



ACN 087 426 953



## **OFFER INFORMATION STATEMENT**

**For the issue of up to 8,000,000 shares at \$0.15 per share to raise up to \$1,200,000**

**Dated: 15 May 2006**

## CORPORATE DIRECTORY

### DIRECTORS

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<b>ROB MURDOCH</b>	<b>(CHAIRMAN)</b>
<b>STEPHEN IOANNIDES</b>	<b>(MANAGING DIRECTOR)</b>
<b>SEAN STARK</b>	<b>(NON-EXECUTIVE DIRECTOR)</b>

**COMPANY SECRETARY**  
**JOHN LEMON**

### REGISTERED OFFICE

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Suite 1, Level 3,  
200 Creek Street  
BRISBANE QLD 4000  
Telephone: 07 3367 8900  
Facsimile: 07 3367 8999  
Email: [info@jabtechnologies.com.au](mailto:info@jabtechnologies.com.au)

### AUDITOR

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Pitcher Partners  
Level 21  
300 Queen Street  
BRISBANE QLD 4000  
Telephone: 07 3228 4000  
Facsimile: 07 3221 6420

### SHARE REGISTRY

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Link Market Services Limited  
Level 22, 300 Queen Street  
BRISBANE QLD 4000  
Telephone: 02 8280 7454  
Facsimile: 07 3221 3149  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

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APPLICATION FORM (ENCLOSED)





## 1. IMPORTANT INFORMATION

- ┌ This Offer Information Statement is dated 15 May 2006. A copy of this Offer Information Statement was lodged with the Australian Securities and Investments Commission (“ASIC”) on 15 May 2006. ASIC takes no responsibility for the content of this Offer Information Statement.
- ┌ This Offer Information Statement is issued pursuant to section 709(4) of the Corporations Act. It is not a prospectus, and it has a lower level of disclosure requirements than a prospectus. Investors should obtain professional investment advice before accepting the offer contained in it.
- ┌ No securities will be issued on the basis of this Offer Information Statement after 14 June 2007, which is 13 months after the date of this Offer Information Statement.
- ┌ The Company has been granted relief by ASIC so that it may utilise an Offer Information Statement notwithstanding that the Company has a balance date (30 June 2005) more than six months before securities are first offered under this Offer Information Statement as required under s715(2)(a) of the Corporations Act 2001. ASIC has granted the relief on the basis that this Offer Information Statement provides:
  - for the financial half-years ended 31 December 2005 and 31 December 2004, full year disclosures (i.e. complete financial reports as described in AASB 101) prepared in accordance with Australian International Financial Reporting Standards (“AIFRS”) and audited;
  - for the full-year ended 30 June 2005, full year disclosures (i.e. a complete financial report as described in AASB 101) prepared in accordance with Australian Generally Agreed Accounting Principles (“AGAAP”) and AIFRS and audited; and
  - for the full-year ended 30 June 2004, full year disclosures (i.e. a complete financial report as described in AASB 101) prepared in accordance with AGAAP and audited.
- ┌ The offer under this Offer Information Statement does not constitute an offer in any jurisdiction other than Australia. The distribution of this Offer Information Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Offer Information Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.
- ┌ A copy of this Offer Information Statement can be downloaded from the Company’s website at [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au). The Corporations Act prohibits any person distributing the Application Form unless it is included in or accompanies a hard copy of this Offer Information Statement. Any person accessing the electronic version of this Offer Information Statement in Australia for the purpose of making an investment in the Company may receive a hard copy and the Application Form free of charge by contacting the Company.
- ┌ **The Company will apply to the Newcastle Stock Exchange (“NSX”) for the shares and options issued pursuant to this Offer Information Statement to be granted official quotation on the NSX. The fact that the NSX may grant quotation of the shares and options is not to be taken in any way as an indication of the merits of the Company or the shares and options. NSX takes no responsibility for the content of this Offer Information Statement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss arising from or in reliance upon any part of it.**





## 2. LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Board of Jab Technologies Limited, I am pleased to present this opportunity to take up Shares in the Company under the terms outlined in this Offer Information Statement.

Jab Technologies Limited (Jab) is an Australian company specialising in e-business automation solutions and services, email commerce and Internet solutions management.

### **EZBiz Now Released**

On 30th March, 2006, the Company announced that it had released its EZBiz e-business service, in line with projections contained in the Company's prospectus which was issued last year pursuant to Jab's Initial Public Offering and listing on the Newcastle Stock Exchange in September 2005.

The EZBiz service is now operational with approximately 300 organisations currently installed on the system.

The company expects that EZBiz will appeal to a growing number of organisations seeking effective ways to implement and control Internet business initiatives, without the complexity and technical costs typically associated with these types of services.

Jab anticipates that, as worldwide demand for Internet based e-business services continues to grow, EZBiz style kiosks will become increasingly popular with the business and consumer markets seeking convenient ways to implement essential e-business applications.

### **What Is EZBiz ?**

EZBiz (pronounced "Easy-Biz") is a set of integrated Internet products that enable anyone to easily design, launch and operate an Internet e-business service.

EZBiz will in due course provide services to support Internet marketing and eMail logistics automation.

The EZBiz service is the first of a portfolio of electronic business services Jab intends to launch to address the growth in demand for Internet related business-to-business and business-to-consumer services. Future additions to EZBiz will incorporate services to enable logistics management, relationship management and mobile telephony services.

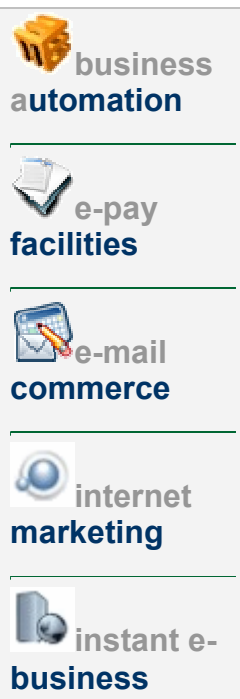
### **Acquisition Funding**

As previously indicated in Jab's prospectus last year, Jab is seeking to fast track its business model via strategic acquisitions which are synergistic with the Company's directions. These include Help Desk support services, Network Management, and e-business operations support. To this end, a percentage of capital raised via this Offer Information Statement will be directed towards the funding of acquisitions Jab is currently in the process of evaluating.

I encourage you to take this opportunity to acquire Jab shares and options under the terms of this Offer Information Statement.

Yours faithfully,

Rob Murdoch  
Chairman





## 3. OFFER INFORMATION SUMMARY

### 3.1 KEY TERMS

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Issue Price per share	A\$0.15
Shares on issue at date of this Offer Information Statement ("OIS")	14,862,911
Max no. of New Shares to be issued under this OIS	8,000,000
Total Shares on issue if OIS fully subscribed	22,862,911
Options on issue at date of this OIS	8,865,029
Max no. of Options to be issued under this OIS	8,000,000
Total Options on issue if OIS fully subscribed	16,865,029

### 3.2 KEY DATES\*

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Applications Open	23 May 2006
Applications Close	16 June 2006
General Meeting of Members	16 June 2006
Allocation of New Shares and Options under this OIS	26 June 2006
Despatch of Shareholder Entitlement Statements	26 June 2006
Trading of Shares and Options Listed for Quotation on NSX	27 June 2006

\*These dates are indicative only. Subject to the Corporations Act and the NSX Listing Rules, the Company also reserves the right to vary the closing date for applications, which may have a consequential effect on the other dates.

### 3.3 DEFINITIONS

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Certain terms used in this Offer Information Statement are defined in the Glossary in Section 12.



## 4. DETAILS OF THE OFFER

### 4.1 OVERVIEW OF OFFER

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By this Offer Information Statement (“OIS”), Jab Technologies Limited is seeking to raise up to \$1,200,000 (before costs) by offering up to 8,000,000 shares at \$0.15 per share together with one free attaching option for every share subscribed for.

### 4.2 SECURITIES OFFERED

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The maximum number of shares that can be subscribed for under this Offer Information Statement is 8,000,000 shares.

The maximum number of Attaching Options that can be granted under this Offer Information Statement is 8,000,000. The Attaching Options will be issued on the basis of one (1) Attaching Option for every one (1) New Share allotted.

### 4.3 ISSUE PRICE

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The issue price of the New Shares is 15 cents (\$0.15) each, payable in full upon application. The New Shares will be issued as fully paid ordinary shares. No other fees, commissions or charges are payable, other than the Company may pay a commission of up to 6% to any licensed dealer in securities whose stamp appears on a valid Application Form received.

The Attaching Options are free attaching options to be granted on the basis of one (1) Attaching Option for every one (1) New Share allotted.

### 4.4 TERMS OF SECURITIES

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1. The Shares issued pursuant to this Offer Information Statement will be fully paid ordinary shares and will rank equally in all respects with existing issued shares in the Company. Full details of the rights and liabilities attaching to the Company's shares are set out in the Company's Constitution, a copy of which may be obtained from the Company upon request or inspected at the Company's website ([www.jabtechnologies.com.au](http://www.jabtechnologies.com.au)).
2. The options issued pursuant to this Offer Information Statement (the Attaching Options) will be exercisable at twenty cents (\$0.20) each on or before 31 December 2009, and will rank equally in all respects with all existing issued options. Shares issued on exercise of the Attaching Options will rank equally with existing shares on issue. The terms and conditions of the Company's options are more fully described in Section 10 of this Offer Information Statement.

### 4.5 PURPOSE OF THE OFFER

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The purpose of the Offer is to raise up to \$1,200,000 (before costs) to fund the following key activities to be completed:

1. Continue EZBiz research and development – Further development will enable the Company to expand the facilities and features of its new EZBiz e-business services and provide ongoing technical support to the existing system. (For more information about the Company's EZBiz business see Sections 6.2-6.4 of this OIS);
2. Acquire assets to fast track growth – Capital raised via this OIS will be used to invest in business assets synergistic with the Company's directions and strategy. The Company has had, and continues to have, discussions with other entities with a view to acquiring or partnering with them to increase the Company's product and service offering, and to provide working capital generally for the Company.



Funds raised by the Company pursuant to this Offer Information Statement are proposed to be expended as follows:

<b>Purpose</b>	<b>Fully Subscribed (excluding oversubscriptions)</b>
Development and Support - EZBiz On-line Services	\$160,000
Acquisition Funding	\$800,000
Expenses of the Issue	\$40,000
Working Capital	\$200,000
<b>Total</b>	<b>\$1,200,000</b>

## 4.6 OPENING AND CLOSING DATES

The opening date of the Offer is 9.00 am on Tuesday 23 May 2006.

The closing date for applications for New Shares and Attaching Options is 5.00 pm on Friday 16 June 2006, subject to the right of the Directors to close the Offer at any time before that date.

The Directors may extend the period of the Offer at their discretion subject only to the requirements of the NSX Listing Rules and the Corporations Act.

## 4.7 NSX LISTING

The Company's existing issued shares (other than 4,971,273 shares which are currently subject to escrow restrictions) and options (other than 6,000,000 options which are currently subject to escrow restrictions) are quoted on the Newcastle Stock Exchange ("NSX").

As soon as practicable after the closing date for applications (16 June 2006), and subject to approval by the Company's shareholders at the meeting of shareholders to be held on 16 June 2006 (referred to in Section 4.9 of this OIS), the Company will apply to NSX to have the New Shares and Attaching Options issued pursuant to this OIS granted official quotation on the NSX.

In the event that the NSX does not grant approval for the official quotation of the New Shares and Attaching Options within three (3) months after the date of this Offer Information Statement, none of those shares or options will be allotted.

If no allotment is made, all Application Monies received will be refunded in full without interest within the time prescribed under the Corporations Act.

## 4.8 EFFECT OF OFFER

The issued securities of the Company as at the date of this Offer Information Statement and the pro forma issued securities after the issue of New shares and Attaching Options under this Offer Information Statement is set out below.

