cash (used in) operating activities	19	(1,593,543)	(1,750,214)	(1,594,133)	(1,750,034)
Cash flows from investing activities					
Proceeds from sale of non-current assets		3,435	-	3,435	-
Payment for non-current assets		(21,983)	(35,835)	(21,983)	(35,835)
Net cash (used in) investing activities		(18,548)	(35,835)	(18,548)	(35,835)
Cash flows from financing activities					
Proceeds from the issue of shares		5,000,000	1,161,276	5,000,000	1,161,276
Capital raising payments		(199,979)	-	(199,979)	-
Proceeds from loans with related parties		1,792,407	350,000	1,792,407	350,000
Payment of loan to subsidiary		-	-	(828,891)	(17,131)
Repayment of loan from subsidiary		-	-	830,582	13,820
Additional contribution from shareholders		72,030	174,000	72,030	174,000
Net cash provided by financing activities		6,664,458	1,685,276	6,666,149	1,681,965
Net increase / (decrease) in cash held		5,052,367	(100,773)	5,053,468	(103,904)
Cash at beginning of year		30,646	131,416	27,512	131,416
Cash at end of year		5,083,013	30,646	5,080,980	27,512

**For the year ended 30 June 2007****Note 1: Summary of significant accounting policies**

The financial report covers Loop Mobile Limited, a public listed company, incorporated and domiciled in Australia. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial report of Loop Mobile Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

*Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

**Reporting periods and comparatives**

The company was incorporated on 22 September 2004. The financial report presents the results for the year ending 30 June 2007 together with comparative information for the year ended 30 June 2006.

**Going concern**

The financial report has been prepared on a going concern basis. In the opinion of the directors, the consolidated entity is able to realise its assets and extinguish its liabilities in the normal course of business. The financial report has therefore been prepared on the going concern basis.

**(b) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**(c) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

**NOTES TO FINANCIAL  
STATEMENTS**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Prior to the spin-off from ASC during June 2007, the company was previously part of the ASC consolidated tax group. The company has now ceased to be part of the ASC consolidated tax group.

**(d) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(e) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

**(f) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(g) Revenue**

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

**(h) Contributed equity**

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

**(i) Earnings per share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(i) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(k) **Foreign Currency Transactions and Balances**

**Functional and presentation currency**

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(l) **Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Impairment**

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(m) Share based payments**

When goods or services received are acquired in a share-based payment transaction, they are recognised as expenses or assets, as determined by the nature of the goods or services received, over the vesting period attached to the equity instrument acquired in the transaction. A corresponding increase is recognised in equity.

The goods or services are measured by reference to the fair value of goods or services received, or where this is not possible, indirectly, by reference to the equity instrument acquired. The fair value of the equity instrument is measured at grant date.

The fair value of securities provided to directors and employees is determined by reference to the fair value of the equity instrument granted.

**(n) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

**Plant and equipment**

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Furniture and fittings	11½% - 30%
Computer equipment	37½% - 60%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

### Intangible assets

Intangible assets are computer software purchased by the consolidated entity and are carried at cost. Computer software is amortised over its expected useful life of 2 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

### Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

### (o) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### (p) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## Note 2: Financial risk management

### Market risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the Great Britain Pound. This risk is managed by maintaining tight credit control policies.

The group is not exposed to price risk.

### Credit risk

The Group has a significant concentration of credit risk with Hutchison 3G in both Australia and the United Kingdom. The group manages this risk by maintaining tight credit control policies.

### Liquidity risk

Prudent liquidity risk management ensures the Group maintains sufficient cash flows to meet its requirements.

### Cash flow and fair value interest rate risk

As the Company has no significant variable rate interest-bearing assets or liabilities, the Group's income, expenses and operating cash flows are not materially exposed to changes in market interest rates.

## Note 3: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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**Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimated impairment of intangible assets**

The Company tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated in note 1. As at 30 June 2007, the Company did not have any significant intangible assets and as such impairment testing was not applicable for the year.

**Note 4: Segment information**

Loop Mobile Limited is organised on a global basis into the following geographical areas. The main operation is in Australia.

