



## ANNUAL REPORT JAB TECHNOLOGIES LIMITED

A.B.N. 42 087 426 953

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**CORPORATE DETAILS**

COMPANY DETAILS	JAB TECHNOLOGIES LIMITED
DIRECTORS	<p>ROBERT MURDOCH (NON-EXECUTIVE CHAIRMAN)</p> <p>STEPHEN IOANNIDES (EXECUTIVE DIRECTOR)</p> <p>SEAN STARK (NON-EXECUTIVE DIRECTOR)</p>
COMPANY SECRETARY	MICHAEL JOHANN ILETT
REGISTERED OFFICE	<p>SUITE 1, LEVEL 6</p> <p>200 CREEK STREET</p> <p>BRISBANE QLD 4000</p> <p>AUSTRALIA</p>
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WEB SITE	<a href="http://WWW.JABTECHNOLOGIES.COM.AU">WWW.JABTECHNOLOGIES.COM.AU</a>
SHARE REGISTRY	<p><b>ASX PERPETUAL SHARE REGISTRY</b></p> <p>LEVEL 22</p> <p>300 QUEEN STREET</p> <p>BRISBANE QLD 4000</p> <p>AUSTRALIA</p>
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AUDITORS	PITCHER PARTNERS, BRISBANE
SOLICITORS	HOPGOOD GANIM, BRISBANE
<b>STOCK EXCHANGE LISTING</b>	
<p>JAB TECHNOLOGIES LIMITED SHARES AND OPTIONS ARE QUOTED ON THE NEWCASTLE STOCK EXCHANGE AND CODED AS "JAB" AND "JABO" RESPECTIVELY.</p>	

## DIRECTORS' REPORT

The Directors present their report on the consolidated financial report for the year ended 30 June 2005.

### DIRECTORS

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The names and details of the Directors of the Company in office during the financial year and until the date of this report are:

R.B. Murdoch B.A. (Earth Sciences) M.A.I.M.M., M.A.I.G. - (Non-Executive Chairman)

Rob provides Jab Technologies Limited with the corporate business and capital raising expertise required in a listed company. Rob has built Jab into a diversified international investment company with interests also in the technologies and telecommunications industries. Rob has been instrumental in the initiation of the Jabmail business concept and has ensured that the financial support has been made available to Jab for the Research and Development. Mr Murdoch is currently a director of Jab Technologies Limited, Union Resources Limited, Gold Aura Limited and Austex Mining NL. Director since May 1999.

His special duties include being a member of the audit committee.

S. Ioannides - (CEO/Executive Director)

Stephen has 20 years technology related sales and business development, consulting, product and software project management experience in Australia and overseas including Trysoft Corporation, Co-Cam Australia, Dialog Information Technology, ANZ Banking Group, NCR and Honeywell. Stephen has successfully grown a number of IT related businesses, and has a successful track record providing project based services to companies such as Westpac, Optus, Queensland Rail, Energex, Suncorp-Metway and Brisbane City Council. Stephen has held previous public company directorships with Trysoft Corporation Limited. Director since 12 July 2004.

S. Stark - (Non-Executive Director)

Sean has more than 20 years IT industry experience that includes the management of complex I.T. projects within Australia, Europe and across several Asian countries. His extensive career with IBM encompassed a diverse mix of consulting and senior management roles including Research and Development and International Technical Support positions.

Until recently he was the executive responsible for managing IBM's eSites business across the Asia Pacific region, and prior to that, the Queensland manager of IBM Global Services eBusiness consulting practice. He holds a Bachelor of Science in Computer Science and Mathematics, and an MBA from the University of Queensland and is a member of the Australian Institute of Company Directors. Director since 17 November 2004.

His special responsibilities include being a member of the audit committee and providing advice to the Board on nomination and remuneration matters.

All Directors shown were in office for the entire year and up to the date of this report, unless otherwise stated.

Peter Sauerberg was a Director from May 1999 and resigned 22 July 2004

The Company Secretary is Mr. M.J. Ilett B Bus (Acc), Grad Dip Adv Acc, Grad Dip Corp Gov, MBA, CA, ACIS. Mr. Ilett has been Company Secretary since 12 July 2004 and is a Queensland Counsellor for Chartered Secretaries Australia. In 2003 he graduated with the MBA medallion from the Brisbane Graduate School and recently graduated as Queensland dux in the Chartered Secretaries' Corporate Governance course. Before joining the Company in May 2002, he was employed in a number of senior financial and accounting roles.

## PRINCIPAL ACTIVITIES

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Jab Technologies Limited ("Jab") is an Australian company specialising in e-business automation technology solutions and services. Last financial year, Jab's business consisted primarily of research and development of the company's core email commerce technology, and its application in a pilot project for the Australian Institute of Management.

The company activities are structured into 4 streams:

1. Professional Services - Providing consulting, project implementation services for client engagements.
2. EZBiz Services – A set of bureau based internet services accessed through the company's application hosting bureau.
3. Corporate Services - Administrative and compliance related activities.
4. Strategic Alliances – Strategic alliances and merger and acquisition activities under the direction of the board.

## RESULTS OF OPERATIONS

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The consolidated entity (Jab Technologies Limited and its controlled entities) has achieved a net profit after tax of \$11,556,272 for the year ended 30 June 2005, compared with a loss of \$146,305 in Financial Year 2004.

The net result in FY2005 includes a one-off transaction to record a Debt Forgiveness Income of \$11,842,983 as a result of an Agreement entered between Union Resources Limited (formerly parent entity of Jab Technologies Limited) and Jab Technologies Limited, after Union receiving its shareholders' approval for such a resolution.

Final dividend for the year ended 30 June 2005 is nil (2004 –nil).

## REVIEW OF OPERATIONS

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The significant activities last year were:

- ▶ Successful development and piloting of the Jab email commerce and payments technology.
- ▶ Set up of a marketing alliance with Image Line, for the EZGenerator technology.
- ▶ Conversion of Jabmail Pty Ltd into an unlisted public company, and change of name to Jab Technologies Limited. This was accompanied by an in-specie distribution of assets in Jab from Union to participating Union shareholders.
- ▶ Appointment of new Directors to manage the Company's forward plans and to guide the commercialisation of the technology.
- ▶ Seed placement of new shares in Jab to raise \$239,400 to enable the Company's Research and Development to continue, and to fund an initial public offering.
- ▶ Completion of all legal and Statutory Due Diligence activities which allowed the Company to apply with ASIC to undertake a IPO Capital Raising with the view to listing on the Newcastle Stock Exchange.

## RESEARCH AND DEVELOPMENT

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In November 2004, the Company adjusted its position with respect to its internal Research and Development to allow the Jab system development to be extended by way of 3rd party integration alliances with complementary technology groups. This action was taken to address the difficulties the Company experienced bringing commercially viable products to market with inadequate funding.

## ALLIANCES

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In March 2005, Jab signed an agreement with Image Line Software, a European company based in the Netherlands with a world wide client-base associated with Digital Music Processing, Business solutions, Entertainment and Internet Technology.

Image Line Software are creators of EZGenerator, a web building application based on the use of pre-made graphical templates. The system is designed to virtually eliminate the need for graphics, menus and lay-out management in the development of professional website.

Jab's alliance with Image Line is based on a Master Distribution right to sell and distribute the EZGenerator product throughout Australia, New Zealand, South Africa, Singapore, Hong Kong, China and Malaysia.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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Significant changes in the state of affairs of the consolidated entity during the financial year included:

- ▶ Issue of 7,290,000 ordinary shares at 20 cents to Union Resources Limited to reduce the loan balance owing to Union;
- ▶ Recording a Debt Forgiveness Income of \$11,842,983 after entering into an Agreement with Union Resources Limited (former parent entity) to forgive the loan balance owed to Union; and
- ▶ Application to list Jab Technologies Limited Ordinary and Option Securities on the Newcastle Stock Exchange.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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1. The Newcastle Stock Exchange approved Jab Technologies Limited Ordinary and Options Securities to the official list of the NSX 16 September 2005. Total issued Ordinary Securities and Options to be quoted are 14,862,911 and 8,865,029 respectively. The trading code for Ordinary Securities is JAB. The trading code for Options is JABO.
2. Jab Technologies Limited ("Jab") entered into an Agreement with Gumnut Systems Pty Ltd ("Gumnet") on 5 September 2005, to acquire Gumnet's assets including:
  - ▶ Hosting Services;
  - ▶ Domain Registration Services; and
  - ▶ Easy/Sites/Ezyweb Automation Services,

for a total consideration of \$25,000 inclusive of GST.