	<b>As at Offer Information Statement Date</b>	<b>Assuming Full Subscription under OIS</b>
<b>Issued Shares</b>	14,862,911	22,862,911
<b>Issued Options</b>	8,865,029	16,865,029

## 4.9 ALLOTMENT

The issue of any new shares or options above and beyond 15% of the number of shares or options respectively of Jab Technologies currently on issue is subject to and conditional upon receiving the approval of the Company's shareholders in general meeting, in accordance with NSX Listing Rule 6.25. The Company has convened a General Meeting of Jab Technologies for 16 June 2006 to seek the approval of members of Jab Technologies to the issue of the New Shares and Attaching Options pursuant to this OIS. If the approval of Shareholders is not obtained, the Company will not issue any New Shares or Attaching Options above and beyond 15% of the shares and options respectively of Jab Technologies currently on issue, and will refund all Application Moneys received in respect of New Shares and Attaching Options not issued, within the time prescribed by the Corporations Act.

Subject to the requirements of the NSX Listing Rules, the Directors reserve the right to reject any application and to allot a lesser number of New Shares or Attaching Options than that applied for.

If the Offer does not proceed for any reason, if it is closed early, or if an application is rejected or the number of New Shares and Attaching Options allotted to an applicant is less than the number applied for, the Application Monies or surplus monies (as the case may be) will be returned by cheque in accordance with the Corporations Act. Interest will not be paid on monies refunded.

## 4.10 MINIMUM SUBSCRIPTION

The minimum subscription for the Issue under this Offer Information Statement is \$300,000 (comprising 2,000,000 New Shares). No New Shares will be allotted under this Offer Information Statement until the minimum subscription for the New Shares has been reached. If the minimum subscription has not been received within three (3) months after the date of this Offer Information Statement, all Application Moneys will be refunded in full without interest as soon as practicable.

## 4.11 HOW TO APPLY

Investors wishing to apply for New Shares and Attaching Options should complete the Application Form enclosed with this Offer Information Statement in accordance with the instructions on the form and return it together with the Application Monies as soon as possible. The Application Form and payment must be received no later than 5.00 pm on Friday 16 June, 2006.

Applications for New Shares must be for a minimum of 5,000 New Shares and then in multiples of 1,000 New Shares.

Except if paying by credit card the completed Application Form must be accompanied by a cheque in Australian dollars for an amount equal to the number of New Shares applied for multiplied by \$0.15. The cheque must be crossed "not negotiable" and made payable to "Jab Technologies Limited". Investors wishing to pay by credit card should complete the relevant section on the Application Form.

Return the completed Application Form together with payment to the Company, care of:

<b>by post:</b>	Link Market Services Limited GPO Box 2537 Brisbane Qld 4001
<b>in person:</b>	Link Market Services Limited Brisbane, Qld 4000
<b>by facsimile:</b>	<b>(only available if paying by credit card)</b> Link Market Services Limited (07) 3228 4999

## 5. THE DIRECTORS AND KEY MANAGEMENT

Jab Technologies' Directors and key staff share the vision of asset creation through the application of creative management and technology services. Each has significant business building and business innovation skills and is committed to the growth of Jab Technologies as the vehicle through which a portfolio of profitable businesses will be developed.



### **ROBERT MURDOCH (CHAIRMAN)**

Rob is the Managing Director of Union Resources Limited and Chairman of Gold Aura Limited. Rob provides the Company with the corporate business and capital raising expertise required in a publicly listed company.

Rob has been instrumental in the initiation of the Company's business concept and has ensured that financial support has been forthcoming to Jab Technologies for its research and development.



### **STEPHEN IOANNIDES (EXECUTIVE DIRECTOR)**

Stephen has 20 years technology related sales and business development, consulting, product and software project management experience in Australia and overseas. He has held senior positions with Trysoft Corporation, Co-Cam Australia, Dialog Information Technology, ANZ Banking Group, NCR and Honeywell.

He has a successful track record in start-up IT business development. His previous IT business ventures related to technology for capital market traders and aggregated billing and facilities management for the telecommunications market.



### **SEAN STARK (NON-EXECUTIVE DIRECTOR)**

Sean has more than 20 years IT industry experience that includes the management of complex IT projects within Australia, Europe and across several Asian countries.

Sean was executive manager responsible for managing IBM's e-Sites business across the Asia Pacific region, and prior to that, the Queensland manager of IBM Global Services e-Business 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.



### **JOHN LEMON (COMPANY SECRETARY)**

John, a qualified solicitor, has over 15 years combined experience as an in-house corporate lawyer and public company secretary.

Companies he has worked for include M.I.M. Holdings, General Electric and Bank of Queensland. John is an honours graduate in law and also has an arts degree and graduate diploma from the Securities Institute of Australia.



### **MARTIN JERICHO (RESEARCH AND DEVELOPMENT MANAGER)**

Martin has been responsible for Research and Development at Jab Technologies since 2001. He is the principle architect and leader developer of Jab's EZBiz technology and has been involved in commercial applications development for over 15 years.

Martin has focussed on hands-on design and implementation of unique business communications and workflow systems to suit broad industry requirements. Martin spent three years in Germany developing web based workflow and application development frameworks, providing new and better ways for businesses communications.





## 6. THE BUSINESS OVERVIEW

### 6.1 BACKGROUND

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Jab Technologies entered the market with the development of a multi-media based marketing system that embedded rich media content, branding, purchasing and payments facilities within an email.

Jab has a patent and trademarks protecting key aspects of this technology.

Seeking to expand its core services for use in the broader business application services market, the Company announced on 30th March, 2006, that it had released its EZBiz e-business service, in line with projections contained in the Company's prospectus which was issued last year pursuant to Jab's Initial Public Offering and listing on the Newcastle Stock Exchange in September 2005.

The EZBiz service is now operational with approximately 300 organisations as customers.

The Company is now seeking to raise capital to:

1. Fund the expansion of the EZBiz services,
2. Enable the Company to fast-track growth through strategic business acquisitions, and
3. Provide general working capital.

### 6.2 BUSINESS STRUCTURE

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The Company's management, research and development, and administrative personnel are located at its head office premises in Brisbane. The Company's operations comprise:

1. **EZBiz Services:** EZBiz provides an integrated web based facility for the set-up and management of Internet business services. Activities comprise business development and customer support services accessed through the Company's Internet application hosting bureau.
2. **Digital Technologies:** Jab researches and licences appropriate technology products that it can integrate into its core services, or that will provide the basis for synergistic e-business initiatives for sale through alliance partners and distribution channels.
3. **Professional Services:** Jab provides high level strategy, consulting, project management and project implementation services for client engagements. The bulk of these activities are typically undertaken with the participation of Jab business partners and sub-contract groups.

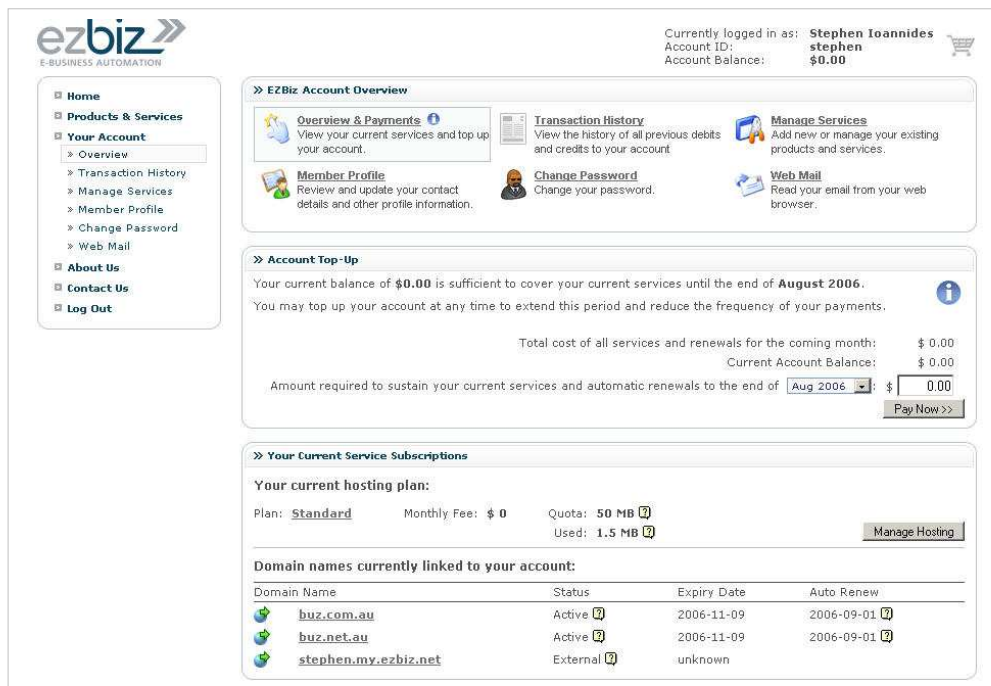
## 6.3 THE EZBIZ SERVICES

EZBiz is a set of integrated Internet products that enable anyone to easily design, launch and operate an Internet e-business service.

EZBiz provides facilities related to its various markets.

Typically, these range from simple information services such as instant domain management and ISP hosting to more advanced Internet services such as e-commerce websites, Internet marketing, eMail automation, and multi-media based content management

EZBiz is based on technology that combines a desktop application typically installed on one or more customer workstations with web-based components hosted on Jab Technologies' EZBiz central server.



**ezbiz»**  
E-BUSINESS AUTOMATION

Currently logged in as: **Stephen Ioannides**  
Account ID: **stephen**  
Account Balance: **\$0.00**

**» EZBiz Account Overview**

**Overview & Payments**  
View your current services and top up your account.

**Transaction History**  
View the history of all previous debits and credits to your account.

**Manage Services**  
Add new or manage your existing products and services.

**Member Profile**  
Review and update your contact details and other profile information.

**Change Password**  
Change your password.

**Web Mail**  
Read your email from your web browser.

**» Account Top-Up**

Your current balance of **\$0.00** is sufficient to cover your current services until the end of **August 2006**.  
You may top up your account at any time to extend this period and reduce the frequency of your payments.

Total cost of all services and renewals for the coming month: **\$ 0.00**  
Current Account Balance: **\$ 0.00**  
Amount required to sustain your current services and automatic renewals to the end of **Aug 2006**: **\$ 0.00**  
**Pay Now >>**

**» Your Current Service Subscriptions**

**Your current hosting plan:**

Plan: **Standard** Monthly Fee: **\$ 0** Quota: **50 MB** Used: **1.5 MB** **Manage Hosting**

**Domain names currently linked to your account:**

Domain Name	Status	Expiry Date	Auto Renew
<a href="#">buz.com.au</a>	Active	2006-11-09	2006-09-01
<a href="#">buz.net.au</a>	Active	2006-11-09	2006-09-01
<a href="#">stephen.my.ezbiz.net</a>	External	unknown	

## 6.4 EZBIZ PRODUCTS

The EZBiz services span the following functions:

- ✦ Website Generation, namely, creation of the complete website including pre-selected design templates and web navigation facilities;
  - Business Sites
  - Photographic Galleries
  - Blogs & News wire portals
- ✦ e-Commerce (Catalogues) / On-Line Purchasing / Secure Payments;
- ✦ Email marketing and Newsletter / e-Zine facilities including automated opt-in management;
- ✦ Promotion and Marketing Support;
- ✦ Optional Website Hosting Support;
- ✦ Domain Management;
- ✦ Management Reporting and Monitoring.

Future releases planned will provide:

- ✦ Email Logistics and Workflow.

EZBiz is designed to enable the selection and operation of e-business services to be accomplished with minimal manual or user intervention.

Jab seeks to leverage the growth in e-business by offering a nationally accessible range of on-line Internet services.





The EZBiz services are currently being sold directly. However, the intent of the Company is to operate through channel and alliance partners and re-sellers.