**Primary segment**

The primary segment of the consolidated entity is the business segment. The consolidated entity operates in one business segment being the provision of mobile content services.

**Secondary segment**

The secondary segment of the consolidated entity is the geographic segment. The consolidated entity operates in two geographic areas being Australia and the United Kingdom.

	30 June 2007			30 June 2006		
	Australia	UK	Total	Australia	UK	Total
	\$	\$	\$	\$	\$	\$
Revenue	430,367	1,077,345	1,507,712	162,372	50,000	212,372
Assets	5,412,355	11,039	5,423,394	166,694	3,528	170,222
Liabilities	1,401,200	-	1,401,200	513,267	-	513,267

**Note 5: Revenue**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Sales	1,483,965	212,372	1,483,965	212,372
Other	5,925	-	5,925	-
Interest received	17,822	-	17,196	-
	1,507,712	212,372	1,507,086	212,372

During the year ended 30 June 2007, the consolidated entity generated 98% (2006: 94%) of its gross turnover from Hutchison 3G in Australia and United Kingdom.

**Note 6: Employee benefits expense**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Salaries & wages	1,533,465	897,764	1,533,465	897,764
Superannuation	119,217	-	119,217	-
	1,652,682	897,764	1,652,682	897,764
Share based payments	818,000	-	818,000	-

**Note 7: Income tax expense**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
The prima facie tax on loss before income tax is reconciled to income tax expense as follows:				
Loss from continuing operations before income tax expense	(2,574,632)	(1,772,771)	(2,575,222)	(1,772,591)
Prima facie tax payable on loss before income tax at 30% (2006: 30%)	(772,390)	(531,831)	(772,567)	(531,777)
Add tax effect of:				
Non-allowable items	240,509	6,243	240,509	6,243
Tax losses and timing differences not brought to account	531,881	525,588	532,058	525,534
Income tax expense	-	-	-	-

No amounts have been recognised for deferred tax on income losses as it is not yet probable that future taxable amounts will be available against which the company will utilise these assets in future years.

As a result of the deconsolidation from the ASC tax group, the company has forfeited all income tax losses incurred before 27 June 2007

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**Note 8: Cash and cash equivalents**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Cash on hand	1,477	297	1,477	297
Cash at bank	5,081,536	30,349	5,079,503	27,215
	5,083,013	30,646	5,080,980	27,512

**Note 9: Trade and other receivables**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$		\$	\$
Receivables	252,150	77,887	252,150	77,887

**Note 10: Other current assets**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Other Debtors	3,073	12,971	3,073	12,971
Prepayments	52,426	-	52,426	-
Loan at call due from related party	-	-	1,623	3,314
	55,499	12,971	57,122	16,285

**Note 11: Property, plant and equipment**

Consolidated and Parent	Computer equipment	Furniture and fittings	Total
	\$	\$	\$
<b>2006</b>			
Opening net book amount (1 July 2005)	51,943	14,876	66,819
Additions	28,387	3,632	32,019
Depreciation expense	(47,148)	(4,880)	(52,028)
Closing net book amount at 30 June 2006	33,182	13,628	46,810
Cost	108,354	19,606	127,960
Accumulated depreciation	(75,172)	(5,978)	(81,150)
Net book amount at 30 June 2006	33,182	13,628	46,810
<b>2007</b>			
Opening net book amount (1 July 2006)	33,182	13,628	46,810
Additions	14,228	4,306	18,534
Disposals	(3,383)	-	(3,383)
Depreciation expense	(26,403)	(4,525)	(30,928)
Closing net book amount at 30 June 2007	17,624	13,409	31,033
Cost	115,931	23,912	139,843
Accumulated depreciation	(98,307)	(10,503)	(108,810)
Net book amount at 30 June 2007	17,624	13,409	31,033

**Note 12: Intangible assets**

		Computer software
2006		\$
Opening net book amount ( 1 July 2005)		7,629
Additions		3,816
Depreciation expense		(9,537)
Closing net book amount at 30 June 2006		1,908
Cost		19,075
Accumulated depreciation		(17,167)
Net book amount at 30 June 2006		1,908
2007		
Opening net book amount (1 July 2006)		1,908
Additions		3,449
Disposals		(52)
Depreciation expense		(3,606)
Closing net book amount at 30 June 2007		1,699
Cost		19,351
Accumulated depreciation		(17,652)
Net book amount at 30 June 2007		1,699