Jab is to pay Gumnet by three instalments being \$5,000, \$10,000 and \$10,000 based on the achievement of defined milestones by Gumnet as stipulated in the Agreement.

Gumnet operates an internet website development, web hosting and domain registration business for over 5 years. Gumnet's technology to enable customers to automatically build and host e-business web sites which incorporate services such as shopping carts and payment services on customer websites.

Jab has acquired the base of Gumnut's hosting service comprising approx 250 hosted websites and its Domain registration services comprising approx 520 domain names. The acquisition includes all Gumnut's Intellectual Property rights associated with GUMNUT's [www.ezyweb.com.au](http://www.ezyweb.com.au) and [www.easysites.com.au](http://www.easysites.com.au) web automation technology.

Gumnut's re-seller organisations, which market and promote many of the Gumnut offerings, will be supported through Jab's sales and support groups.

#### SIGNIFICANT EVENTS AFTER THE BALANCE DATE (CONTINUED)

Support arrangements for GUMNUT customers have been set up at Jab Headquarters in Brisbane. It is envisaged that, over time, many of the existing GUMNUT customers will benefit by upgrading to the new products and business automation technology, which Jab is introducing through its EZBiz initiative.

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company is seeking a watching brief for further acquisitions and merger opportunities that are compatible with the strategic directions of the business and will add value to shareholders of Jab.

#### INTRODUCTION OF JAB EZBIZ SERVICE

The concept of web and email business automation services is an attractive proposition for many potential clients. The business opportunity is based on the view that a growing number of business groups will be attracted to the efficiencies and economies of internet and email based commerce with customers and affiliates.

Efficiently and economically constructing and operating facilities to enable large populations of micro, small and medium business groups to implement and operate e-business facilities has great potential for full life-cycle business and service automation in areas associated with retailing, logistics, e-ticketing and other business workflow based activities.

The Company intends to offer its products as either purchased licences or as hosted "services", directly and through reseller channels, at a price point that will almost eliminate cost of entry as a barrier to adoption.

The EZBiz solution is targeted to attract very small organisations with basic needs through to larger clients with more sophisticated needs. The potential to service overseas markets also exists, either directly or via local reseller arrangements.

A number of challenges must be overcome before this opportunity can become commercially viable. These are;

1. Completion and launch of the EZBiz sales & distribution platform
2. Market positioning
3. Jab's organisational capability

The basic EZBiz sales platform is currently being finalised for testing in the market (scheduled for Jan 2006). Specifications for further refinements will be generated as feedback and the products market appeal is gauged following its release.

Independent research indicates that there are a limited number of sophisticated competitors in the Australian market for an EZBiz style service. Jab Management is of the opinion that the market demand for fast set-up, comprehensive e-business solutions for small to medium business is now beginning to emerge and that the time is right to introduce an EZBiz service with the requisite blend of security, ease of use and competitive pricing envisaged for EZBiz.

Jab's organisational capability is still embryonic and will require expanding as the Company introduces its new products into the market.

#### ENVIRONMENTAL REGULATIONS

Up to the date of this report, the directors are not aware that any of the consolidated entity's existing activities is subject to any significant environmental regulation.

## SHARE OPTIONS

As at the date of this report, there are 8,865,029 options on Issue exercisable at 20 cents on or before 31 December 2009. Refer to Note 14 of the financial statements for details of the options outstanding at year end. Option holders do not have any right by virtue of the option, to participate in any share issue of the Company.

No options were issued to directors, officers or employees during the year.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS

The directors of Jab Technologies Limited and its controlled entities are currently in a process of reviewing requirements to insure the directors and officers of the company in relation to all liabilities and expenses arising as a result of the performance of their duties in their respective capacities to the extent permitted by law. Jab Technologies is a provider of high impact business automation solutions and services associated with all facets of business email communications, smart reporting, collaboration and business community of interest networks.

Jab provides technology and systems to enable rapid, e-business activities to be planned, initiated and managed incorporating automated digital messaging for all types of high-volume, critical business communications, such as financial statements, payment services, subscriber group management, customer announcements, information sharing, research and more.

## DIRECTORS' MEETINGS

Directors Meetings	Attended	Circulating Resolutions	Audit
Number Meetings Held	4	6	2
Meetings Attended			
R.B Murdoch	4	6	2
S. Ioannides	4	6	--
S. Stark	4	6	2

## DIRECTORS' INTERESTS IN SHARES AND OPTIONS

### Equity instruments of Directors

As at 30 September 2005 the interests in the equity instruments of the Company held by Directors of the reporting entity and their Director related entities were:

Name	Ordinary Shares	Options
Type	Fully Paid	Listed
R.B. Murdoch	1,268,259	190,268
S. Ioannides	583,571	-
S. Ioannides	145,000	40,000
	1,996,830	230,268

## AUDIT COMMITTEE

This committee oversees and appraises the quality of audits conducted by the entity's external auditors, as well as determining the adequacy of administrative, operating and accounting controls. It is responsible for ensuring that the entity properly complies with all legislation and policies affecting its daily operations. It maintains open lines of communication between the Board and external advisers and oversees the identification of risk to ensure its proper management. During the year the Company had 2 audit committee meetings.

Members of the Audit Committee during the year were:

Name	Position
R.B. Murdoch	Non-Executive Chairman
S. Stark	Non-Executive & Independent Director

## REMUNERATION REPORT

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

- A. Principles used to determine the nature and amount of remuneration
- B. Details of Remuneration
- C. Service Agreements and share-based compensation

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

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, Chief Executive Officer and the senior executives. The Board also reviews and ratifies the Chief Executive Officer's recommendations on the remuneration of key management and staff.

## EXECUTIVE REMUNERATION

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The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. The executive remuneration structure is based on a number of factors including length of service, relevant market conditions, knowledge and experience with the industry, organisational experience, performance of the Company and that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in the senior executives' contracts. The new Board is currently reviewing the executive remuneration.

The Directors are not entitled to any retirement benefits except those as provided by the superannuation guarantee scheme, which is currently 9%.

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

## NON-EXECUTIVE DIRECTORS

The Board within the maximum approval by the shareholders from time to time determines remuneration of Non-Executive Directors. The current maximum amount of Non-Executive Directors' fees payable is fixed at \$30,000 per annum. The Constitution provides that Directors' fees can only change pursuant to a resolution at a general meeting.

### B. Details of remuneration

Details of the nature and amount of each element of the emolument of each director of the company and each of the three executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:



**DIRECTORS REMUNERATION**

NAME	ANNUAL EMOLUMENTS		LONG TERM EMOLUMENTS	
	Base Salary/Fees	Equity Shares	Superannuation	Total
	\$	\$	\$	\$
Robert Murdoch	9,724	--	--	9,724
Stephen Ioannides	58,245	44,800	--	103,045
(2)				
Sean Stark (2)	1,200	8,400	--	9,600
(1)	69,169	53,200	--	122,369

(1) The Directors and Executives remuneration have been determined on the basis of the cost to the entity, which includes specific benefits and GST.

(2) It is noted that S. Ioannides was appointed as a Director on 12 July 2004. S. Stark was appointed Director on 17 November 2004.

**EMOLUMENTS OF THE TWO (2) MOST HIGHLY PAID EXECUTIVE OFFICERS OF THE COMPANY AND CONSOLIDATED ENTITY**

NAME	ANNUAL EMOLUMENTS		LONG TERM EMOLUMENTS	
	Base Salary/Fees	Other	Superannuation	Total
	\$	\$	\$	\$
Michael Ilett	25,016	--	--	25,016
Martin Jericho	63,766	-	5,351	69,117
	88,782	--	5,351	94,133

**C. Service Agreements and Share Based Compensation**

- Jab Technologies Limited ("the Company") has entered into a Consultancy Agreement with Mr. Stephen Ioannides and Jaz Software Pty ("Jaz"), an entity associated with Mr. Ioannides. The Agreement commenced on 6 June 2005.

Under this Agreement, the Company has engaged Jaz in the area of executive public company management and such other services as may be required by the Company for the period of 2 years after the Company has listed on the NSX and has also secured the services of Mr. Ioannides to act as Chief Executive Office of the Company.

For the provision of services under the Agreement, Jaz will be: (a) paid a fee of \$11,400 per month (exclusive of GST); and (b) issued with a total of 1,920,000 options to subscribe for ordinary shares in the capital of the Company on the last day of the month in which Jab Technologies is admitted to the official list of the NSX. The options are exercisable at 20 cents per share on or before 31 July 2008.