## **6.5 THE MARKETS**

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The market for Jab Technologies' products is presently segmented as follows:

1. Small and Medium Enterprises, for example, one person consultancies, small business groups, franchise chains, hospitality groups and sales/distribution companies;
2. Associations and membership-based organisations, for example, sporting, legal, educational, medical and lifestyle groups where there is an established fee-paying membership;
3. Internet Service Providers ("ISPs") which provide web hosting services and application support services;
4. Corporate and government organisations.

The bulk of small and medium organisations, associations and membership-based groups will be serviced via channel partners. These partners will have an established presence in niche markets or will wish to leverage Jab Technologies' products to establish such.

ISPs are considered channel partners and will be supported and promoted accordingly.

The needs of corporate and other larger groups will be addressed directly by Jab Technologies initially within the Australian market and through selected partners off-shore.

## **6.6 THE COMMERCIALISATION STRATEGY**

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Business growth is driven by pursuing three key initiatives:

1. Establishing the Company's business profile through promotional and direct sales initiatives.
2. Establishing a chain of selected re-sellers and partners licensed to sell the Company's products and services.
3. Acquisition of smaller domain and ISP groups, and partnerships with larger Internet project groups.

The three phase approach will provide access to a range of globally accessible business groups within Jab's target industries and markets.

## **6.7 COMPANY ACTIVITIES – MARCH 2005 - MARCH 2006**

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- ✦ Successful development and piloting of the Jab email commerce and payments technology.
- ✦ Jab enters a marketing alliance with Image Line, for the EZGenerator rapid website automation technology.
- ✦ Jab receives seed funding via 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.
- ✦ Jab completes all legal and statutory due diligence activities which allows the Company to undertake a capital raising with the view to listing on the Newcastle Stock Exchange.
- ✦ The Newcastle Stock Exchange admits Jab Technologies Limited ordinary shares and options to the official list of the NSX on 16 September 2005. The trading code for ordinary Jab shares is "JAB". The trading code for Jab options is "JABO".



- Jab Technologies enters into an agreement with Gumnut Systems Pty Ltd (“Gumnut”) on 5 September 2005, to acquire Gumnut’s assets including: Hosting Services; Domain Registration Services; and Easy/Sites/Ezyweb Automation Services.
- In September 2005, the Company expands research and development of the EZBiz system to allow its use for managing the hosting and domain registration services of the (approximately) 250 business customers acquired from Gumnut Systems.
- Support arrangements for Gumnut customers are set up at Jab Headquarters in Brisbane. Jab commences an audit of the customer base and migration of customers to new platform.
- In December 2005, the Company arranges a three (3) year lease on premises located on Level 3 / 200 Creek Street, Brisbane, to improve operational, sales and administration management.
- EZBiz e-business automation trials commence January - February 2006, including testing of a new, much improved user interface designed to enable easier and simpler control by customers.
- Jab releases EZBiz in March 2006 incorporating domain registration and management, hosting and website services, fully integrated with a pre-pay subscription billing facility. Improvements continue as clients are added to the system on a daily basis.
- Jab announces in March 2006 its intention to release a further extension of EZBiz during 2006 to more effectively address the requirements of the primary target market.

## 6.8 INTELLECTUAL PROPERTY RIGHTS

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Jab Technologies Limited or its related companies are the registered owners of:

- (a) Australian patent number 763062 for an ELECTRONIC DOCUMENT DISTRIBUTION SYSTEM invention. The patent covers a system comprised of four separate modules that work cooperatively to distribute electronic documents to multiple recipients.
- (b) Australian trademark 799023 (the words “JAB CREATIVE” and a disk device) in classes 35, 38 and 42
- (c) Australian trademark 799024 (the words “JAB MAIL” and an envelope device) in classes 9 and 38.
- (d) Australian trademark 861233 (the words “JAB MAIL” and an envelope device) in classes 9, 35, 38 and 41.
- (e) New Zealand trademarks 630232, 630233, 630234, 630235 and 630236 (the word “JAB”) in classes 9, 35, 38, 41 and 42 respectively and 630241, 630242, 630243 and 630244 (the words “JAB MAIL” and an envelope device) in classes 9, 35, 38 and 41 respectively.

## 7. YOUR INVESTMENT ATTRACTIONS

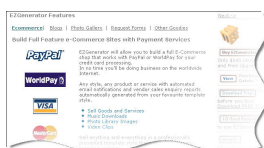
### Expanding Market for E-Business Services.



Worldwide business and consumer markets are becoming increasingly reliant on e-business to deliver or receive services. The Internet is now the platform of choice for essential business services including e-commerce, telephony (Voice over IP), Information BLOGS, NewsWire Services, Broadcast Marketing.

The trend towards greater reliance on Internet related services to conduct business will continue.

### Jab Launches EZBiz Service.



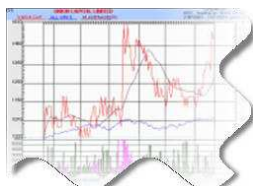
EZBiz is the first of a number of important initiatives Jab intends to launch to provide essential e-business and related services to the marketplace. The initial EZBiz release provides services to approximately 300 customers. More are being added daily. Improvement and later functional releases will further broaden the appeal of the service and offer new revenue streams.

### A Company Dedicated to Business Automation.



Jab has experience in the major technology areas impacting e-business and email commerce. The Company's research and development efforts, successful launch of its core technology, and new initiatives planned, provide a clear path and commercial focus in its efforts to deliver shareholder value.

### Jab Positioned For Acquisition Opportunities.



A significant opportunity exists to aggregate many of the small Internet Service Provider groups into a professionally managed entity such as Jab. The combination of ease of use, centrally managed professional support, and focus on best of breed value added capabilities allow significant scope for rapid growth.

### Experienced Board and Management Team



Jab has now supplemented its initial management team with additional experienced personnel to manage the Company's forward plans and to guide the growth of the Company. The Company is now in a position to grow its operational volumes with minimal impact on staffing requirements.

### Increased Shareholder Value



The application of funds, as detailed herein, will provide an uplift in the asset value of the business and underpin its commercial expansion to deliver future value to shareholders.



## 8. THE RISKS OF INVESTING

Investors should be aware that an investment in the Company involves various risks which are outside the control of the Company. This section identifies the main risk factors associated with an investment in Jab Technologies which should not be taken as exhaustive of the risks faced by Jab Technologies or by investors.

Factors other than those listed may in the future materially affect the financial performance of Jab Technologies and the value of the Shares offered under this Offer Information Statement. Investors should read this Offer Information Statement in its entirety and consult their professional advisors before deciding whether to subscribe for Shares.

Risk factors applicable to the Company include, but are not limited to, the following:

### 8.1 GENERAL MARKET RISK

---

There are numerous risks associated with investing in any form of business and with investing in the share-market generally. As Jab Technologies has products that are in the early stage of the product life cycle, investors should be aware that an investment in Jab Technologies involves many risks which may be higher than the risks associated with an investment in more mature companies.

The Shares will be listed on the NSX, where their price may rise or fall. The Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the NSX. Changes in local and international stock markets, investment sentiment, economic conditions and outlook, employment rates, exchange rates and inflation could impact upon the success of the business and the price of the Shares on the NSX.

### 8.2 RISKS ASSOCIATED WITH EMERGING INDUSTRIES

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The e-business automation and systems industry is an industry formed by technological innovations and changes in customer needs. Jab Technologies product offerings may compete directly with other companies in the industry. Jab Technologies' success will be dependant upon a flexible and innovative approach that results in the commercialisation of uniquely beneficial products in a competitive industry. It will be necessary for the Company to gain first mover advantages through technological leadership, pre-emption of strategically valuable assets and the creation of acceptable customer switching costs.

### 8.3 TECHNOLOGY LEADERSHIP

---

Firms investing in new technologies in a given industry usually require a technology leadership strategy. The ability of Jab Technologies to establish and maintain a technology leadership position will be dependent on how rapidly its own technologies are diffused amongst the competitors in the industry. Over time, potential competitors may have the capacity to imitate Jab Technologies' product offerings or develop innovative products "leap frogging" the Company's technology. Research indicates that technologies diffuse rather rapidly and there is a risk that Jab Technologies' product life cycle may be shorter than expected.

### 8.4 PRE-EMPTION OF STRATEGIC VALUABLE ASSETS

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Jab Technologies' success will depend on its ability to tie up strategically valuable distribution channels. Once the products have been developed, Jab Technologies may be unable to enter into long term exclusive agreements with Value Added Resellers (VARs), supply chain partners and other distributors. The inability to secure and maintain effective and efficient distribution channels will have an adverse effect on Jab Technologies' business.

## **8.5 CREATION OF CUSTOMER-SWITCHING COSTS**

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Customer-switching costs are very significant in the information technology sector and relate to the customer's investment in using a particular software package. There is a risk that Jab Technologies will be unable to develop high customer switching costs through the use of long-term contracts, brand recognition and training to minimise the potential transition, if any, to other software applications.

## **8.6 RESEARCH AND DEVELOPMENT RISK**

---

There are many risks inherent in the proposed development of the business and commerce automation systems. The very nature of research and development may result in technical difficulties that are insurmountable. Problems encountered may result in the inability to complete projects within the timeframe or within budgeted costs.

Although Jab Technologies will endeavour to ensure successful development and commercialisation of its products, there can be no guarantee of success or if the products are technically successful, the business commerce and automation systems may not prove economically viable and may be unable to provide a return to investors.

## **8.7 MARKET ACCEPTANCE**

---

There are no guarantees that Jab Technologies' products will be accepted. The success will depend on Jab Technologies' ability to commercialise its research and development, which will involve identifying the appropriate market segments and continued innovation to match changing customer needs. There can be no assurance that the Company will be able to position itself to take advantage of the market opportunities or that the customers will accept the products.

## **8.8 DEPENDENCE ON KEY PERSONNEL**

---

Jab Technologies is dependant on the skills of its key management and development personnel to complete the development and commercialisation of its products. The loss of key personnel could impact on Jab Technologies' ability to maintain the growth of its business activities. Jab Technologies has contracts in place with its key personnel.

Should it become necessary for the Company to enforce its rights under any or all of these agreements, Jab Technologies would necessarily incur costs to pursue legal action in this regard. There can be no assurance that should it become necessary for the Company to take such action, that it would be possible to fully obtain the legal remedies that are being sought.

## **8.9 RISKS RELATED TO THE PARTICULAR BUSINESS OF JAB TECHNOLOGIES**

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The Company will be required to continually develop innovative products that create value for its customers. Disruptions in the market caused by changes in technology and the development of substitute products could eliminate any competitive advantage and significantly diminish the demand for its products.

## **8.10 LACK OF OPERATING HISTORY**

---

The Company is commercialising new products into the marketplace. As such the Company is dependent upon its products obtaining market penetration by securing distribution channels, strategic alliances and value added re-sellers.

Should Jab Technologies' products be unable to obtain a competitive advantage or the Company is unable to secure a distribution base the resulting absence or loss of revenue arising therefrom will have a material adverse effect on the Company's business, operating results and financial condition.

## **8.11 RISK OF PRODUCT LIABILITY**

---

As a developer and a marketer of e-business systems, Jab Technologies may face an inherent risk of exposure to product liability claims in the event of product failure or claim of damage caused by product operation.

Jab Technologies seeks to maintain product liability insurance whenever prudent. However, there is no guarantee that insurance coverage will be adequate for all circumstances that may possibly arise in the future.

## **8.12 ADDITIONAL CAPITAL REQUIREMENTS**

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Jab Technologies' strategy is largely focused on the research and development, production, and marketing of e-business systems. Should the offer under this Offer Information Statement be successful, it will supply funds to further advance the Company's development and commercialisation of its products.

Additional funds may be required for intellectual property protection and maintenance, research and development, prototype development and testing, production equipment and facilities, and for commercialisation of its products.

There is no assurance that these funds will be available in the future (or if available, not on commercially acceptable terms to Jab Technologies). If adequate additional funding is not available or acceptable, the Company's business will be materially and adversely affected. In this regard, refer to the financial information in Section 9 of this OIS.