**Note 13: Consolidated Entity**

	Country of Incorporation	Percentage Owned	
		2007	2006
Parent Entity:			
Loop Mobile Limited	Australia		
Subsidiaries of			
Loop Mobile Limited:			
- Loop Wireless (UK) Limited	United Kingdom	100%	100%

**Note 14: Trade and other payables**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Accounts payable	250,037	146,185	250,037	146,185
Other payables and accruals	298,303	43,440	298,303	43,440
Due to related parties	713,819	294,379	713,819	294,379
	1,262,159	484,004	1,262,159	484,004

The amount payable to related parties is an unsecured interest free loan provided by the Company's former parent, ASC. The loan is provided interest free and was repaid on 24 July 2007.

**Note 15: Provisions**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Employee benefits	139,041	29,263	139,041	29,263
	139,041	29,263	139,041	29,263
<b>Employee benefits</b>				
Balance at start of the period	29,263	17,302	29,263	17,302
Additional provisions	146,592	58,174	146,592	58,174
Amounts used	(36,814)	(46,213)	(36,814)	(46,213)
Balance as at 30 June	139,041	29,263	139,041	29,263

A provision has been recognised for employee benefits relating to annual leave. Management have determined that given the stage of the company's development the probability of an employee reaching 10 years service is low. Hence long service leave has not been provided for in the financial report. The measurement and recognition criteria relating to employee benefits has been included in Note 1 of this report

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**Note 16: Issued capital**

(a) Share capital	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
60,088,299 shares fully paid ordinary shares (2006 : 2,112,642)	9,066,663	2,112,642	9,066,663	2,112,642

(b) Movements in equity				
Date	Details	Number of shares	Issue price \$	Amount \$
1 July 2005	Opening balance	1,000	1.00	1,000
30 June 2006	Share issue	2,111,642	1.00	2,111,642
30 June 2006	Closing balance	2,112,642		2,112,642
1 July 2006	Opening balance	2,112,642	1.00	2,112,642
24 April 2007	Conversion of debt to equity by ASC	19,189,453	0.08	1,500,000
30 May 2007	Shares issued to Loop's founders	8,696,204	-	-
30 May 2007	Shares granted to management and consultants	5,000,000	-	800,000
13 June 2007	Shares granted to employees	90,000	-	18,000
27 June 2007	Issue of ordinary shares – IPO	25,000,000	0.20	5,000,000
27 June 2007	Less: capital raising costs	-	-	(363,979)
		60,088,299		9,066,663

**(c) 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 and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(d) Options**

There were no options on issue in the Company as at 30 June 2007 (2006: nil).

(e) Share Based Payments				
Date	Details	Number of shares	Issue price \$	Amount \$
1 July 2006	Opening balance	-	-	-
30 May 2007	Martin Hoffman (i)	2,000,000	0.20	400,000
30 May 2007	Ian Rodwell (ii)	1,000,000	0.20	200,000
30 May 2007	Peter Yates (iii)	1,000,000	0.20	200,000
13 June 2007	Shares granted to employees	90,000	0.20	18,000
		5,090,000		818,000

- (i) the issue of 2,000,000 shares at \$0.20 per share to Martin Hoffman in accordance with the terms of his employment contract  
(ii) the issue of 1,000,000 shares at \$0.20 per share to Ian Rodwell in accordance with the terms of his employment contract  
(iii) the issue of 1,000,000 shares at \$0.20 per share to Peter Yates in compensation for executive search services

**Note 17: Reserves**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Capital contributions (a)				
Additional amounts contributed to the company by shareholders	226,820	229,621	226,820	229,621
Retranslation reserve (b)				
Reserves arises on retranslation of the company's foreign subsidiary to the presentation currency	(11,349)	-	(11,349)	-
	215,471	229,621	215,471	229,621