The granting of 1,900,000 options to Jaz is to be vested on the basis of 80,000 options each month for 24 months, commencing at the end of the month in which the Company obtain listing on the Newcastle Stock Exchange Limited ("NSX"). The options will only be vested to Jaz if the average closing price of the Jab shares (during that month) is equal to or greater than \$0.20. If the average closing price for any month falls below \$0.20 then that month's options will no vest.

The granting of 1,900,000 options to Jaz has been independently valued at \$78,298.

2. The Company has entered into an agreement with Mr. Sean Stark dated 6 June 2005. Under this Agreement, Mr. Stark has been appointed as a non-executive director of the Company for a period of 3 years from the date of listing of the Company to assist in developing and commercialising its products.

For the provision of Services under the Agreement, Mr. Stark will be: (a) paid a fee of \$1,200 per month; (b) paid a consulting retainer of \$1,000 per month; and (c) issued with a total of 360,000 options to subscribe for ordinary shares in the capital of the Company on the last day of the month in which Jab Technologies Limited is admitted to the official list of the NSX. The options are exercisable at 20 cents per share on or before 31 July 2008.

The granting of 360,000 options to Mr. Stark is to be vested on the basis of 15,000 options each month for 24 months, commencing at the end of the month in which the Company obtains listing on the Newcastle Stock Exchange Limited ("NSX").

The options will only be vested to Mr. Stark if the average closing price of the Jab shares (during that month) is equal to or Greater than \$0.20. If the average closing price for any month falls below \$0.20 then that month's options will not vest.

The granting of 360,000 options to Mr. Stark has been independently valued at \$14,681.

3. An Agreement for Administrative Services has been entered into between the Company and Union Resources Limited ("Union") dated 13 May 2005, but did not commence until after the listing. Pursuant to this Agreement, Union will provide administration and management services to the Company, including services such as secretarial and accounting support, office furniture, equipment and telephone and reception facilities.

In consideration for the provision of these services, Union will be reimbursed for the costs it incurs in providing these services, upon presentation of a monthly invoice by Union, and in any event, not more than \$2,500 per month. The initial term of this appointment is for 12 months, and if not terminated at the expiry of this term, will continue for successive 12 months period until terminated.

#### DIRECTORS' INTERESTS IN CONTRACTS

No material contracts involving Directors' interests were entered into during or at the end of the financial year, other than those transactions detailed in note 24 of the Financial Report.

#### TAX CONSOLIDATION

Effective 1 July 2004, for the purposes of income taxation, Jab Technologies Limited and its 100% owned subsidiaries have formed a tax consolidation group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

#### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Insurance of Directors and Officers was in place until the 20th August 2004 as Jab Technologies was part of Union Resources consolidated group. As a result of the company listing, the directors are now considering the need for Directors' and Officers' Insurance.

#### AUDITORS' INDEPENDENCE

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Section 307C of the Corporations Act 2001 requires the Company's auditors, Pitcher Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 30 June 2005. The written Auditor's Independence Declaration is attached to the Directors Report and forms part of this Director's Report.

#### ROUNDING

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The amounts contained in the report and in the financial report have been rounded to the nearest \$1 under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

#### CORPORATE GOVERNANCE

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The Board of Directors is responsible for the Corporate Governance of the consolidated entity. The Board is committed to achieving the highest standards of corporate behaviour and accountability. The company's corporate governance statement is contained in the following section of this report.

Signed for and on behalf of the Board in accordance with a resolution of the Directors.



S. Ioannides

Director

Brisbane, 30 September 2005



**PITCHER PARTNERS**

ACCOUNTANTS AUDITORS & ADVISORS

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF JAB TECHNOLOGIES LIMITED**

In relation to our audit of the financial report of Jab Technologies Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PITCHER PARTNERS

R J ST CLAIR  
Partner

Brisbane, 30 September 2005

An Independent Queensland Partnership. ABN 32 862 011 478

## **CORPORATE GOVERNANCE STATEMENT**

This statement outlines the main corporate governance practices in place and the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council ("ASX Council") throughout the year as contained in the ASX Council's "Principles of Good Corporate Governance and Best Practice Recommendations." Departures from the ASX Council best practice recommendations have been identified and explained below.

The statement and information contained therein is available on the Company's website at [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au) under the company information section.

### **PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

The Board is responsible to shareholders for the group's overall Corporate Governance. The Board delegates to the Chief Executive Officer (CEO) and the executive team the responsibility for the operation and administration of the consolidated entity. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess performance.

The key responsibilities of the Board are to:

- ▶ Establish, monitor and modify the corporate, business and tactical level strategies of the Company;
- ▶ Ensure compliance with good corporate governance and other requirements of the law;
- ▶ Monitor the performance of the Company and its management;
- ▶ Undertake a review of risks and further develop systems of internal control;
- ▶ Approve decisions concerning capital and major expenditure; and
- ▶ Ensure proper disclosure to shareholders and other stakeholders.

During the year the Board reviewed its policies and practices in relation to the ASX best practice recommendations and developed a written Board charter which was formerly adopted at a meeting of directors of the Company held on 20 January 2004. A copy of the Board Charter can be found on the Company's website.

### **PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE**

The current Board of three members comprises of non-executive directors and one executive director. The names, skills, experience of the directors in office at the date of this statement and the period of office of each director are set out in the Directors' Report contained in this Financial Report. The directors believe that the Board is of sufficient composition, size and commitment to adequately discharge its responsibilities and duties.

#### **INDEPENDENCE OF DIRECTORS**

Mr. Sean Stark is considered to be an independent director and Mr. Robert Murdoch is a non-executive director. Due to the size and nature of the Company, the Board does not consist of a majority of Independent Directors. The Board believes that the individual directors make quality and independent judgements in the best interests of the Company.

The Board distinguishes between the concept of independence and issues of conflict of interest and material personal interest. The Board's policies and procedures ensure that interests in the matters are disclosed and that the relevant director is

excluded from voting in matters relating to conflict of personal and material interest. All directors are also able to obtain independent advice at the expense of the Company.

The composition of the Board will be monitored to ensure that additional independent directors are appointed on a timely basis to fulfil specific skill sets needed by the Board to discharge its responsibilities competently and to meet its obligations.

#### **CHAIRPERSON OF THE BOARD**

Due to the size and nature of the Company, the chairperson of the Company is a non-executive director. Separate individuals exercise the roles of the chairperson and chief executive officer.

#### **NOMINATION**

As Jab Technologies Limited has a relatively small Board it has not established a formal nomination committee. The whole Board participates in the selection of members of the Board. The Board formalised its Nomination and Remuneration Policy, which was formerly adopted at a meeting of Directors of the Company held on 20 January 2004. A copy of this policy has been published on the Company's website.

The Remuneration and Nomination Policy delegates to non-executive directors the responsibilities of:

- ▶ Assessing the necessary competencies of Board members to add value to the Company;
- ▶ Reviewing the Board succession plans;
- ▶ Evaluating the Board's performance; and
- ▶ Providing recommendations for the appointment and removal of members of the Board and Committees of the Board.

The Board has recently assessed the performance of individual directors and the Board as a whole and determined that there is no present need for the appointment of any additional directors.

#### **PRINCIPLE 3 - PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

##### **CODE OF CONDUCT**

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. Fair dealing with the Company's suppliers, advisors, customers, employees and competitors is expected at all levels of the organisation. All directors, executive management and employees are expected to act with integrity to enhance the performance of the Group. The Company has established a Code of Conduct, which provides a guide to the Directors and employees as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. A copy of the Code of Conduct has been published on the Company's website.

##### **TRADING IN COMPANY SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES**

The Board has established written guidelines set out in its Corporate Ethics and Securities Trading Policy that sets guidelines for trading in the Company's shares. The policy restricts the buying or selling of Company Shares within seven days prior to the release of the half year and annual reports and at any time during which the directors are aware of unpublished price sensitive information.

A summary of the main provisions of the Corporate Ethics and Securities Trading Policy has been published on the Company's website.

#### **PRINCIPLE 4 - SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**STATEMENT TO THE BOARD BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

The Board requires that the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that the consolidated financial statements of Company and its controlled entities present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with applicable accounting standards.

**AUDIT COMMITTEE**

The Board has established an Audit Committee, which operates under a Charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board confirmed the role and responsibilities of the Audit Committee in a written charter, which was formerly adopted at a meeting of directors. A copy of the audit committee charter has been published on the Company's website.