Whilst Jab Technologies' business has the potential to generate strong net cash flows, there can be no assurance that the Company will not require additional capital or debt finance to make any particular acquisition of other technology at any particular time, or for some other purpose. If so, there can be no assurance that such capital will be available.

## **8.13 MARKETING EXPENSES**

---

The high costs associated with developing a market presence, as well as the fact that the initial cost of the Company's products (once commercialisation has been achieved) may be higher than that of other e-business systems, may be an impediment to full market acceptance.

Market acceptance will require the identification of market segments, competitive pricing of products and the ability to demonstrate the benefits of the Company's e-business systems over other systems in the marketplace.

## **8.14 GOVERNMENT POLICIES, LEGISLATION AND REGULATION**

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The use of e-business systems is increasingly exposed to significant legislative compliance requirements including the Spam Act 2003 and Privacy Act 1988.

While Jab Technologies believes that these developments and enactments in relation to its products are likely to provide support for its businesses, there is a potential risk that certain regulatory requirements enacted during the development and commercialisation of its products may be adverse to the interests of the Company and impact on the economic viability of its products.

## **8.15 MANAGEMENT ACTIONS**

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The Directors of the Company will, to the best of their knowledge, experience and ability, in conjunction with management, endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company.





**jabtechnologies**

9.

## FINANCIAL INFORMATION

**jabtechnologies**  
e-business automation

# JAB TECHNOLOGIES LIMITED

A.B.N. 42 087 426 953

AND CONTROLLED ENTITIES

## FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2005

This financial report includes all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by Jab Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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## Company Directory

### Directors

Robert Murdoch (Chairman)  
Stephen Ioannides (Director)  
Sean Stark (Director)

### Company Secretary

John Lemon – BA, LLB (Hons)

### Registered Office

Level 6  
200 Creek Street  
BRISBANE QLD 4000  
AUSTRALIA

Postal Address:

PO Box 728  
SPRING HILL QLD 4004  
AUSTRALIA

Telephone: (07) 3367 8900

Facsimile: (07) 3367 8999

E-mail: [info@jabtechnologies.com.au](mailto:info@jabtechnologies.com.au)

### Share Registry

Link Market Services  
300 Queen Street  
BRISBANE QLD 4000

Postal Address:

GPO Box 2537  
BRISBANE QLD 4001  
Telephone: (07) 3228 4219  
Facsimile: (07) 3228 4999

### Auditors

Pitcher Partners  
Auditors, Accountants & Advisors  
Level 21  
300 Queen Street  
BRISBANE QLD 4000

### Solicitors

Hopgood Ganim Lawyers  
Level 8  
Waterfront Place  
1 Eagle Street  
BRISBANE QLD 4000

### Stock Exchange Listing

Jab Technologies Limited shares and options are quoted on the Newcastle Stock Exchange and coded as “JAB” and “JABO” respectively.

### Web Site

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

## Directors' Report

The Board of Directors of Jab Technologies Limited ("the Company") present their report of the financial half-year ended 31 December 2005.

### DIRECTORS

The names and details of the directors of Jab Technologies Limited in office at the date of this report are:

**R B Murdoch B.A. (Earth Sciences), M.A.I.M.M., M.A.I.G.**  
(Chairman)

**Robert Boutflower Murdoch** provides Jab Technologies Limited with the corporate business and capital raising expertise required in a listed company. He 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 Research and Development. He is currently a director of Jab Technologies Limited, Union Resources Limited, Gold Aura Limited and Austex Mining NL. His special duties include being a member of the Audit Committee.

Director since May 1999.

**S Ioannides**  
(CEO/Executive Director)

**Stephen Ioannides** 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. He 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. He has previously held a public company directorship with Trysoft Corporation Limited.

Director since 12 July 2004.

**S Stark**  
(Non-Executive Director)

**Sean Stark** has more than 20 years IT industry experience that includes the management of complex IT 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. His special responsibilities include being a member of the Audit Committee and providing advice to the Board on nomination and remuneration matters.

Director since 17 November 2004.

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

Mr Peter Sauerberg was appointed a Director in May 1999 and resigned 22 July 2004.

Mr John Lemon BA, LLB (Hons) was appointed Company Secretary on 13 February 2006.

Mr Michael J Ilett resigned as Company Secretary on 13 February 2006.

On behalf of the Board of Jab Technologies Limited, we are pleased to report on the activities of the Company over the last 6 months.

### Principal Activities

Jab Technologies Limited ("Jab") is an Australian company specialising in e-business technology solutions and services associated with digital communications, email marketing, rapid commercial website development and internet payments. Jab is listed with the Newcastle Stock Exchange – ([www.newsx.com.au](http://www.newsx.com.au) – stock code: JAB).

The six month period to December 2005 has been a very demanding and busy period, with a significant workload shouldered by a very small group. However, progress has been steady and we expect that the pace of that progress will accelerate as Jab moves more fully into commercialisation of its products and services during 2006.

## Directors' Report (continued)

### Principle Activities (continued)

The company activities are structured into 3 streams:

EZBiz – A set of bureau based internet services;

Professional Services - Providing project based consulting; and

Strategic Alliances – Strategic alliances and merger and acquisition activities under the direction of the board.

### *Introduction – JAB's EZBiz Initiative*

Jab's business strategy is to establish a portfolio of electronic e-business bureau services. These will provide better and easier access to internet e-business capabilities for small to medium sized businesses and professional groups.

Jab's Initial Public Offering last year enabled the company to list on Newcastle Stock Exchange. Additionally, funding raised via the IPO is being used to complete Jab's first stage EZBiz technology service for launch into the Australian market. The Newcastle Stock Exchange is regarded as a mezzanine exchange and therefore was well suited to this current stage of Jab's growth.

### *What is EZBiz?*

EZBiz (pronounced Easy-Biz) is a suite of integrated products to easily design, launch and operate internet business services. EZBiz incorporates automated facilities for:

Internet domain registration;

Hosting and email wet-up;

Website generation with full e-Commerce;

Email marketing and newsletter / e-Zine facilities; and

Email based business automation and collaboration services.

EZBiz will allow a customer to automatically "generate" various e-business services with minimal manual or user intervention.

Jab intends to offer EZBiz via a channel of boutique e-business service providers and re-sellers. A centralised customer support centre will be maintained in Brisbane.

### *EZYBiz Billing System*

The EZBiz system will bill customers electronically via our EZPay on-line payment facility. This payment service offers both pre-paid debit account billing, and also instalment based (credit) payments. When fully implemented and commercialised, this service will appeal to a wide range of businesses.

### Results of operations

The consolidated entity (Jab Technologies Limited and its controlled entities) has recorded a net loss after tax of \$245,184 for the half-year ended 31 December 2005, compared with a net profit after tax of \$11,704,582 in December 2004.

Final dividend for the year ended 31 December 2005 is nil (2004 –nil).

### *Review of operations*

The Newcastle Stock Exchange approved Jab Technologies Limited Ordinary and Options Securities to the official list on 16 September 2005.

Jab enters into an agreement to acquire Gumnut's e-business assets and customer base. These included: hosting services; domain registration services; and their Easy/Sites/Ezyweb system.

## Directors' Report (continued)

### *Review of operations (continued)*

Enhancement of the EZBiz system commences to build additional functionality for managing Hosting and Domain Registration services.

In December 2005, the Company arranged a three year lease on premises located on Level 3 / 200 Creek St, Brisbane. This will improve operational, sales and administration management.

Commercialisation activities for EZBiz are scheduled for first quarter 2006.

### *Research and Development*

In November 2004, the Company adjusted its position with respect to its internal R&D, 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*

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 tedious 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*

Significant changes in the state of affairs of the consolidated entity during the financial year included listing Jab Technologies Limited Ordinary and Option Securities on the Newcastle Stock Exchange.

### *Likely developments and expected results of operations*

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

### *Environmental regulation*

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 6,000,000 unlisted and 2,865,029 listed unissued Ordinary Securities under options. Refer to Note 20 of the financial statements for further details of the options outstanding. 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 and officers**

Jab Technologies Limited carries insurance that indemnifies 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 indemnified to the extent permitted by law.

## Directors' Report (continued)

Directors' meetings			
	Directors' Meetings		Committee Meetings
	Attended	Signed Resolutions	Audit
Number of meetings held:	4	1	1
Number of meetings attended:			
R B Murdoch	4	1	1
S Ioannides	4	1	1
S Stark	4	1	1
<b>Directors' interests in shares and options</b>			
As at 31 December 2005, the interests in the equity instruments of the Company held by Directors of the reporting entity and their direct related entities were:			
	Ordinary Shares Fully Paid		Options Listed
	31 December 2005	30 June 2005	31 December 2005      30 June 2005
<b>Name</b>			
R B Murdoch	1,268,259	1,268,259	1,268,259      190,268
S Ioannides	583,571	583,571	583,571      —
S Stark	145,000	145,000	145,000      40,000
	1,996,830	1,996,830	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 half-year the Company had one (1) audit committee meeting.

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, service agreements and share based payments

Remuneration, service agreement and share based payment details for the executive director, non-executive directors and the one (1) most highly paid executive officer of the company and consolidated entity are set out under Note 22 in Notes to the Financial Statements.

### 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 Notes 22 and 25 of the Financial Statements.

### Tax Consolidation

## Directors' Report (continued)

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.

### Corporate Governance

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.

### Auditors' independence

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 31 December 2005. The written Auditor's Independence Declaration is attached to the Directors' Report and forms part of this Directors' Report.

### Rounding

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the financial report. Amounts in the financial report have been rounded in accordance with that Class Order to the nearest dollar.



**S Ioannides**

Director

Brisbane, 15 May 2006



# PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 21  
300 Queen Street  
Brisbane  
Queensland 4000

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Australia

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

## **Auditor's Independence Declaration to the Directors of Jab Technologies Limited**

In relation to our review of the half-year financial report of Jab Technologies Limited and its controlled entities for the half-year ended 31 December 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, 15 May 2006

# Statement of Corporate Governance Practices

## 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 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 judgments 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.



# Statement of Corporate Governance Practices

## Principle 2 - Structure the Board to add value (continued)

### 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 in August 2004, 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 held on 20 January 2004. 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 resource 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.

# Statement of Corporate Governance Practices

## 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.

## Statement of Corporate Governance Practices

### 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 Murdoch & Mr S 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 22 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.

# Consolidated Income Statement

For the half-year ended 31 December 2005	Notes	CONSOLIDATED		PARENT ENTITY	
		December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>Continuing operations</b>					
<b>Revenues from continuing operations</b>	5	67,084	11,849,677	67,084	11,849,677
<b>Expenses from continuing operations</b>	5	(310,268)	(145,095)	(310,268)	(145,095)
<b>Loss before income tax</b>		(243,184)	11,704,582	(243,184)	11,704,582
Income tax expense	6	—	—	—	—
<b>Loss from continuing operations</b>		(243,184)	11,704,582	(243,184)	11,704,582
<b>Loss attributable to members of Jab</b>		(243,184)	11,704,582	(243,184)	11,704,582
<b>Loss per share for loss attributable to the ordinary equity holders of the Company</b>		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic/(loss) per share (cents per share)		(2.32)	107.65	(2.32)	107.65
Diluted/(loss) per share (cents per share)		(2.32)	107.65	(2.32)	107.65

The above consolidated income statement should be read in conjunction with the accompanying notes.