(a) Capital Contributions		
Date	Details	Amount \$
1 July 2006	Opening balance	229,621
	Capital contributed	72,030
	Interest expense on capital contributed	(74,831)
		226,820
(b) Retranslation Reserve		
Date	Details	Amount \$
1 July 2006	Opening balance	-
30 June 2007	Currency translation	(11,349)
		(11,349)

**Note 18: Accumulated losses**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Opening balance	(2,685,308)	(912,537)	(2,685,308)	(912,537)
Loss for the year	(2,574,632)	(1,772,771)	(2,575,222)	(1,772,591)
Closing balance	(5,259,940)	(2,685,308)	(5,260,350)	(2,685,128)

**Note 19: Cash flow information**

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Reconciliation of cash flow from operations with loss after income tax				
Loss after income tax	(2,574,632)	(1,772,772)	(2,575,222)	(1,772,591)
Non-cash operating flows in loss after income tax				
Depreciation and amortisation	34,534	61,565	34,534	61,565
Interest on intercompany loan	52,202	-	52,202	-
Share based payments	818,000	-	818,000	-
Changes in assets and liabilities				
(Increase) in receivables	(39,455)	(56,124)	(39,455)	(56,124)
(Increase) in other assets	(177,336)	(11,571)	(177,336)	(11,571)
(Decrease)/increase in payables	194,715	16,727	194,715	16,727
(Decrease)/Increase in provisions	109,778	11,961	109,778	11,961
(Decrease)/Increase in reserves	(11,349)	-	(11,349)	-
Cash flows from operations	(1,593,543)	(1,750,214)	(1,594,133)	(1,750,034)

**Note 20: Key management personnel disclosures**

**(a) Directors**

The following persons were directors of Loop Mobile Limited during the financial year:

G McCann	- Non Executive Chairman
M Hoffman	- Managing Director and Chief Executive Officer
C Kennedy	- Non Executive Director
S Simson	- Non Executive Director
I Rodwell	- Non Executive Director (resigned 24 April 2007)
M Day	- Non Executive Director (appointed 1 August 2006, resigned 24 April 2007)
G Bullen	- Non Executive Director (resigned 6 July 2006)

**(b) Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

A W Bursill	Company Secretary
I M Rodwell	Head of Technology and Product

**(c) Key management personnel**

The aggregate amounts paid to key management personnel are:

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Salary and Fees	345,705	107,677	345,705	107,677
Superannuation	29,876	13,470	29,876	13,470
Short term employee benefits *	7,875	-	7,875	-
Director's fees	5,500	-	5,500	-
Share based payments	600,000	-	600,000	-
	988,956	121,147	988,956	121,147

\* consulting fees paid to Martin Hoffman prior to his employment with Loop Mobile Limited.

The company has taken advantage of the relief provided by Corporation Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in Sections A-C of the remuneration report on pages 8 – 10.

**(d) Equity instrument disclosures relating to key management personnel**

The numbers of shares in the company held during the financial year by each director of Loop Mobile Limited, including their personally related parties, are set out below.

Ordinary Shares				
Name	Balance at start of the year	Received during the year	Other changes during the year	Balance at end of the year
M Hoffman	-	2,000,000	50,000	2,050,000
I Rodwell	454,218	1,000,000	1,695,782	3,150,000
G McCann	-	-	-	-
C Kennedy	-	-	-	-
S Simson	-	-	-	-
M Day	-	-	-	-
G Bullen	-	-	-	-
	454,218	3,000,000	1,745,782	5,200,000

**(e) Loans to key management personnel**

There were no loans made to key management personnel by the Company during the year.

**(f) Other transactions with key management personnel**

A W Bursill, company secretary, is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretarial services to Loop Mobile Limited. The contract between Loop Mobile Limited and Franks & Associates is based on normal commercial terms.

As the company listed on the ASX close to the end of the financial year no charges were incurred by the company during the year ended 30 June 2007 in relation to the services of Franks & Associates.

### Note 21: Related party transactions

During the year ended 30 June 2007, the consolidated entity received \$2,213,819 (2006: \$350,000) from ASC (former parent) towards working capital. Of this amount \$1,500,000 was converted in equity in Loop Mobile in April 2007, and the remaining balance of \$713,819 was repaid on 24 July 2007.