Some meetings of the Committee were attended by invitation by the Managing Director, Chief Financial Officer, the engagement partner from the Company's external auditors and any such other senior staff or professional people as may be appropriate from time to time. The Company ensured that at least one person present had financial experience and that some members had an understanding of the technology sector.

During the period the audit committee met with the external auditor to review the independence of the external auditor and discuss the need for rotation of external audit engagement partners. The audit committee determined that was no need for any change in the external auditor.

**PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

The Company has established policies and procedures designed to ensure compliance with the NSX Listing Rule requirements so that announcements are made in a timely manner, are factual, do not omit material information, are balanced and are expressed in a clear and objective manner so as to allow investors to assess the information when making investment decisions. The Chief Executive Officer and Chief Financial Officer are responsible for interpreting and monitoring the Company's disclosure policy and the Company Secretary is responsible for all communications with the NSX.

NSX announcements are also published on the Company's website. The Company's Statement of Governance Policy contains procedures relating to the timely and balanced disclosure. A copy of this policy has been published on the Company's website.

**PRINCIPLE 6 - RESPECT THE RIGHTS OF SHAREHOLDERS**

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Jab Technologies Limited regularly communicates to its shareholders in a timely manner through:

- ▶ Relevant disclosures made in accordance with NSX Listing Rule disclosure requirements;
- ▶ Annual financial reports which are distributed unless specifically requested otherwise;
- ▶ Making documents that have been released publicly available on the Company's website; and
- ▶ Communicating with shareholders electronically through the Company's web based application.

The Company's web site contains a corporate governance section that includes copies of policies, procedures and charters.

The Company has requested that the external auditor attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

**PRINCIPLE 7 - RECOGNISE AND MANAGE RISK****OVERSIGHT OF THE RISK MANAGEMENT FUNCTION**

Jab Technologies recognises that it is necessary to undertake activities that involve a level of risk in order to achieve high levels of performance. The Board and Audit Committee are responsible for the oversight of the Group's risk management and control framework.

The size of the Company and the comprehensive nature of its reporting systems have led the Board to conclude that a formal internal audit process would not be cost effective nor reduce risk. There is no formal Risk Management Policy, however the Company is focused on the identification and management of risk including:

- ▶ Establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve these goals;
- ▶ Identifying and measuring risks that might impact upon the achievement of the Company's goals and monitor for trends and emergent factors;
- ▶ Reviewing the half-year reports and other reports required to be lodged with the NSX; and
- ▶ Established separate project teams to identify risk management strategies and monitor the risk and implementation strategies for each major company project. The Project Managers report to the Board on a regular basis.

The Board believes that there are adequate controls to ensure that financial reports provide a truthful and factual position for the Company.

**CERTIFICATION OF RISK MANAGEMENT CONTROLS**

The Chief Executive Officer and Chief Financial Controller are required to make an annual written statement to the Board with respect to risk management and internal controls.

**PRINCIPLE 8 - ENCOURAGE ENHANCED PERFORMANCE**

The Board undertakes an annual review of its performance and the performance of key executives. Directors were initially invited to join the Board on the basis of their experience and skills in relation to the Company's activities.

The performance criteria against which Directors' and executives are assessed align with the Company's objectives. The Board has a responsibility to ensure that executive remuneration is fair and reasonable, having regard to the competitive market for executive talent, structured effectively to motivate and retain valued executives, and designed to produce value for shareholders.



**PRINCIPLE 9 - REMUNERATE FAIRLY AND RESPONSIBLY**

As Jab Technologies Limited has a relatively small Board it has not established a formal remuneration committee. The whole Board is responsible for recommending and reviewing the remuneration arrangements for the directors, chief executive officer and senior executive team. The Board has formalised its Nomination and Remuneration Policy, which was formerly adopted at a meeting of Directors of the Company held on 20 January 2004. A copy of this policy has been published on the Company's website.

The Nomination and Remuneration Policy requires that a majority of non-executive directors must approve changes to the remuneration or contract terms of Directors; the design of new remuneration packages, equity based remuneration packages, performance based remuneration, any cash-based incentive plans and termination payments to Directors

It is the objective of Jab Technologies Limited to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors' and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration policy are:

- ▶ Retention and motivation of key executives;
- ▶ Attraction of quality management to the Company; and

**PERFORMANCE INCENTIVES, WHICH ALLOW EXECUTIVES TO SHARE THE REWARDS OF THE SUCCESS OF THE COMPANY**

Executive directors are remunerated by means of a fixed based remuneration. The Company is currently reviewing its remuneration policies and practices and considering the introduction of performance based and equity based remuneration. As non-executive directors Mr. R.B. Murdoch & Mr. Sean Stark are entitled to director's fees. Non-executive directors are not entitled to any retiring allowance payable upon their retirement as a director of the Company. The details of the Directors' and Senior Executives' remuneration are set out in the Directors' Report and in note 21 to the Financial Report.

**PRINCIPLE 10 - RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS**

The Company recognises its legal and other obligations including its responsibility to act in good faith and with integrity whilst dealings with Company affairs. These responsibilities relate to all stakeholders including clients, customers, suppliers, government, financial institutions, shareholders and to the community as whole.

The Company is firmly committed to ethical business practices, a safe workplace and compliance with the law. These include trade practices and fair dealing laws, consumer protection, and respect for privacy, employment law, occupational health and safety, equal employment opportunity, superannuation, environment and pollution controls.

As indicated under Principle 3, the Company has established a Code of Conduct to guide compliance with legal and other obligations to the legitimate stakeholders of the Company.

# STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 30 JUNE 2005

	Notes	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenues from ordinary activities	2	11,851,041	38,591	11,851,041	38,591
Expenses from ordinary activities	2	(294,769)	(277,682)	(311,019)	(277,682)
Profit (Loss) from ordinary activities before income tax expense		11,556,272	(239,091)	11,540,022	(239,091)
Income tax benefit relating to ordinary activities	4	--	92,786	--	92,786
Net Profit (Loss)		11,556,272	(146,305)	11,540,022	(146,305)
Net Profit/ (loss) attributable to members of Jab Technologies Limited	15	11,556,272	(146,305)	11,540,022	(146,305)
Total changes in equity other than those resulting from transactions with owners as owners	15	11,556,272	(146,305)	11,540,022	(146,305)
Basic earnings per share (cents per share)	5	151.84	(14.63)		
Diluted earnings per share (cents per share)	5	151.84	(14.63)		
Franked dividends per share (cents per share)		--	--	--	--

*The accompanying notes form an integral part of this Statement of Financial Performance*

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Notes	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>CURRENT ASSETS</b>					
Cash assets	7	131,858	4,341	131,858	4,341
Receivables	8	11,333	1,419	11,333	1,419
Other assets	9	51,595	95,925	51,595	95,925
<b>TOTAL CURRENT ASSETS</b>		<b>194,786</b>	<b>101,685</b>	<b>194,786</b>	<b>101,685</b>
<b>NON-CURRENT ASSETS</b>					
Investments	10	--	--	52,286	52,286
Property, plant and equipment	11	7,552	4,209	7,552	4,209
Other assets	9	4,631	--	1,430	--
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,183</b>	<b>4,209</b>	<b>61,268</b>	<b>56,495</b>
<b>TOTAL ASSETS</b>		<b>206,969</b>	<b>105,894</b>	<b>256,054</b>	<b>158,180</b>
<b>CURRENT LIABILITIES</b>					
Payables	12	65,369	37,601	65,369	21,351
Provisions	13	2,946	--	2,946	--
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,315</b>	<b>37,601</b>	<b>68,315</b>	<b>21,351</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	12	--	13,314,902	--	13,318,103
Provisions	13	4,168	--	4,168	--
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,168</b>	<b>13,314,902</b>	<b>4,168</b>	<b>13,318,103</b>
<b>TOTAL LIABILITIES</b>		<b>72,483</b>	<b>13,352,503</b>	<b>72,483</b>	<b>13,339,454</b>
<b>NET ASSETS</b>		<b>134,486</b>	<b>(13,246,609)</b>	<b>183,571</b>	<b>(13,181,274)</b>
<b>EQUITY</b>					
Total contributed entity	14	1,824,833	10	1,824,833	10
Total accumulated losses	15	(1,690,347)	(13,246,619)	(1,641,262)	(13,181,284)
<b>TOTAL EQUITY</b>		<b>134,486</b>	<b>(13,246,609)</b>	<b>183,571</b>	<b>(13,181,274)</b>