# Consolidated Balance Sheet

		CONSOLIDATED		PARENT ENTITY	
As at 31 December 2005	Notes	31 December 2005 \$	30 June 2005 \$	31 December 2005 \$	30 June 2005 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	383,066	131,858	383,066	131,858
Receivables	8	20,679	62,928	20,649	62,928
Total financial assets		403,745	194,786	403,745	194,786
<b>Non-current assets</b>					
Intangible assets	11	25,000	—	25,000	—
Other financial assets	10	—	—	49,085	52,286
Property, plant and equipment	12	8,019	7,552	8,019	7,552
Deferred expense	9	58,140	4,631	58,140	1,430
Total non-current assets		91,159	12,183	140,244	61,268
<b>Total assets</b>		<b>494,904</b>	<b>206,969</b>	<b>543,989</b>	<b>256,054</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables	13	76,636	65,369	76,636	65,369
Provisions	14	4,595	2,946	4,595	2,946
Total current liabilities		81,231	68,315	81,231	68,315
<b>Non-current liabilities</b>					
Provision	15	(751)	4,168	(751)	4,168
Total non-current liabilities		(751)	4,168	(751)	4,168
<b>Total liabilities</b>		<b>80,480</b>	<b>72,483</b>	<b>80,480</b>	<b>72,483</b>
<b>Net assets</b>		<b>414,424</b>	<b>134,486</b>	<b>463,509</b>	<b>183,571</b>
<b>EQUITY</b>					
Contributed equity	20	2,228,559	1,824,833	2,228,559	1,824,833
Option holders' equity	22, 25	119,396	—	119,396	—
Accumulated losses	16	(1,933,531)	(1,690,347)	(1,884,446)	(1,641,262)
Parent entity interest		414,424	134,486	463,509	183,571
<b>Total equity</b>		<b>414,424</b>	<b>134,486</b>	<b>463,509</b>	<b>183,571</b>

The above consolidated balance statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2005	Notes	CONSOLIDATED		PARENT ENTITY	
		December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>Total equity at the beginning of the half-year</b>		134,486	(13,246,608)	183,571	(13,181,274)
Adjustment on adoption of AASB 132 and AASB 139, net of tax					
Directors' options	5, 9, 22, 25	119,396	—	119,396	—
<b>Net income recognised directly in equity</b>		119,396	—	119,396	—
<b>Profit / (loss) for the half-year</b>		(243,184)	11,704,582	(243,184)	11,704,582
<b>Total recognised income and expense for the half-year</b>		(123,788)	11,704,582	(123,788)	11,704,582
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs	20	403,726	1,452,992	403,726	1,452,992
<b>Total equity at the end of the half-year</b>		414,424	(89,034)	463,509	23,669
Total recognised income and expense for the half-year is attributable to: Members of Jab Technologies Limited		(123,788)	11,704,582	(123,788)	11,704,582

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2005	Notes	CONSOLIDATED		PARENT ENTITY	
		December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>Cash flows from operating activities</b>					
Cash receipts from customers (inclusive of goods and services tax)		10,646	4,505	10,646	4,505
Receipt of R & D tax concession		50,226	—	50,226	—
Payment to suppliers and employees (inclusive of goods and services tax)		(192,059)	(138,837)	(192,059)	(138,837)
Interest received and other receivables		6,213	3,142	6,213	3,142
<b>Net cash (outflow) from operating activities</b>	28	(124,974)	(131,190)	(124,974)	(131,190)
<b>Cash flows from investing activities</b>					
Payment for property, plant and equipment	12	(2,544)	—	(2,544)	—
Payment for investment in intangibles		(25,000)	—	(25,000)	—
Loans from related parties		—	130,000	—	130,000
Other receivables		—	2,625	—	2,625
<b>Net cash (inflow) from investing activities</b>		(27,544)	132,625	(27,544)	132,625
<b>Cash flows from financing activities</b>					
Proceeds from issues of shares and other equity securities	20	583,005	—	583,005	—
Share issue and transaction costs		(179,279)	—	(179,279)	—
<b>Net cash inflow from financing activities</b>		403,726	—	403,726	—
<b>Net increase in cash and cash equivalents</b>		251,208	1,435	251,208	1,435
Cash and cash equivalents at the beginning of the half-year		131,858	4,341	131,858	4,341
<b>Cash and cash equivalents at the end of the half-year</b>	7	383,066	5,776	383,066	5,776

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## 1. Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report includes all the notes of the type normally included in an Annual Financial Report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2005 and any public announcements made by Jab Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### (a) Basis of preparation of half-year financial report

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 periods presented, unless otherwise stated.

#### *Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

This interim financial report is the first Jab Technologies Limited interim financial report to be prepared in accordance with AIFRS. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Jab Technologies Limited until 30 June 2005 have been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Jab Technologies Limited interim financial report for the half-year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 139 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in Note 30.

#### *Early adoption of standard*

The Group has elected to apply AASB 119 *Employee Benefits* (issued in December 2004) to the reporting periods beginning 1 July 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

#### *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.

### (b) Principles of consolidation

#### (i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jab Technologies Limited ("company" or "parent entity") as at 31 December 2005 and the results of all subsidiaries for the half-year then ended. Jab Technologies Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(i)).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.



# Notes to the Financial Statements (continued)

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

### (b) Principles of consolidation (continued)

#### (ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (iii) Joint Ventures

##### Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

##### Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

### (c) 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. The Company only operates in one segment.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Jab Technologies Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

# Notes to the Financial Statements (continued)

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

### (d) Foreign currency translation (continued)

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ❖ assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ❖ income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- ❖ all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

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.

### (f) 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.

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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Jab Technologies Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

# Notes to the Financial Statements (continued)

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

### (g) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

### (h) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

### (i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### (j) Cash and cash equivalents

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.

### (k) 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 effective interest rate. The amount of the provision is recognised in the income statement.

# Notes to the Financial Statements (continued)

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

### (l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

### (m) Investments and other financial assets

#### From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. For further information on previous AGAAP refer to the annual report for the year ended 30 June 2005.

#### Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

#### From 1 July 2005

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

#### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

# Notes to the Financial Statements (continued)

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

### (m) Investments and other financial assets

#### (iv) Available-for-sale financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### (n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

### (o) Property, plant and equipment

Land and buildings (except for investment properties – (refer to note 1(s))) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

# Notes to the Financial Statements (continued)

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

### (o) Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amount, net of their residual values, over their estimated useful lives.

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 (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

### (p) Intangible assets

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

### (q) 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.

### (r) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### (s) Employee benefits

#### (i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### (ii) Long service leave

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

#### (iii) Share-based payments

Where share-based compensation benefits are provided to employees via an employee option plan and an employee share scheme, the following apply:

#### *Shares options granted before 7 November 2002 and/or vested before 1 January 2005*

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

#### *Shares options granted after 7 November 2002 and vested after 1 January 2005*

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



# Notes to the Financial Statements (continued)

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

### (s) Employee benefits (continued)

#### (iii) Share-based payments (continued)

##### *Shares options granted after 7 November 2002 and vested after 1 January 2005 (continued)*

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

### (t) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

### (u) 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.

### (v) 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 half-year, adjusted for bonus elements in ordinary shares issued during the half-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.

### (w) 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.

### (x) Financial instrument transaction costs

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous Australian GAAP (AGAAP) in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts. At the date of transition to AASB 132 and AASB 139 the adjustment to carrying amounts for the Group was immaterial.

### (y) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the

# Notes to the Financial Statements (continued)

nearest dollar.

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

### (z) Going concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The company and consolidated entity have incurred a loss from ordinary activities after income tax of \$243,184 for the half-year ended 31 December 2005 (2004: Profit \$11,704,582 after debt forgiveness of \$11,849,677). The company and consolidated entity were also in a net position of \$414,424 as at 31 December 2005 (2004: \$134,486). As a result of the financial position of the company outlined above, there is significant uncertainty whether the company and consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The continuation of the company and consolidated entity as a going concern is dependent upon their ability to achieve the following:

- ❖ Obtaining additional facilities, funding or capital from financiers, shareholders, Directors and/or related parties to enable the company and consolidated entity to achieve a sufficient working cash flow level.
- ❖ The generation of future profits by the major underlying business.

Subsequent to the end of the half-year the company has prepared an Offer Information Statement to issue a maximum of 8,000,000 new ordinary shares to raise \$1,200,000 (before costs).

The Directors currently believe that the company and consolidated entity will be successful in achieving the above objectives and accordingly have prepared the financial report on a going concern basis.

In the event that the company or consolidated entity does not achieve the above objectives, there is significant uncertainty whether the company or consolidated entity will continue as a going concern and, therefore, whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

## 2. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including price risk), credit risk, liquidity risk and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas.

## 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 are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

## 4. Segment reporting

The main product of Jab Technologies Limited is called EZBIZ Technology. There is no separate Business or Geographical Segment, therefore no statement has been prepared for Jab Technologies Limited or its controlled entities for the half-year ended 31 December 2005.



## Notes to the Financial Statements (continued)

		CONSOLIDATED		PARENT ENTITY	
	Note	December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>5. Profit/(loss) for the half-year</b>					
Profit/(loss) for the half-year includes the following revenues and expenses:					
<b>Revenues from continuing operations:</b>					
Sales		10,646	3,552	10,646	3,552
Interest received – unrelated parties		6,212	3,142	6,212	3,142
Government R & D tax concession		50,226	—	50,226	—
Debt forgiveness income		—	11,842,983	—	11,842,983
<b>Total revenue from continuing activities</b>		<b>67,084</b>	<b>11,849,677</b>	<b>67,084</b>	<b>11,849,677</b>
<b>Expenses from continuing activities</b>					
Audit fees		3,500	—	3,500	—
Employee benefits		43,966	34,465	43,966	34,465
Consulting fees		133,365	60,637	133,365	60,637
Directors' expenses		8,866	—	8,866	—
Depreciation & Amortisation		2,076	1,931	2,076	1,931
Insurance		—	2,518	—	2,518
Listing fees		7,124	13,500	7,124	13,500
Occupancy expenses		—	2,437	—	2,437
Share registry / meeting costs		11,313	19,172	11,313	19,172
Telephone		725	1,182	725	1,182
Advertising		3,473	1,420	3,472	1,420
Directors' options	22, 25	61,256	—	61,256	—
General administration expenses		34,604	7,833	34,604	7,833
<b>Total expenses from continuing activities</b>		<b>310,268</b>	<b>145,095</b>	<b>310,268</b>	<b>145,095</b>

## Notes to the Financial Statements (continued)

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>6. Income tax</b>				
<b>(a) Income tax expense</b>				
The prima facie income tax expense on operating profit reconciles to the income tax expense in the accounts as follows:				
Profit/(Loss) from ordinary activities before income tax	(243,184)	11,704,582	(243,184)	11,704,582
Income tax calculated at 30%	(72,955)	3,511,375	(72,955)	3,511,375
Debt forgiveness income	—	3,552,895	—	3,552,895
Income tax (expense)/benefit adjusted for permanent differences	(72,955)	41,520	(72,966)	41,520
Future income tax (expense)/benefit attributable to tax losses and timing differences not brought into account	(72,955)	41,520	(72,955)	41,520
Income tax benefit charged to profit and loss account	—	—	—	—

### (b) Income tax losses not brought to account

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

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 liability of the wholly-owned entities in the case of a default by Jab Technologies Limited.

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	June 2005 \$	December 2005 \$	June 2005 \$
<b>7. Current assets – Cash and cash equivalents</b>				
Cash at bank and on hand (Note 28)	383,066	131,858	383,066	131,858
	383,066	131,858	383,066	131,858
The parent entity earned nil interest from its cash at bank in the period.				