The highest debt amount owed to ASC during the year was \$1,927,220. Of this balance, \$1.5m was converted to share capital in the company on 24 April 2007.

The wholly owned subsidiary, Loop Wireless (UK) Limited ("Loop (UK)"), is a non-trading entity that has a United Kingdom domiciled bank account as its only asset. During the year ended 30 June 2007, Loop (UK) collected receipts totalling \$828,891 (2006: \$17,134) and made payments totalling \$830,582 (2006: \$13,820) on behalf of the parent entity.

### Note 22: Earnings per share

	Consolidated 2007 cents	Consolidated 2006 Cents
<b>(a) Basic earnings per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(35.67)	(26,126.56)
Loss from discontinued operation	-	-
Loss attributable to ordinary equity holders of the Company	(35.67)	(26,126.56)

### (b) Diluted earnings per share

Options issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in the determination of diluted earnings per share. There are no options on issue as at 30 June 2007. Diluted earnings per share is therefore not different from basic earnings per share. There are no options issued to shareholders and directors. Details relating to the options are set out in the Director's Report on pages 3 to 12.

	Consolidated 2007 \$	Consolidated 2006 \$		
<b>(c) Reconciliation of earnings used in calculating earnings per share</b>				
Loss from continuing operations attributable to the ordinary equity holders of the Company	(2,574,632)	(1,772,771)		
Loss from discontinued operations	-	-		
Loss attributable to ordinary equity holders of the Company	(2,574,632)	(1,772,771)		
	Consolidated 2007 \$	Consolidated 2006 \$	Parent 2007 \$	Parent 2006 \$
<b>(d) Weighted average number of shares used as the denominator</b>				
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	7,166,837	6,785	7,166,837	6,785

**Note 23: Contingencies**

The contingent liability in relation to a potential claim by HWW Pty Ltd for the amount of \$300,000 as disclosed in the financial report at 31 December 2006 was settled during the year. \$100,000 was paid as settlement to HWW Pty Ltd which has been included within administration expenses.

There were no contingent liabilities at 30 June 2007 (2006: \$nil).

**Note 24: Commitments**

There were no commitments at 30 June 2007 (2006: \$nil).

**Note 25: Events occurring after the balance sheet date**

On 16 July 2007, a total of 11,000,000 options were issued to Directors and Employees. The details of these options is contained with the Company's prospectus dated 24 April 2007. These options will form part of the Directors remuneration for the year ending 30 June 2008.

On 24 July 2007, the company repaid the entire loan owing to ASC of \$713,819.

No other matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (a) Loop Mobile operations in future financial years, or
- (b) The results of those operations in future financial years, or
- (c) Loop Mobile's state of affairs in future financial years.

**Note 26: Auditor's remuneration**

During the year the following fees were paid or payable for services provided by the auditor:

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
	\$	\$	\$	\$
Audit services				
Audit and review of financial reports	47,500	-	47,500	-
Non-audit services				
IPO matters and changes to corporate structure	85,000	-	85,000	-
Tax advice	4,100	-	4,100	-
<b>Total</b>	<b>136,600</b>	<b>-</b>	<b>136,600</b>	<b>-</b>

**Note 27: Future changes in accounting standards effect**

As at reporting date, there are new Australian Accounting Standards and Accounting Interpretations that have been issued or amended but are not yet effective. Management of the Company have assessed the impact of these new standards and interpretations and have determined that they will have no material effect on the Company's financial report. The new standards and interpretations have not been early adopted in the preparation of the financial report at reporting date.

**Note 28: Company details**

The registered office of the Company is:

Suite 118  
133-135 Alexander Street  
CROWS NEST NSW 2065

The principal place of business is:

Suite 5, Level 1  
442-446 Beaufort Street  
HIGHGATE WA 6003

## DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 20 to 39 present fairly the consolidated entity's financial position at 30 June 2007 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The Chief Executive Officer and the Chief Financial Officer have each declared that:

1. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
2. the financial statements, and the notes for the financial year comply with the Accounting Standards; and
3. the financial statements and notes for the financial year give a true and fair view.