*The accompanying notes form an integral part of this Statement of Financial Position*

## STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2005

		CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	Notes	2005 \$	2004 \$	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Deposits received		--	--	--	--
Receipts from customers		3,339	44,548	3,339	44,548
Interest received		3,142	2,155	3,142	2,155
Interest paid		(224)	--	(224)	--
Payments to suppliers and employees		(194,988)	(269,821)	(194,988)	(269,821)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	19(b)	<b>(188,731)</b>	<b>(223,118)</b>	<b>(188,731)</b>	<b>(223,118)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loans from Related Parties		--	208,516	--	208,516
Purchase of equity investments		--	--	--	--
Purchase of development assets		--	--	--	--
Purchase of physical non-current assets		--	--	--	--
Proceeds from disposal of physical non-current assets		2,625	2,155	2,625	2,155
<b>NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>2,625</b>	<b>210,671</b>	<b>2,625</b>	<b>210,671</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of ordinary shares and options		318,631	--	318,631	--
Other - Share issue costs		(5,008)	--	(5,008)	--
<b>NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>313,623</b>	<b>--</b>	<b>313,623</b>	<b>--</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>127,517</b>	<b>(12,447)</b>	<b>127,517</b>	<b>(12,447)</b>
Add opening cash brought forward		4,341	16,788	4,341	16,788
<b>CLOSING CASH CARRIED FORWARD</b>	19(a)	<b>131,858</b>	<b>4,341</b>	<b>131,858</b>	<b>4,341</b>

*The accompanying notes form an integral part of this Statement of Cash Flows*

## NOTES TO FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A) BASIS OF ACCOUNTING

The general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements have been prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of previous year.

## B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Jab Technologies Limited as at 30 June 2005 and the results of all controlled entities for the year then ended. The effects of all transactions between the economic entities in the consolidate entity are eliminated in full. Outside equity interests in the results and equity of the controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the dated on which control commences. Where control of an entity ceases during the financial year its results are included for that part of the year during which control existed.

## C) INCOME TAX

Tax effect accounting procedures are followed whereby the income tax in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rate expected to apply when the differences reverse.

## D) FOREIGN CURRENCIES

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currencies at the rates of exchange current at that date. Resulting exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change. The financial statements of all foreign operations are translated using the temporal rate method, as they are considered reliant on the parent entity.

## E) ACQUISITION OF ASSETS

The purchase method of accounting is used for all acquisitions of asserts regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issues or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in acquisition, the value of the instruments is their market price as at acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

**F) INTANGIBLE ASSETS - GOODWILL**

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise. The unamortised balance of goodwill is reviewed at each balance date and charged to profit from ordinary activities to the extent that applicable future benefits are no longer probable. The carrying amount of goodwill relating to the acquisitions to date has been charged to the statement of financial performance.

**G) REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

- ▶ provision of technology services – revenue from provision of technology services is recognised when the economic entity has performed services for the customer and billing for those services has occurred in accordance with contract terms and conditions; and
- ▶ interest – interest revenue is recognised on an accrual basis.

**H) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS**

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write-down to a recoverable amount. The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and cash outflows arising from continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

**I) INVESTMENTS**

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend receivable is recognised in the statement of financial performance when receivable. Controlled entities are accounted for in the consolidated financial statements as set out in note 1(a). Interests in controlled entities, the investment is written down to its recoverable amount.

**J) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost or recoverable amount. Depreciation is calculated on a straight-line basis to write off the net cost or re-valued amount of each item of property, plant and equipment (excluding land and investment properties) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives for plant and equipment are 4 - 5 years.

**K) LEASED ASSETS**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits of ownership of the leased assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

**L) FINANCIAL INSTRUMENTS**

Cash include deposits at call with financial institutions.

**M) EMPLOYEE BENEFITS**

Employee benefit on-costs including payroll tax are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect to services provided by the employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields as the reporting date on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

**N) BORROWING COSTS**

Borrowing costs are recognised as expenses in the period in which they are incurred except to the extent they are included in the costs of qualifying assets.

**O) EARNINGS PER SHARE**

Basic earnings per share is determined by dividing the net profit after tax attributable to the members 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 during the year.

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.

**P) RECLASSIFICATION OF LIABILITIES FOR CERTAIN EMPLOYEE BENEFITS**

The liabilities for wages and salaries and related on-costs expected to be settled within 12 months of reporting date have been classified as other creditors in the current year in accordance with AASB 1044 Provisions, Contingent Liabilities and Contingent Assets. The directors do not believe there are any significant uncertainties relating to the amount and timing of the future payments for these employee benefits, therefore they do not meet the definition of a provision under AASB 1044.

**Q) GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of good 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 item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows arising from operating activities are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO, are classified in operating cash flows.

**R) REVALUATION OF NON-CURRENT ASSETS**

Subsequent to initial recognition as exploration evaluation and development expenditure, capitalised assets are measured at fair value being the amounts for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations were made to the gold tenements prior to the initial public offering of Gold Aura Limited to ensure that the carrying amount of each exploration evaluation and development expenditure capitalised, as assets did not differ materially from their fair value.

**s) IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS**

For reporting periods beginning on or after 1 July 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The key potential implications of the conversion to IFRS on the consolidation entity are as follows:

- ▶ Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value.
- ▶ Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and as the tax effect follows the underlying transaction, some tax effects will be recognised in equity.
- ▶ Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired.
- ▶ Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

As at the date of this report, there are no material differences between the income statement presented under AFIRS and the income statement presented under AGAAP.

As at the date of this report, there are no material differences between the balance sheet presented under AFIRS and the balance sheet presented under AGAAP.

As at the date of this report, there are no material differences between the cash flow statement presented under AFIRS and the income statement presented under AGAAP.



	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>2. PROFIT FROM ORDINARY ACTIVITIES</b>				
(a) Specific Items				
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
(i) Revenues from operating activities				
Revenue from sale of goods	2,291	36,436	2,291	36,436
Revenues from non-operating activities				
Interest – unrelated parties	3,142	--	3,142	--
Debt forgiveness income	11,842,983	--	11,842,983	--
Proceeds from sale investments	2,625	2,155	2,625	2,155
<b>Total revenue from operating activities</b>	<b>11,851,041</b>	<b>38,591</b>	<b>11,851,041</b>	<b>38,591</b>
(ii) Expenses from ordinary activities				
Advertising	1,420	624	1,420	624
Audit fees	10,000	--	10,000	--
Accounting fees	--	--	--	--
Borrowing costs	224	--	224	--
Employee benefits	--	--	--	--
Consulting fees	67,969	--	67,969	--
Directors' fees	54,400	--	54,400	--
Depreciation and Amortisation	3,214	26,579	3,214	26,579
Occupancy expenses	2,644	13,102	2,644	13,102
R&D Salaries	26,939	--	26,939	--
Salaries	28,270	75,215	44,520	75,215
General administration expenses	99,689	162,162	99,689	162,162
<b>Total expenses from ordinary activities</b>	<b>294,769</b>	<b>277,682</b>	<b>311,019</b>	<b>277,682</b>
<b>3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES</b>				
(a) Dividends proposed				
Franked dividends	--	--	--	--
(b) Dividends paid	--	--	--	--
Franked dividends	--	--	--	--
	--	--	--	--

#### 4. INCOME TAX

(a) Income tax expense

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

Loss from ordinary activities before income tax	11,556,272	(239,091)	11,540,022	(239,091)
Income tax calculated at 30%	3,466,882	(71,727)	3,462,007	(71,727)
Add/(less) tax effect of permanent differences				
Business related capital costs	(5,008)	--	(5,008)	--
Debt Forgiveness Income	(3,552,895)	--	(3,552,895)	--
Other				
Income tax (expense)/benefit adjusted for permanent differences	(91,021)	(71,727)	(95,896)	(71,227)
Future income tax benefit attributable to tax losses and timing differences not brought into account	91,021	71,727	95,896	71,727
Prior year research and development tax offset	--	92,787	--	92,787
Income tax benefit charged to profit and loss account	--	92,787	--	92,787

(b) Income tax losses not brought to account

The directors estimate that the potential net future income tax benefit arising from income tax losses as at 30 June 2005 amounts to \$507,104 (2004: \$416,083).

The net future income tax benefit, which has not been recognised as an asset, will only be obtained if:

- (i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realized;
- (ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

**(c) Tax consolidation legislation**

Jab Technologies Limited and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2004.