## Notes to the Financial Statements (continued)

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	June 2005 \$	December 2005 \$	June 2005 \$
<b>8. Current assets – Receivables</b>				
Trade debtors		675		675
Other debtors	9,190	10,658	9,190	10,658
Prepayments	11,489	51,595	11,489	51,595
	<b>20,679</b>	<b>62,928</b>	<b>29,679</b>	<b>62,928</b>
<b>9. Non-current assets – Other assets</b>				
Other assets - Deferred expense (Notes 5, 22, 25)	58,140	4,631	58,140	1,430
	<b>58,140</b>	<b>4,631</b>	<b>58,140</b>	<b>1,430</b>
<b>10. Non-current assets – Other financial assets</b>				
Investments	—	—	49,085	52,286
	<b>—</b>	<b>—</b>	<b>49,085</b>	<b>52,286</b>
<b>11. Non-current assets – Intangible assets</b>				
Intangible asset	25,000	—	25,000	—
	<b>25,000</b>	<b>—</b>	<b>25,000</b>	<b>—</b>

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	June 2005 \$	December 2005 \$	June 2005 \$
<b>12. Non-current assets – Property, plant and equipment</b>				
Plant and equipment:				
Opening balance	80,582	549,821	80,582	549,821
Additions	2,544	6,558	2,544	6,558
Disposals	—	(475,797)	—	(475,797)
Closing value	<b>83,126</b>	<b>80,582</b>	<b>83,126</b>	<b>80,582</b>
Accumulated depreciation				
Opening balance	73,030	(545,612)	73,030	(545,612)
Depreciation for the year	2,077	(3,214)	2,077	(3,214)

## Notes to the Financial Statements (continued)

Disposals	—	475,796	—	475,796
Closing value	75,107	(73,030)	75,107	(73,030)
<b>Total property, plant and equipment (net)</b>	<b>8,019</b>	<b>7,552</b>	<b>8,019</b>	<b>7,552</b>
<b>13. Current liabilities – Payables</b>				
Trade creditors and accruals	76,636	65,369	76,636	65,369
	76,636	65,369	76,636	65,369
	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>December 2005</b>	<b>June 2005</b>	<b>December 2005</b>	<b>June 2005</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>14. Current liabilities – Provisions</b>				
Employee entitlements	4,595	2,946	4,595	2,946
	4,595	2,946	4,595	2,946
<b>15. Non-current – Provisions</b>				
Employee entitlements	(751)	4,168	(751)	4,168
	(751)	4,168	(751)	4,168
<b>16. Accumulated losses</b>				
Balance at beginning of half-year	(1,690,347)	(13,246,619)	(1,641,262)	(13,246,619)
Net profit attributable to members of Jab Technologies Limited	(243,184)	11,556,272	(243,184)	11,540,022
Balance at end of year	(1,933,531)	(1,690,347)	(1,884,446)	(1,641,262)
<b>17. Financial commitments</b>				
<b>Operating Leases</b>				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	21,126	—	21,126	—
Later than one year but not later than five years	109,855	—	109,855	—
<b>Commitments not recognised in the financial statements</b>	<b>130,981</b>	<b>—</b>	<b>130,981</b>	<b>—</b>

## Notes to the Financial Statements (continued)

### 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.

			Fixed Interest maturing in					
	1 year or less		Over 1 – 5 years		Non interest bearing		Total	
	\$'000		\$'000		\$'000		\$'000	
	December 2005	June 2005	December 2005	June 2005	December 2005	June 2005	December 2005	June 2005
<b>Financial assets</b>								
Cash and deposits	383,066	131,858	—	—	—	—	383,066	131,858
Receivables	—	—	—	—	9,190	11,333	9,190	11,333
Other	69,629	56,226	—	—	—	—	69,629	56,226
	452,695	188,084	—	—	9,190	11,333	461,885	199,417
Weighted average interest rate	—	—	—	—	—	—	—	—
<b>Financial liabilities</b>								
Payables	—	—	—	—	76,636	65,369	76,636	65,369
Loan	—	—	—	—	—	—	—	—
	—	—	—	—	76,636	65,369	76,636	65,369
Weighted average interest rate	—	—	—	—	—	—	—	—
Net financial assets (liabilities)	452,695	188,084	—	—	(67,446)	(54,036)	385,249	134,048

Interest is only earned on cash deposits.

# Notes to the Financial Statements (continued)

			CONSOLIDATED	
			December 2005 \$	June 2005 \$
<b>19. Earnings per share</b>				
Basic earnings per share (cents per share)			(2.32)	151.84
Diluted earnings per share (cents per share)			(2.32)	151.84
Earnings used in calculating of basic earnings per share			(243,184)	11,571,472
Earnings used in calculating of diluted earnings per share			(243,184)	11,571,472
<b>Weighted average number of shares used as the denominator</b>				
Weighted average number of ordinary shares used in the dominator in calculating basic earnings per share			10,472,283	7,610,982
Weighted average number of ordinary shares used in the dominator in calculating diluted earnings per share			10,472,283	7,610,982
The 8,865,029 options are not dilutive as the average market price of the ordinary shares during the period is less than the exercise price of the options.				
	Half-year		Half-year	
<b>20. Contributed equity</b>	December 2005 Shares	December 2004 Shares	December 2005 \$	December 2004 \$
Issues of ordinary shares during the half-year				
(a) Ordinary shares fully paid	14,862,911	7,300,000	2,228,559	1,453,002
(b) Movement in shares on issue				
On issue at the beginning of the half-year	11,947,882	10	1,824,833	10
Placement of shares at 20 cents	—	7,290,000	—	1,458,000
Prospectus shares at 20 cents	2,865,029	—	573,005	—
Prospectus underwriting issue of shares at 20 cents	50,000	—	10,000	—
Issue costs	—	—	(179,279)	(5,008)
On issue at the end of the half-year	14,862,911	7,300,000	2,228,559	1,453,002
Subsequent to 30 June 2005, 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.				
<b>Options to acquire issued capital (b)</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.				
<b>Movement in the numbers of options to acquire share capital are as follows:</b>				
			Number of Options	
			December 2005	December 2004
On issue at the beginning of the half-year			6,000,000	—
Issued during the half-year (a)			2,865,029	—
On issue at the end of the half-year			8,865,029	—
<b>Expiry Date</b>		<b>Exercise Price</b>		
31 December 2009 convertible at 20 cents (JABO)		20 cents	2,865,029	—
31 December 2009 convertible at 20 cents (JABO1) - Unlisted		20 cents	6,000,000	—
Subsequent to 30 June 2005, Jab Technologies Limited Options were listed on the Newcastle Stock Exchange on 16 September 2005 with 2,865,029				

## Notes to the Financial Statements (continued)

new options allotted (JABO). Total number of Options issued as at the date of this report is: 8,865,029.

### 21. Dividend paid or provide for on ordinary shares

No dividends have been paid up to the date of this report.

				PARENT ENTITY	
				December 2005	December 2004
				\$	\$

### 22. Director and executive disclosures

#### (a) Directors

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 entities for the half-year.

Specified Directors		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
Robert Murdoch (Non-Executive Chairman)	December 2005	9,219	—	—	9,219
	December 2004	5,049	—	—	5,049
Stephen Ioannides (CEO/Executive Director)	December 2005	68,423	—	—	68,423
	December 2004	25,245	—	—	25,245
Sean Stark (Non-Executive Director)	December 2005	21,650	—	—	21,650
	December 2004	—	—	—	—
Total Remuneration	December 2005	99,292	—	—	99,292
	December 2004	30,294	—	—	30,294

#### (a) Specified executives

Specified Directors		Salary & Fees	Superannuation	Equity Shares	Total Consolidated
Michael Ilett	December 2005	12,254	—	—	12,254
	December 2004	11,800	—	—	11,800
Total Remuneration	December 2005	12,254	—	—	12,254
	December 2004	11,800	—	—	11,800

### Equity instrument disclosures relating to directors and executives

There were no ordinary shares in the company provided as remuneration to the directors and employees of the company during the period.

## Notes to the Financial Statements (continued)

### Note 22. Director and executive disclosures (continued)

#### Service Agreements

1. 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.

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.

- a) 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.

The directors and executives received no remuneration in the form of cash bonuses, non-monetary benefits, post employment retirement benefits or other bonuses during the financial period. While no options were issued, Stephen Ioannides and Sean Stark became entitled to options (see Notes 1(s) (iii), 5, 22, 25).

#### Consultancy Agreement

The Agreement commenced on 6 June 2005 and 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 ("the services") for the period of two (2) years after the Company has listed on the NSX and has also secured the services of Mr Stephen Ioannides to act as Chief Executive Office of the Company. Mr Ioannides will be responsible for the corporate management and administration of the company.

For the provision of Services under the Agreement, Jaz will be:

- a) paid a fee of \$11,400 per month (exclusive 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 trading day of the month in which Jab Technologies is admitted to the official list of the NSX ("Jaz Options").

The issue of the Jaz Options are conditional upon and subject to members of Jab approving the issue of the Jaz Options in accordance with Chapter 2E of the Corporation Act and Jab obtaining any other approvals that may be required pursuant to the Corporations Act or the Listings Rules of the NSX.

Following member and regulatory approvals for the issue of the Jaz Options, the Jaz Options vest progressively on the last day of each month after listing for a period of two (2) years, with the number of Jaz Options vesting being 80,000 Jaz Options provided that the average market price (weighted by reference to volume) of Jab's shares on the NSX is equal to or greater than twenty-cents (\$0.20) for that month ("Market Condition").

Both the Company and Jaz are entitled to terminate the Agreement upon giving three (3) months written notice. Further, the Company is entitled to terminate the Agreement upon the happening of various events with respect to the solvency and conduct of Jaz and Mr Ioannides.



## Notes to the Financial Statements (continued)

### Note 22. Director and executive disclosures (continued)

#### Non-executive Director Agreement

Mr Stark has been appointed as a non-executive director of the Company for a period of three (3) years from the date of listing of the Company to assist the Company 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 \$1000 per month; and
- c) issued with the total of 360,000 options to subscribe for ordinary shares in the capital of the Company on the last trading day at the month in which Jab Technologies is admitted to the official list of the NSX ("Stark Options").

The issue of the Stark Options are conditional upon and subject to members of Jab approving the issue of the Stark Options in accordance with Chapter 2E of the Corporation Act and Jab obtaining any other approvals that may be required pursuant to the Corporations Act or the Listings Rules of the NSX.

Following member and regulatory approvals for the issue of the Stark Options, the Stark Options vest progressively on the last day of each month after listing for a period of two (2) years, with the number of Jaz Options vesting being 80,000 Jaz Options provided that the average market price (weighted by reference to volume) of Jab's shares on the NSX is equal to or greater than twenty-cents (\$0.20) for that month ("Market Condition").

#### Share-based payments

The options granted to Jaz and Mr Stark is for no consideration. The options are granted for a two (2) year period and carry no dividend or voting rights. Each option is exercisable at eight (8) cents at any time before 31 July 2008 or within three (3) months after the Director ceases to be employed by Jab and each option is convertible into one (1) ordinary share.

If the Market Condition has been satisfied, the grant of the options will be subject to shareholder approval and obtaining approvals pursuant to the Corporations Act and the listing rules of the NSX. The actual grant date will occur after Jaz and Mr Stark has rendered their services. The Company recognises the services when received and has recognised the grant date fair value of the options for the purposes of recognising the services received during the period between the service commencement date and actual grant date ("Entitlement Date").

As at 31 December 2005, Jaz became entitled to a total of 160,000 options and Mr Stark became entitled to a total of 30,000 options. Set out below is a summary of options granted to Jaz and Mr Stark.

Entitlement Date	Expiry Date	Exercise Price	Balance at start of the year (Number)	Entitled during the year (Number)	Exercised during the year (Number)	Expired during the year (Number)	Balance at end of the year (Number)	Exercisable at end of the year (Number)
31 Oct 2005	31 Jul 2008	\$0.08	Nil	95,000	Nil	Nil	Nil	Nil
31 Nov 2005	31 Jul 2008	\$0.08	Nil	95,000	Nil	Nil	Nil	Nil
Total			Nil	190,000	Nil	Nil	Nil	Nil

It is noted that Jaz and Mr Stark were entitled to a total of 190,000 options. However, at 31 December 2005 shareholder and regulatory approval has not been sought for the issue of the options. There were no share based payments in the previous financial year. No options were forfeited or exercised during the half year.

The fair value of the options has been calculated at \$0.0408 per option. The fair value has been independently determined using the Black-Scholes option pricing model that takes into account exercise price, term of the option, vesting and market conditions, the impact of dilution, the non-tradable nature of the options, the share price at grant date, expected price volatility of the underlying shares, the expected dividend yield, discount for non transferability and the risk-free interest rate for the term of the option.