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

**Greg McCann**



Chairman  
29 August 2007

**Martin Hoffman**



Managing Director  
29 August 2007

**STATEMENT RE USE OF  
PROSPECTUS FUNDS**

Loop Mobile Limited's primary reason for raising funds under its prospectus dated 24 April 2007 was to fund the ongoing working capital needs of the Company as it develops its platform, rolls out its services internationally and builds its carrier relationships and user subscriber base. During the period from admission to 30 June 2007, the Company used the funds raised in accordance with this purpose and continues to do so.

**a) Substantial Shareholders**

Substantial shareholder notices lodged with the Company:

Shareholder	Securities	% of Total
Loop Creative Limited	7,850,000	13.06%
Ian Michael Rodwell	3,150,000	5.24%
P&S Yates Holdings Pty Ltd	7,325,189	12.21%

**b) Top 20 Shareholders as at 30 September, 2007**

LPM - Fully paid Ordinary Shares

Rank	Name	Securities	% of Total
1.	ANZ Nominees Limited	8,514,427	16.10%
2.	Loop Creative Limited	7,850,000	14.85%
3.	Equitas Nominees Pty Limited <PB-600207 A/C>	4,580,165	8.66%
4.	Equitas Nominees Pty Limited <PB-600206 A/C>	2,250,000	4.26%
5.	Ian Michael Rodwell	2,150,000	4.07%
6.	Invia Custodian Pty Limited <White A/C>	1,250,000	2.36%
6.	Wise Plan Pty Ltd <Burke Super Fund 2 A/C>	1,250,000	2.36%
8.	Equitas Nominees Pty Limited <PB-600006 A/C>	1,125,000	2.13%
9.	HSBC Custody Nominees (Aust) Limited – A/C 2	902,000	1.71%
10.	Prof Manfred Klupsch & Mrs Helga Klupsch	782,277	1.48%
11.	Equitas Nominees Pty Limited <PB-600180 A/C>	600,000	1.13%
12.	Mr Robert Reginald Fisher + Mrs Lynette Gladys Fisher <Caprice Super Fund A/C>	500,000	0.95%
13.	D&D Nominees Pty Ltd	485,952	0.92%
14.	Noble Investments Pty Ltd <Noble Inv S/F Toll All A/C>	427,381	0.81%
15.	AA Lam Pty Ltd	409,484	0.77%
16.	Mr Timothy Ronald Gepp	375,000	0.71%
17.	Capro Pty Ltd	350,000	0.66%
17.	UBS Wealth Management Australia Nominees Pty Ltd	350,000	0.66%
19.	HSBC Custody Nominees (Australia) Limited	339,080	0.64%
20.	Austock Nominees Pty Ltd <Custodian A/C>	330,000	0.62%
Total for Top 20:		34,820,766	65.86%

## SHAREHOLDER INFORMATION

**c) Distribution Schedule of Shareholdings as at 30 September, 2007**  
LPM – Fully paid Ordinary Shares

Range	Investors	Securities	% of Total
1 to 1000	2,010	531,146	1.00%
1001 to 5000	546	1,178,694	2.23%
5001 to 10,000	222	1,854,573	3.51%
10,001 to 100,000	316	9,456,746	17.89%
100,001 and over	48	39,851,305	75.37%
<b>Total</b>	<b>3,142</b>	<b>52,872,464</b>	<b>100%</b>

**d) Non-Marketable Parcels**

The number of security investors holding less than a marketable parcel of 4,348 securities (\$0.115 on 27/9/2007) is 2,536 and collectively they hold 1,615,519 securities.

**e) Options**

All options are unlisted

Holder	Number
Martin Hoffman	5,000,000
Ian Rodwell	3,000,000
Greg McCann	1,000,000
Stuart Simson	1,000,000
Christine Kennedy	1,000,000
<b>Total</b>	<b>11,000,000</b>

Options to acquire one ordinary LPM share at a price of \$0.20 in accordance with the terms summarised in the prospectus dated 24 April 2007.

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