The wholly-owned entities have fully compensated Jab Technologies Limited for deferred tax liabilities assumed by Jab Technologies Limited that have been recognised in the accounts on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Jab Technologies Limited that have been brought to account.

The entities have also entered into a tax sharing and funding arrangement. Under the terms of this agreement, the wholly owned entities reimburse Jab Technologies Limited for any current income tax payable by Jab Technologies Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due. As there are significant income tax losses carried forward by the consolidated entity, no tax-related receivable/payable amounts have been recognised by Jab Technologies Limited.

In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liabilities of the wholly owned entities in the case of a default by Jab Technologies Limited.

**5. EARNINGS PER SHARE**

Basic earnings per share (cents per share)

Diluted earnings per share (cents per share)

Earnings used in calculating of basic earnings per share

Earnings used in calculating of diluted earnings per share

**Weighted average number of shares used as the denominator**

Weighted average number of ordinary shares used in the dominator in calculating basic earnings per share (a)

Weighted average number of ordinary shares used in the dominator in calculating diluted earnings per share

<b>CONSOLIDATED</b>	
<b>2005</b>	<b>2004</b>
<b>\$</b>	<b>\$</b>
<b>151.84</b>	<b>(14.63)</b>
<b>151.84</b>	<b>(14.63)</b>
<b>11,556,272</b>	<b>(146,305)</b>
<b>11,556,272</b>	<b>(146,305)</b>
<b>7,610,982</b>	<b>10,000</b>
<b>7,610,982</b>	<b>10,000</b>

At the end of the year, the economic entity had 6,000,000 options on issue with an exercise price of 20 cents expiring 31 December 2009.

(a) The company has not added the options to the weighted average number of shares, as the company was not listed at year end.

**6. SEGMENT REPORTING**

The main product of Jab Technologies Limited is called EZBIZ Technology with the concept of developing a suite of integrated

products that provide the means to easily design, launch and operate internet business services using intelligent emails as the "link" between the business parties associated with the service (i.e: supplier, customer, contractor and related parties).

As at the date of this report, EZBIZ Technology is still under development and it represents one business segment. Therefore, the Company has not produced a separate Business or Geographical Segment for Jab Technologies Limited or its controlled entities for the period ended 30 June 2005.

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>7. CASH ASSETS</b>				
Current				
Cash at bank and on hand	131,858	4,341	131,858	4,341
	131,858	4,341	131,858	4,341
<b>8. RECEIVABLES</b>				
Current				
Trade debtors	675	1,419	675	1,419
Other debtors	10,658	--	10,658	--
	11,333	1,419	11,333	1,419
<b>9. OTHER ASSETS</b>				
Current				
Prepayments	51,595	3,138	51,595	3,138
Tax Offset	--	92,787	--	92,787
	51,595	95,925	51,595	95,925
(a) Tax Offset (research and development)				
This amount represents the anticipated tax offset from the Australian Taxation Office calculated on the 2004 research and development expenditure.				
Non-current				
Other assets	4,631	--	1,430	--
	4,631	--	1,430	--
<b>10. INVESTMENTS</b>				
Non-current				
Investments	--	--	52,286	52,286
	--	--	52,286	52,286

# **11. PLANT AND EQUIPMENT**

Plant and equipment:

Opening balance (a)

Additions

Disposals

Closing value at 30 June 2004

Accumulated depreciation

Opening balance

Depreciation for the year

Disposals

Closing value at 30 June 2004

**Total property, plant and equipment (net)**

# **12. PAYABLES**

**Current**

Trade creditors and accruals

**Non-Current**

Loan from Union Resources Limited (a)

(a) Union Resources Limited ("Union") entered into a Debts Forgiveness Agreement ("Agreement") in August 2004 with Jab Technologies Limited ("Jab"), after receiving the approval from Unions' shareholders at the General Meeting held on 20 August 2004. In the Agreement, Union Resources Limited will forgive its loan to Jab and Jab will issue 7,290,000 new shares to Union in return together with a proposed plan to list Jab on the Stock Exchange of Newcastle Limited.

# **13. PROVISIONS**

**Current**

Employee entitlements (see note 25)

**Non-Current**

Employee entitlements (see note 25)

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	2005	2004	2005	2004
	\$	\$	\$	\$
Opening balance (a)	549,821	560,752	549,821	560,752
Additions	6,558	3,445	6,558	3,445
Disposals	(475,797)	(14,376)	(475,797)	(14,376)
Closing value at 30 June 2004	80,582	549,821	80,582	549,821
Accumulated depreciation				
Opening balance	(545,612)	(532,232)	(545,612)	(532,232)
Depreciation for the year	(3,214)	(26,579)	(3,214)	(26,579)
Disposals	475,796	13,199	475,796	13,199
Closing value at 30 June 2004	(73,030)	(545,612)	(73,030)	(545,612)
<b>Total property, plant and equipment (net)</b>	<b>7,552</b>	<b>4,209</b>	<b>7,552</b>	<b>4,209</b>
<b>12. PAYABLES</b>				
<b>Current</b>				
Trade creditors and accruals	65,369	37,601	65,369	21,351
	65,369	37,601	65,369	21,351
<b>Non-Current</b>				
Loan from Union Resources Limited (a)	--	13,314,902	--	13,318,103
	--	13,314,902	--	13,318,103
<b>13. PROVISIONS</b>				
<b>Current</b>				
Employee entitlements (see note 25)	2,946	--	2,946	--
	2,946	--	2,946	--
<b>Non-Current</b>				
Employee entitlements (see note 25)	4,168	--	4,168	--
	4,168	--	4,168	--

**14. CONTRIBUTED EQUITY**
**Issued and paid up capital (a)**

(a) Ordinary shares fully paid

(b) Movements in shares on issue

On issue at the beginning of the year

Placement of 7,290,000 shares @ 20 cents-  
20/8/04

Issue Costs

Placement of 667,500 shares @ 8 cents –  
23/2/05

Directors' fees @ 8 cents – 23/02/05

Placement of 990,382 @ 8 cents-21/3/05

Directors' fees @ 8 cents – 21/03/05

Placement of 2,325,000 shares @ 8 cents-  
21/03/05

Directors' fees @ 8 cents – 31/05/05

On issue at end of the year

	2005		2004	
	Number of Shares	\$	Number of Shares	\$
(a) Ordinary shares fully paid	11,947,882	1,824,833	10,000	10
(b) Movements in shares on issue				
On issue at the beginning of the year	10,000	10	10,000	10
Placement of 7,290,000 shares @ 20 cents- 20/8/04	7,290,000	1,458,000	--	--
Issue Costs	--	(5,008)	--	--
Placement of 667,500 shares @ 8 cents – 23/2/05	667,500	53,400	--	--
Directors' fees @ 8 cents – 23/02/05	285,000	22,800	--	--
Placement of 990,382 @ 8 cents-21/3/05	990,382	79,231	--	--
Directors' fees @ 8 cents – 21/03/05	190,000	15,200	--	--
Placement of 2,325,000 shares @ 8 cents- 21/03/05	2,325,000	186,000	--	--
Directors' fees @ 8 cents – 31/05/05	190,000	15,200	--	--
On issue at end of the year	11,947,882	1,824,833	10,000	10

(a) Jab Technologies Limited Ordinary shares were listed on the Newcastle Stock Exchange on 16 September 2005 with 2,915,029 new shares allotted. Total number of Ordinary Share issued as at the date of this report is: 14,862,911.

**Options to acquire issued capital (b)**

Each option entitles the holder to purchases one share. The names of all persons who currently hold share options, granted at any time, are entered in the register kept by the Company, pursuant to Section 168 of the Corporations Act 2001, which may be inspected free of charge. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

Movement in the numbers of options to acquire share capital are as follows:

	Number of Options	
	2005	2004
On issue at the beginning of the year	--	--
Issued during the year (a)	6,000,000	--
On issue at the end of the year	6,000,000	--
<b>Expiry Date</b>	<b>Exercise Price</b>	
31 December 2009 convertible at 20 cents (JAB01)	20 cents	--
	6,000,000	--

(b) Subsequent to 30 June 2005, Jab Technologies Limited Options were listed on the Newcastle Stock Exchange on 16 September 2005 with 2,865,029 new options allotted (JAB0). Total number of Options issued as at the date of this report is: 8,865,029.