The model inputs for options granted during the half year ended 31 December 2005 included:

- a) exercise price \$0.08;
- b) expiry date 31 July 2008;
- c) options are granted for no consideration;
- d) options are exercised at expiry date;
- e) share price at grant date \$0.20;
- f) expected volatility of the company's shares is 1.98;
- g) risk free interest rate 5.11%;

## Notes to the Financial Statements (continued)

### Note 22. Director and executive disclosures (continued)

- h) no dividends will be paid during the currency of the options;
- i) no discount for lack of transferability;
- j) dilution factor 9%; and
- k) discount for market condition not being achieved 75%.

The expected price volatility is based on the examination of the share price volatility of the listed companies in the Information Technology, Software and Services sector.

#### Expenses arising from share based payment transactions

Total expenses arising from share-based payments recognised during the half year recognised as Directors' options expense were as follows:-

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>Options Issued:</b>				
Options issued to Jaz and Mr Stark under consultancy agreements	61,256	—	61,256	—

The Directors' options expense of \$61,256 is make up of \$38,000 which represents the 190,000 options entitled by Jaz and Mr Stark during the half year and the balance of \$23,256 which represents options that Jaz and Mr Stark may earn in the six (6) months to 30 June 2006, subject average market price (weighted by reference to volume) of Jab's shares on the NSX is equal to or greater than twenty-cents (\$0.20) for each month and the satisfaction of regulatory and shareholder approvals.

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>23. Remuneration of auditors</b>				
During the half-year the auditors of the parent company and its related practices earned the following remuneration:				
<b>Pitcher Partners</b>	3,850	—	3,850	—
Audit or review of financial reports of the entity or any entity in the consolidated entity	—	—	—	—
Taxation services	—	—	—	—
Advisory services in relation to Jab Technologies Limited initial public offering	18,370	—	18,370	—
	22,220	—	22,220	—

#### 24. Contingent assets and liabilities

##### (a) Contingent liabilities

The parent entity and Group are not aware of any contingent liabilities that need to be disclosed as at 31 December 2005.

##### (b) Contingent assets

The parent entity and Group are not aware of any contingent assets that need to be disclosed as at 31 December 2005.

## Notes to the Financial Statements (continued)

25. Related party disclosures			
<b>Directors</b>			
<b>The following persons have held the position of director of Jab Technologies Limited during the past two financial years, unless otherwise stated:</b>			
Robert Murdoch – Director since May 1999 Stephen Ioannides – Director since 12 July 2004 Sean Stark – Director since 17 November 2004			
		<b>December 2005 Number</b>	<b>December 2004 Number</b>
<b>Directors' shareholdings - share and share options acquired during the half-year:</b>			
<b>Ordinary shares</b>		<b>228,321</b>	<b>938,509</b>
<b>Ordinary share options</b>		<b>40,000</b>	<b>—</b>
<b>Remuneration of directors</b>			
<b>Information on remuneration of directors is disclosed in Note 22</b>			
<b>Share and share options held directly or indirectly at the end of the year:</b>			
<b>Ordinary shares</b>		<b>1,996,830</b>	<b>938,509</b>
<b>Ordinary share options</b>		<b>232,068</b>	<b>—</b>
<b>Other director transactions</b>			
During the year Murdoch Geosciences Pty Ltd, a company associated with Mr. Robert Murdoch, charged at cost \$9,219 to the economic entity for his consultancy services provided.			
During the year Jaz Software Pty Ltd, a company associated with Mr. Stephen Ioannides, invoiced at cost \$68,423 to the economic entity for his consultancy services provided.			
During the year Sean Stark, invoiced at cost \$21,650 to the economic entity for his consultancy services provided.			
<b>Transactions with controlled entities</b>			
Jab Technologies Limited (formerly named as JabMail Pty Ltd), 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 forgave its loan to Jab and Jab issued 7,290,000 new shares to Union, together with a proposed plan to list Jab on the Stock Exchange of Newcastle Limited.			
26. Investments in controlled entities as at 31 December 2005			
<b>Name of entity</b>	<b>Country of Incorporation</b>	<b>Percentage Ownership</b>	
		<b>2005 %</b>	<b>2004 %</b>
<b>Controlled entities</b>			
<b>Jab Creative Pty Ltd</b>	<b>Australia</b>	<b>100%</b>	<b>100%</b>
<b>RadioCity.com.au Pty Ltd</b>	<b>Australia</b>	<b>100%</b>	<b>100%</b>
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.			

## Notes to the Financial Statements (continued)

			CONSOLIDATED		PARENT ENTITY	
			December 2005 \$	December 2004 \$	December 2005 \$	December 2004 \$
<b>27. Employee benefits</b>						
<b>Employee benefit and related on-cost liabilities</b>						
Included in trade creditors			—	20,031	—	5,500
Included in accruals			1,677	—	1,677	—
Provision for employee benefits			4,595	—	4,595	—
Provision for employee benefits			(751)	—	(751)	—
Aggregate employee benefit and related party on-costs liabilities			5,521	20,031	5,521	5,500
As explained in note 1(n) 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.						

### 28. 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 year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial position as follows:

	CONSOLIDATED		PARENT ENTITY	
	December 2005 \$	December 2004 \$	December 2005 \$	December 2005 \$
Cash at bank and on hand (Note 7)	383,006	5,776	383,006	5,776
	383,006	5,776	383,006	5,776

The parent entity earned nil interest from its cash at bank in the period.

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

Net profit (loss)	(243,184)	11,704,582	(243,184)	11,704,582
Adjustments for non-cash income and expense items:				
Depreciation and amortisation of non current assets	2,077	1,931	2,077	1,931
Debt forgiveness		(11,842,983)		(11,842,983)
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
Decrease/(increase) in trade and other receivables	2,143	(1,714)	2,143	(1,714)
Decrease/(increase) in deferred expenses	(58,140)	—	(58,140)	—
Decrease/(increase) in prepayments and other assets	44,737	2,713	44,737	2,713
(Decrease)/increase in liabilities:				
(Decrease)/increase in creditors and accruals	4,727	4,281	4,727	4,281
(Decrease)/increase in employee entitlements	3,270	—	3,270	—

## Notes to the Financial Statements (continued)

(Decrease)/increase in other provisions	—	—	—	—
(Decrease)/increase in option holders' equity	119,396	—	119,396	—
Net operating cash flows	(124,974) )	(131,190)	(124,974) )	(131,190)

## Notes to the Financial Statements (continued)

### 29. Franking amount

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

### 30. Events occurring after the balance sheet date

Subsequent to the end of the half-year the company has prepared an Offer Information Statement to issue a maximum of 8,000,000 new ordinary shares to raise \$1,200,000 (before costs).

### 31. Impact of adoption of Australian equivalents to the International Financial Reporting Standards

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (IFRS). The transition to AIFRS is accounted for in accordance with Accounting Standards AASB 1 "First-time Adoption Equivalents to International Financial Reporting Standards with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

	CONSOLIDATED			PARENT ENTITY		
a) Reconciliation of equity as reported under previous AGAAP to that under IFRS. The adoption of AIFRS has not resulted in any material adjustments to the balance sheet presented under AGAAP.	30 June 2005	31 December 2004	1 July 2004	30 June 2005	31 December 2004	1 July 2004
Total equity under previous AGAAP	134,486	(89,034)	(13,246,608)	183,571	(23,669)	(13,181,274)
Changes from AGAAP to IFRSs	—	—	—	—	—	—
Total equity under IFRS	134,486	(89,034)	(13,246,608)	183,571	(23,669)	(13,181,274)
			CONSOLIDATED		PARENT ENTITY	
b) Reconciliation of profit under previous AGAAP to that under IFRSs (AIFRS). The adoption of AIFRS has not resulted in any material adjustments of income statement presented under AGAAP.			30 June 2005	31 December 2004	30 June 2005	31 December 2004
Profit after tax under previous AGAAP			11,556,272	11,704,582	11,540,022	11,704,582
Changes from AGAAP to IFRSs			—	—	—	—
Total equity under AIFRS			11,556,272	11,704,582	11,540,022	11,704,582
c) Explanation of material adjustment to the cash flow statement						
There is no material difference of cash flow statements presented under AIFRS and those presented under AGAAP.						

## Director's 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 the consolidated entity's financial positions as at 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial period 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 directors.



S Ioannides  
Director

Brisbane, 15 May 2006



# 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 statement of financial position, statement of financial performance, statement 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 six months ended 31 December 2005. The consolidated entity comprises both the company and the entities it controlled during that period.

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.

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 31 December 2005 and of their performance for the six months 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.

**Inherent uncertainty regarding continuation as a going concern**

Without qualification to the statement expressed above, attention is drawn to the following matter.

As a result of the matters described in Note 1 to the financial statements, there is significant uncertainty whether the company or consolidated entity will be able to continue as a going concern and, therefore, whether it will be able to pay its debts as they become due and payable and realise its assets to extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the company or consolidated entity not continue as a going concern.

PITCHER PARTNERS



R J St Clair  
Partner

Brisbane, 15 May 2006

## Shareholder Information as at 15 May 2006

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

The 20 largest holders of each class of equity securities in the company as at 15 May 2006 are:

Name	SHARES		OPTIONS	
	Number	%	Number	%
ANZ Nominees Limited <Cash Income A/C>	2,911,332	19.59	1,532,410	17.29
Union Resources Limited	1,522,264	10.24		
Austex Mining NL	1,186,624	7.98	190,268	2.15
Noble Investments Pty Ltd <Noble Investments S/F A/C>	804,081	5.41	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
Leadenhall Australia Limited	500,000	3.36		
Noble Investments Pty Ltd <Noble A/C>	493,750	3.32		
Societe Generale Australia Branch	439,560	2.96		
ACM Nominees Limited	250,000	1.68		
Fairmount 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		
Bell Potter Nominees Ltd <BB Nominees A/C>	107,254	0.72		
National Nominees Limited	103,146	0.69		
Insight Capital Management Pty Limited	81,632	0.55		
Mr Robert Murdoch <Murdoch Geophysics Super A/C>	81,632	0.55		
Bilboa Nominees Pty Ltd	74,093	0.50		
Dabvale Pty Limited	70,816	0.48	25,000	0.28
Hongwood Pty Limited <G W Mar Super Fund A/C>			47,844	0.54
Mr Jerzy Dondzilo			25,715	0.29
Mrs Debbie Gett Chung Lam			22,756	0.26
D Anderson Constructions Pty Ltd			17,920	0.20
Youle Dean Pty Ltd <Peter Philpott Super A/C>			17,531	0.20
Kinira Holdings Pty Ltd <David Smith Super Fund A/C>			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
National Nominees Limited			11,766	0.13
Mr Paul Ian McLachlan <Paul McLachlan Family A/C>			11,633	0.13
Proper T Pty Ltd			10,715	0.12
Mr Murray George Dowdle			10,022	0.11
	10,423,692	70.13	8,032,709	90.61

# **ANNUAL REPORT**

## **JAB TECHNOLOGIES LIMITED**

A.B.N. 42 087 426 953

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## DIRECTORS ' REPORT

### CORPORATE DETAILS

#### COMPANY DETAILS

##### DIRECTORS

#### JAB TECHNOLOGIES LIMITED

ROBERT MURDOCH (NON-EXECUTIVE CHAIRMAN)

STEPHEN IOANNIDES (EXECUTIVE DIRECTOR) SEAN STARK

(NON-EXECUTIVE DIRECTOR)

##### COMPANY SECRETARY

MICHAEL JOHANN ILETT

##### REGISTERED OFFICE

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##### WEB SITE

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##### SHARE REGISTRY

#### ASX PERPETUAL SHARE REGISTRY

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##### POSTAL ADDRESS:

GPO BOX 35  
BRISBANE QLD 4001  
TELEPHONE: (07) 3228 4260  
FACSIMILE: (07) 3221 3149

##### AUDITORS

PITCHER PARTNERS, BRISBANE

##### SOLICITORS

HOPGOOD GANIM, BRISBANE

#### STOCK EXCHANGE LISTING

JAB TECHNOLOGIES LIMITED SHARES AND OPTIONS ARE QUOTED ON THE NEWCASTLE STOCK EXCHANGE AND CODED AS "JAB" AND "JABO" RESPECTIVELY.