**15. ACCUMULATED LOSSES**

Balance at beginning of year

Net profit attributable to members of Jab Technologies Limited

Balance at end of year

CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
2005	2004	2005	2004
\$	\$	\$	\$
(13,246,619)	(13,100,314)	(13,181,284)	(13,034,979)
11,556,272	(146,305)	11,540,022	(146,305)
(1,690,347)	(13,246,619)	(1,641,262)	(13,181,284)

**16. FINANCIAL COMMITMENTS**

**Operating Leases**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year

Later than one year but not later than five years

**Commitments not recognised in the financial statements**

--	3,984	--	3,984
--	--	--	--
--	3,984	--	3,984

**17. CONTINGENT LIABILITIES**

As at the date of this report, the directors are not aware of any contingent liabilities that need to be disclosed in this set of accounts.

**18. FINANCIAL INSTRUMENTS**
**Interest rate risk exposures**

The economic entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable for each class of asset or liability refer to the individual notes to the financial statements.

	Notes	1 year or less		Fixed Interest maturing in Over 1 – 5 years		Non interest bearing		Total	
		\$'000		\$'000		\$'000		\$'000	
		2005	2004	2005	2004	2005	2004	2005	2004
Financial assets									
Cash and deposits	7	131,858	4,341	--	--	--	--	131,858	4,341
Receivables	8	--	--	--	--	11,333	1,419	11,333	1,419
Other	9	56,226	95,925	--	--	--	--	56,226	95,925
		188,084	100,266	--	--	11,333	1,419	199,417	101,685
Weighted average interest rate		--	--	--	--	--	--	--	--
Financial liabilities									
Payables	12	--	--	--	--	65,369	37,601	65,369	37,601
Loan	12	--	--	--	--	--	13,314,902	--	13,314,902
		--	--	--	--	65,369	13,352,503	65,369	13,352,503
Weighted average interest rate		--	--	--	--	--	--	--	--
Net financial assets (liabilities)		188,084	100,266	--	--	(54,036)	(13,351,084)	134,048	13,250,818

Interest is only earned on cash deposits.



**19. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH FLOW (USED IN) OPERATING ACTIVITIES**
**(a) Reconciliation of cash**

For the purpose of the Statements of Cash Flows, cash includes cash on hand and in banks and deposits at call, net of bank overdrafts. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial position as follows:

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at bank / on hand	131,858	4,341	131,858	4,341
Deposit on call	--	--	--	--
	<b>131,858</b>	<b>4,341</b>	<b>131,858</b>	<b>4,341</b>

**(b) Reconciliation of net cash absorbed by operating activities to operating loss after Income tax.**

Net profit/(loss)	11,556,272	(146,305)	11,540,022	(146,305)
Adjustments for non-cash income and expense items:	(9,182)	--	(9,182)	--
Depreciation and amortisation of non current assets	3,214	26,579	3,214	26,579
Debt Forgiveness	(11,856,902)	--	(11,860,103)	--
Interest on convertible notes	--	--	--	--
Shares issued to directors in lieu of directors' fees	53,200	--	53,200	--
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
Decrease/(increase) in trade and other receivables	(14,545)	4,062	(11,344)	4,062
Decrease/(increase) in prepayments and other assets	44,330	(93,791)	44,330	(93,791)
(Decrease)/increase in liabilities:				
(Decrease)/increase in creditors and accruals	27,768	(13,663)	44,018	(13,663)
(Decrease)/increase in employee entitlements	7,114	--	7,114	--
Net operating cash flows	<b>(188,731)</b>	<b>(223,118)</b>	<b>(188,731)</b>	<b>(223,118)</b>

**20. INVESTMENTS IN CONTROLLED ENTITIES AS AT JUNE 30, 2005**

Name of entity	Country of Incorporation	Percentage Ownership	
		2005 %	2004 %
<b>Controlled entities (a)</b>			
Jab Creative Pty Ltd	Australia	100%	100%
RadioCity.com.au Pty Ltd	Australia	100%	100%

- (a) The financial years of all controlled entities are the same as that of the parent. All controlled entities operate solely in their place of incorporation.

JAB TECHNOLOGIES LIMITED	
2005 \$	2004 \$
122,369	5,316

**21. DIRECTORS AND EXECUTIVE DISCLOSURES**

Income paid or payable or otherwise made available to directors by entities in the consolidated entity and related parties in connection with the management of the affairs of the parent entity or its controlled entity.

Specified Directors (1)		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
Robert Murdoch	2005	9,724	--	--	9,724
(Non-Executive Chairman)	2004	5,316	--	--	5,316
Stephen Ioannides (2)	2005	58,245	--	44,800	103,045
(CEO/Executive Director)	2004	--	--	--	--
Sean Stark (2)	2005	1,200	--	8,400	9,600
(Non-Executive Director)	2004	--	--	--	--
Peter Sauerberg (3)	2005	--	--	--	--
(Non-Executive Director)	2004	--	--	--	--
<b>Total Remuneration</b>	2005	69,169	--	53,200	122,369
	2004	5,316	--	--	5,316

- (1) The Directors and Executives remuneration have been determined on the basis of the cost to the entity, which includes specific benefits and GST.
- (2) It is noted that S. Ioannides was appointed as a Director on 12 July 2004; S. Stark was appointed Director on 17 November 2004.
- (3) It is noted that P. Sauerberg was a Director since May 1999 till his resignation on 22 July 2004.

**22. DIRECTORS AND EXECUTIVES DISCLOSURES (cont)**

Specified Executives Top 4		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
Stephen Ioannides (4)	2005	--	--	--	--
	2004	82,605	--	--	82,605
Michael Ilett (5)	2005	25,016	--	--	25,016
	2004	--	--	--	--
Martin Jericho	2005	63,766	5,351	--	69,117
	2004	57,786	5,201	--	62,987
Richard Oxley	2005	--	--	--	--
	2004	9,177	363	--	9,540
<b>Total Remuneration</b>	2005	<b>88,782</b>	<b>5,351</b>	<b>--</b>	<b>94,133</b>
	2004	149,568	5,564	--	155,132

(4) It is noted that S. Ioannides was appointed as a Director on 12 July 2004.

(5) It is noted that M. Ilett has been Company Secretary since 12 July 2004.

(6) It is noted that there were only two (2) Specified Executives for Year ended 2005.

**EQUITY INSTRUMENT DISCLOSURES RELATING TO DIRECTORS AND EXECUTIVES**
**Equity provided as remuneration**

Details of ordinary shares in the company provided as remuneration to the directors of the company are set out below.

**Directors of Jab Technologies Ltd      Number of shares issued during the year**

Stephen Ioannides	560,000
Sean Stark	105,000

**Service Agreements**

- Jab Technologies Limited ("the Company") has entered into a Consultancy Agreement with Mr. Stephen Ioannides and Jaz Software Pty ("Jaz"), an entity associated with Mr. Ioannides.

The Agreement commenced on 6 June 2005.

Under this Agreement, the Company has engaged Jaz in the area of executive public company management and such other services as may be required by the Company for the period of 2 years after the Company has listed on the NSX and has also secured the services of Mr. Ioannides to act as Chief Executive Office of the Company.

For the provision of services under the Agreement, Jaz will be: (a) paid a fee of \$11,400 per month (exclusive of GST); and (b) issued with a total of 1,920,000 options to subscribe for ordinary shares in the capital of the Company on the last day of the month in which Jab Technologies is admitted to the official list of the NSX.

- The Company has entered into an agreement with Mr. Sean Stark dated 6 June 2005. Under this Agreement, Mr. Stark has been appointed as a non-executive director of the Company for a period of 3 years from the date of listing of the Company to assist in developing and commercialising its products.

For the provision of Services under the Agreement, Mr. Stark will be: (a) paid a fee of \$1,200 per month; (b) paid a consulting retainer

of \$1,000 per month; and (c) issued with a total of 360,000 options to subscribe for ordinary shares in the capital of the Company on the last day of the month in which Jab Technologies Limited is admitted to the official list of the NSX.

3. An Agreement for Administrative Services has been entered into between the Company and Union Resources Limited ("Union") dated 13 May 2005. Pursuant to this Agreement, Union will provide administration and management services to the Company, including services such as secretarial and accounting support, office furniture, equipment and telephone and reception facilities. In consideration for the provision of these services, Union will be reimbursed for the costs it incurs in providing these services, upon presentation of a monthly invoice by Union, and in any event, not more than \$2,500 per month. The initial term of this appointment is for 12 months, and if not terminated at the expiry of this term, will continue for successive 12 months period until terminated.