## DIRECTORS ' REPORT

### DIRECTORS' REPORT

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

#### DIRECTORS

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.

## DIRECTORS ' REPORT

### PRINCIPAL ACTIVITIES

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

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

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

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.

## DIRECTORS ' REPORT

### ALLIANCES

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

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

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 ("Gumnut") on 5 September 2005, to acquire Gumnut'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 Gumnut by three instalments being \$5,000, \$10,000 and \$10,000 based on the achievement of defined milestones by Gumnut as stipulated in the Agreement.

Gumnut operates an internet website development, web hosting 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 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.

## DIRECTORS ' REPORT

### 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.



## DIRECTORS ' REPORT

### 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

<b>Directors Meetings</b>	<b>Attended</b>	<b>Circulating Resolutions</b>	<b>Audit</b>
<b>Number Meetings Held</b>	4	6	2
<b>Meetings Attended</b>			
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:

<b>Name</b>	<b>Ordinary Shares</b>	<b>Options</b>
<b>Type</b>	<b>Fully Paid</b>	<b>Listed</b>
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:

<b>Name</b>	<b>Position</b>
R.B. Murdoch	Non-Executive Chairman
S. Stark	Non-Executive & Independent Director

## REMUNERATION REPORT

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

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 ' REPORT

### DIRECTORS REMUNERATION

NAME	ANNUAL EMOLUMENTS		LONG TERM EMOLUMENTS	
	Base Salary/Fees	Equity Shares	Total Superannuation	
		\$		\$
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	Total Superannuation	
		\$		\$
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.

## DIRECTORS ' REPORT

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.

## DIRECTORS ' REPORT

### AUDITORS' INDEPENDENCE

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

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

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

## AUDITOR 'S INDEPENDENT DECLARATION



**PITCHER PARTNERS**

ACCOUNTANTS AUDITORS & ADVISORS

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

### 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

### 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

## CORPORATE GOVERNANCE

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



## CORPORATE GOVERNANCE

### 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.

## CORPORATE GOVERNANCE

### 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.

## CORPORATE GOVERNANCE

### 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
\$CURRENT ASSETS					
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
TOTAL CURRENT ASSETS		194,786	101,685	194,786	101,685
NON-CURRENT ASSETS					
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	--
TOTAL NON-CURRENT ASSETS		12,183	4,209	61,268	56,495
TOTAL ASSETS		206,969	105,894	256,054	158,180
CURRENT LIABILITIES					
Payables	12	65,369	37,601	65,369	21,351
Provisions	13	2,946	--	2,946	--
TOTAL CURRENT LIABILITIES		68,315	37,601	68,315	21,351
NON-CURRENT LIABILITIES					
Payables	12	--	13,314,902	--	13,318,103
Provisions	13	4,168	--	4,168	--
TOTAL NON-CURRENT LIABILITIES		4,168	13,314,902	4,168	13,318,103
TOTAL LIABILITIES		72,483	13,352,503	72,483	13,339,454
NET ASSETS		134,486	(13,246,609)	183,571	(13,181,274)
EQUITY					
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)
TOTAL EQUITY		134,486	(13,246,609)	183,571	(13,181,274)

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 date 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 assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued 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.



## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

### **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.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	\$2005	\$2004	\$2005	\$2004
<b>2. PROFIT FROM ORDINARY ACTIVITIES</b>				
<b>(a) Specific Items</b>				
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:				
<b>(i) Revenues from operating activities</b>				
Revenue from sale of goods	2,291	36,436	2,291	36,436
<b>Revenues from non-operating activities</b>				
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>
<b>(ii) Expenses from ordinary activities</b>				
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>				
<b>(a) Dividends proposed</b>				
Franked dividends	--	--	--	--
<b>(b) Dividends paid</b>				
Franked dividends	--	--	--	--
	--	--	--	--

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

**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:

	<b>CONSOLIDATED</b>		<b>JAB TECHNOLOGIES LIMITED</b>	
	<b>\$2005</b>	<b>\$2004</b>	<b>\$2005</b>	<b>\$2004</b>
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.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 30 JUNE 2005

#### (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

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

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

**YEAR ENDED 30 JUNE 2005**

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.

Investments

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	\$2005	\$2004	\$2005	\$2004
<b>11. PLANT AND EQUIPMENT</b>				
Plant and equipment:				
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
(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.				
<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	--

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

**14. CONTRIBUTED EQUITY**

	\$2005		2004	
	Number of Shares		\$Number of Shares	
<b>Issued and paid up capital (a)</b>				
(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
		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.



**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

	<b>CONSOLIDATED</b>		<b>JAB TECHNOLOGIES LIMITED</b>	
	<b>\$2005</b>	<b>\$2004</b>	<b>\$2005</b>	<b>\$2004</b>
<b>15. ACCUMULATED LOSSES</b>				
Balance at beginning of year	<b>(13,246,619)</b>	(13,100,314)	<b>(13,181,284)</b>	(13,034,979)
Net profit attributable to members of Jab Technologies Limited	<b>11,556,272</b>	(146,305)	<b>11,540,022</b>	(146,305)
Balance at end of year	<b>(1,690,347)</b>	(13,246,619)	<b>(1,641,262)</b>	(13,181,284)
<b>16. FINANCIAL COMMITMENTS</b>				
<b>Operating Leases</b>				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	--	3,984	--	3,984
Later than one year but not later than five years	--	--	--	--
<b>Commitments not recognised in the financial statements</b>	--	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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

**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	Fixed Interest maturing in							
		1 year or less		Over 1 - 5 years		Non interest bearing		Total	
		\$'000		\$'000		\$'000		\$'000	
		2005	2004	2005	2004	2005	2004	2005	2004
<b>Financial assets</b>									
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		--	--	-	--	--	--	--	--
<b>Financial liabilities</b>									
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.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

## 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		--	--	--
	131,858	4,341	131,858	4,341

### (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	(188,731)	(223,118)	(188,731)	(223,118)

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

## 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>	<b>2005</b>	<b>69,169</b>	<b>--</b>	<b>53,200</b>	<b>122,369</b>
	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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

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

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

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2005

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

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  
Advisory services in relation to Jab  
Technologies Limited initial public offering  
Directors Agreement

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

Ordinary share options

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

Ordinary shares

Ordinary share options

	2005 Number	2004 Number
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.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

### 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.

	CONSOLIDATED		JAB TECHNOLOGIES LIMITED	
	Note	\$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.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2005

### 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 1 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 judgment, 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.

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*

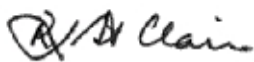
In our opinion, the financial report of Jab Technologies Limited is in accordance with:

(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

## Shareholder Information as at 27<sup>th</sup> 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				
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 ...

## Shareholder Information as at 27<sup>th</sup> September 2005

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.

## 10. TERMS AND CONDITIONS OF OPTIONS

The Attaching Options will be issued on the following terms and conditions which are intended to be the same terms and conditions as for the Company's options already on issue:

- (a) Each of the options shall be transferable in whole or in part, subject to the provisions of the Constitution of the Company and the NSX Listing Rules.
- (b) Upon the valid exercise of the options in payment of the exercise price, the Company will issue ordinary Shares ranking pari passu with the then issued ordinary shares in the Company.
- (c) On a reorganisation of capital, the rights of the option holder will be changed to comply with the NSX Listing Rules then applying to a reorganisation of capital.
- (d) The option holders will only participate in new issues of the Company upon the prior exercise of their options.
- (e) If there is a pro-rata issue (except a bonus issue) to the option holders, the exercise price of an option may be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O' = the new exercise price of the option.
  - O = the old exercise price of the option.
  - E = the number of underlying securities into which one option is exercisable.
  - P = the average market price per security [weighted by reference to volume] of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date.
  - S = the subscription price for a security under the pro-rata issue.
  - D = the dividend due but not yet paid on existing underlying securities [except those to be issued under the pro-rata issue]
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (f) If there is a bonus issue to the holders of ordinary Shares in the Company, the number of Shares over which the option is exercisable may be increased by the number of Shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
  - (g) Other than as required by the NSX Listing Rules, the terms of the option shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the options shall not be changed to reduce the exercise price, increase the number of options or change any period for exercise of the options.

Any notice of any exercise of options received by the Company will be deemed a notice of exercise of options as at the last business day of the month in which the notice is received.

Shares to be issued pursuant to the exercise of any options will be allotted or issued on the terms and conditions set out in this Offer Information Statement and, in any event, not more than fourteen (14) days after receipt of the properly executed notice of exercise and application money in respect of the option, and share entitlement notices will be dispatched thereafter. The Directors will make application for listing of the shares allotted pursuant to the exercise of any option as soon as practicable after the date of issue or allotment of the shares.

## 11. ADDITIONAL INFORMATION

### a. CONSENT

---

The people and other entities set out below have given and as at the date of this Offer Information Statement had not withdrawn their written consent as set out below:

- a) Link Market Services Limited to being named in this Offer Information Statement as the Company's share registry;
- b) Pitcher Partners to being named in this Offer Information Statement as the Company's share registry, and to the inclusion of its Independent Audit Report in the form and context in which it appears.

None of the parties listed above have caused the issue of this Offer Information Statement and, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Offer Information Statement, other than the reference to its name in this Offer Information Statement.

### b. INSPECTION OF DOCUMENTS

---

Copies of the following documents may be obtained from the Company's website at [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au):

- ┐ the full text of this Offer Information Statement;
- ┐ the Constitution of the Company;
- ┐ Up-to-date Company public announcements.

## 12. GLOSSARY OF TERMS

The following definitions apply throughout this Offer Information Statement unless the context otherwise requires:

<b>Term</b>	<b>Definition</b>
<b>“Applicant”</b>	A person or entity who submits an Application Form
<b>“Application Form”</b>	Application form to apply for New Shares, enclosed with this Offer Information Statement
<b>“Application Monies”</b>	The monies payable by an Applicant, being \$0.15 per New Share
<b>“ASIC”</b>	Australian Securities & Investments Commission
<b>“Attaching Options”</b>	Free attaching options offered under this Offer Information Statement
<b>“Board” or “Directors”</b>	Directors of the Company
<b>“Constitution”</b>	The constitution of the Company as amended from time to time
<b>“Corporations Act”</b>	Corporations Act 2001 (Commonwealth)
<b>“Issue”</b>	The issue of New Shares and Attaching Options pursuant to this Offer Information Statement
<b>“Issue Price”</b>	Price at which the New Shares will be issued pursuant to this Offer Information Statement being \$0.15 per New Share
<b>“Jab” or “Jab Technologies” or “Company”</b>	Jab Technologies Limited ACN 087 426 953
<b>“New Shares”</b>	Shares offered under this Offer Information Statement
<b>“NSX Listing Rules”</b>	Listing Rules of the NSX
<b>“NSX”</b>	Stock Exchange of Newcastle Limited ACN 009 851 653
<b>“Offer”</b>	The offer of New Shares and Free Attaching options under this Offer Information Statement
<b>“Offer Information Statement”</b>	This Offer Information Statement
<b>“OIS”</b>	The Offer Information Statement
<b>“Section”</b>	A section of this Offer Information Statement
<b>“Shareholders”</b>	Holders of existing shares in the Company
<b>“Shares”</b>	Fully paid ordinary shares in the capital of the Company



### 13. DIRECTORS' AUTHORISATION

Each of the Directors of Jab Technologies Limited has consented to the lodgement and issue of this Offer Information Statement.

Signed in accordance with a resolution of the Directors by:

A handwritten signature in black ink, appearing to read 'R. Murdoch', with a long horizontal stroke extending to the right.

.....  
**ROB MURDOCH**  
**CHAIRMAN**



**REGISTERED OFFICE**

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