## 23. REMUNERATION OF AUDITORS

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	2005	2004	2005	2004
	\$	\$	\$	\$

During the year the auditors of the parent company and its related practices earned the following remuneration:

### Pitcher Partners

Audit or review of financial reports of the entity or any entity in the consolidated entity

10,000	--	10,000	--
--------	----	--------	----

Advisory services in relation to Jab Technologies Limited initial public offering

10,780	--	10,780	--
--------	----	--------	----

Directors Agreement

1,973	--	1,973	--
-------	----	-------	----

22,753	--	22,753	--
--------	----	--------	----

## 24. RELATED PARTY DISCLOSURES

### Directors

The following persons have held the position of director of Jab Technologies Limited during the past two financial years, unless otherwise stated:

Robert Murdoch

Stephen Ioannides

Director since July 2004

Sean Stark

Director since November 2004

### Directors' shareholdings

Share and share options acquired during the year:

Ordinary shares

1,728,509	--
-----------	----

Ordinary share options

--	--
----	----

Share and share options held directly or indirectly at the end of the year:

Ordinary shares

1,728,509	--
-----------	----

Ordinary share options

--	--
----	----

### Remuneration of directors

Information on remuneration of directors is disclosed in note 21

### Other director transactions

During the year Murdoch Geosciences Pty Ltd, a company associated with Mr. Robert Murdoch, charged at cost \$9,724 to the economic entity for provision of his labour and related party transactions.

During the year Jaz Software Pty Ltd, a company associated with Mr. Stephen Ioannides, invoiced at cost \$58,245 to the economic entity for his consultancy services provided.

### Transactions with controlled entities

Jab Technologies Limited (formerly named as Union Technologies Limited), was a fully owned subsidiary of Union Resources Limited ("Union").

Union entered into a Debt Forgiveness Agreement on 20 August 2005 with Jab Technologies Limited, after receiving Union's shareholders approval. In the Agreement, Union will forgive its loan to Jab and Jab will issue 7,290,000 new shares to Union, together with a proposed plan to list Jab on the Stock Exchange of Newcastle Limited.

	Note	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>25. EMPLOYEE BENEFITS</b>					
<b>Employee benefit and related on-cost liabilities</b>					
Included in trade creditors	12	6,050	--	6,050	--
Included in accruals	12	1,342	--	1,342	--
Provision for employee benefits – current	13	2,946	--	2,946	--
Provision for employee benefits – non-current	13	4,168	--	4,168	--
Aggregate employee benefit and related party on-costs liabilities		14,506	--	14,506	--

As explained in note 1(m) amounts for long service leave that are expected to be settled more than 12 months from the reporting date are measured at their present values. The average number of employees during the year was 1.

### 26. FRANKING AMOUNT

The balance in the franking account at year end for parent account and economic entity was nil.

### 27. SIGNIFICANT EVENTS AFTER BALANCE DATE

- (1) The Newcastle Stock Exchange approved Jab Technologies Limited Ordinary and Options Securities to the official list of the NSX on 16 September 2005. Total issued Ordinary Securities and Options to be quoted are 14,862,911 and 8,865,029 respectively. The trading code for Ordinary Securities is JAB. The trading codes for Options are JABO and JAB01.

- (2) Jab Technologies Limited ("Jab") entered into an Agreement with Gumnut Systems Pty Ltd ("Gumnet") on 5 September 2005, to acquire Gumnet's assets including: a) Hosting Services; b) Domain Registration Services; and c) Easy/Sites/Ezyweb Automation Services, for a total consideration of \$25,000 inclusive of GST. Jab will pay Gumnet by three instalments being \$5,000, \$10,000 and \$10,000 based on the achievement of defined milestones by Gumnet as stipulated in the Agreement.

Gumnut operates an internet website development, webhosting and domain registration business for over 5 years. Gumnut's technology to enable customers to automatically build and host e-business web sites which incorporate services such as shopping carts and payment services into customer websites.

Jab has acquired the base of Gumnut's hosting service comprising approx 250 hosted websites and its Domain registration services comprising approx 520 domain names. The acquisition includes all Gumnut's Intellectual Property rights associated with GUMNUT's [www.ezyweb.com.au](http://www.ezyweb.com.au) and [www.easysites.com.au](http://www.easysites.com.au) web automation technology.

Gumnut's approximately 20 re-seller organisations, which market and promote many of the Gumnut offerings will be supported through Jab's sales and support groups.

Support arrangements for GUMNUT customers have been set up at Jab Headquarters in Brisbane.

It is envisaged that, over time, many of the existing GUMNUT customers will benefit by upgrading to the new products and business automation technology which Jab is introducing through its EZBiz initiative.

## DIRECTORS DECLARATION

The directors declare that the financial statements and other notes:

comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the opinion of the directors:

the financial statements and notes are in accordance with the Corporations Act 2001; and

there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



S Ioannides

Director

30 September 2005

Brisbane



**PITCHER PARTNERS**

ACCOUNTANTS AUDITORS & ADVISORS

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AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JAB TECHNOLOGIES LIMITED**

### **Scope**

#### *The financial report and directors' responsibility*

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the Directors' declaration for both Jab Technologies Limited (the company) and Jab Technologies Limited group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The Directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Jab Technologies Limited is in accordance with:

- (a) 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 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

PITCHER PARTNERS



R J ST CLAIR  
Partner

Brisbane, 30 September 2005

Shares and options in Jab Technologies Limited are quoted on the Newcastle Stock Exchange (NSX Codes "JAB", "JABO" & JABO1) (continued)

**(b) Equity security holders**

The 20 largest holders of each class of equity securities in the company as at 27 September 2005 are:

Name	SHARES		OPTIONS	
	Number	%	Number	%
ANZ Nominees Limited	2,914,952	19.61	1,532,410	17.29
Union Resources Limited	1,522,264	10.24		
Austex Mining NL	1,186,627	7.98	190,268	2.15
Noble Investments Pty Ltd <Noble Investments S/F	771,632	5.19	4,500,000	50.76
Mr. Stephen Ioannides	583,571	3.93		
Ms. Christine Anne Middleton	581,250	3.91	1,500,000	16.92
Noble Investments Pty Ltd <Noble A/C>	526,199	3.54		
Leadnhall Australia Limited	500,000	3.36		
Societe Generale Australia Branch	439,560	2.96		
ACM Nominees Limited	250,000	1.68		
Fairmont International Pty Ltd	224,489	1.51		
Mr. Sean Stark	145,000	0.98	40,000	0.45
Hishenk Pty Ltd	142,857	0.96		
Bow Lane Nominees Pty Ltd	120,338	0.81		
National Nominees Limited	110,569	0.74	11,766	0.13
BB Nominees Pty Ltd	107,254	0.72		
Insight Capital Management Pty Ltd	81,632	0.55		
Mr. Robert Murdoch <Murdoch Geophysics Super	81,632	0.55		
Bilboa Nominees Pty Ltd	74,093	0.5		
Nonda Pty Ltd	72,776	0.49		
Hongwood Pty Limited <G W Mar Super Fund A/C>			47,844	0.54
Mr. Jerzy Dondzilo			25,715	0.29
Dabvale Pty Limited			25,000	0.28
Mrs. Debbie Gett Chung Lam			22,756	0.26
D Anderson Constructions Pty Ltd			17,920	0.2
Youle Dean Pty Ltd <Peter Philpott Super A/C>			17,531	0.2
Kinira Holdings Pty Ltd <David Smith Super Fund			14,776	0.17
Mr. George Simon			14,477	0.16
Tanson Holdings Pty Ltd <JMP S/F A/C>			13,876	0.16
Mr. Ray Laurence Francis			13,000	0.15
Nonda Pty Ltd			13,000	0.15
Mr. Paul Ian McLachlan			11,633	0.13
Proper T Pty Ltd			10,715	0.12
Mr. Murray George Dowdle			10,022	0.11
<b>Total held by twenty largest holders</b>	<b>10,436,695</b>	<b>70.21</b>	<b>8,032,709</b>	<b>90.62</b>
<b>Total equities on issue</b>	<b>14,862,911</b>	<b>100</b>	<b>8,865,029</b>	<b>100</b>

Continued ...

The listed options are exercisable at 20 cents each on or before 31 December 2009.

**(c) Escrowed Securities**

No. of escrowed Ordinary Securities is 4,971,723

No. of escrowed Option Securities is 6,000,000

**(d) Voting Rights:**

On a show of hands, each member present shall have one vote.

One a poll, each member present or by proxy, shall have one vote for every share held.