ANNUAL REPORT

30 June 2006

JAB TECHNOLOGIES LIMITED
A.B.N. 42 087 426 953

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Company Directory

Directors
Robert Murdoch (Chairman)
Stephen Ioannides (Non-Executive Director)
Sean Stark (Non-Executive Director)

Company Secretary
John Lemon

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Auditors, Accountants & Advisors
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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

Directors' Report

The Board of Directors of Jab Technologies Limited ("the Company") present their report on the consolidated entity (referred to hereafter as "the Group" or "Consolidated Entity") consisting of Jab Technologies Limited and its controlled entities for the financial year ended 30 June 2006.

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 Murdoch provides Jab Technologies Limited with the corporate business and capital raising expertise required in a listed company. As at the date of this Report he is responsible for the day-to-day operations of the Company. He is also a director of Union Resources Limited (Director since 1992) and Gold Aura Limited (Director since 1995). His special responsibilities include being a member of the Company's Audit Committee.

Director since May 1999.

S Ioannides (Non-Executive Director)

Stephen Ioannides has more than 20 years technology-related sales and business development, consulting and product and software project management experience in Australia and overseas including with 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.

Director since 12 July 2004.

S J 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 Asia. His extensive career with IBM encompassed a diverse mix of consulting and senior management roles including research and development and international technical support positions.

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 the Chairman of the Company's 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 year and up to the date of this report, unless otherwise stated.

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

Mr Michael J Ilett B Bus Grad Dip Corp Gov MBA ACIS CA was the Company Secretary at the beginning of the financial year and resigned as Company Secretary on 13 February 2006.

Principal activities

The Consolidated Entity's principal activities during the year were:

(i) development and release of the EZBiz platform of internet e-business services; and
(ii) acquisition and integration of the services of Gumnut Systems Pty Ltd.

Dividend

No dividends were recommended, declared or paid to members during the financial year.

Directors' Report (continued)

Review of operations

The Consolidated Entity (Jab Technologies Limited and its controlled entities) has achieved a net loss after income tax benefit of $515,903 for the year ended 30 June 2006, compared with a net profit of $11,556,272 in the previous financial year.

Following the issue of the Company's IPO Prospectus dated 10 June 2005 the Company was admitted to the official list of the Stock Exchange of Newcastle Limited ("NSX") on 6 September 2005, and official quotation of the Company's securities on NSX commenced on 16 September 2005.

In September 2005 the Company acquired the web-hosting and domain registration services of Gumnut Systems Pty Ltd. Through the acquisition the Company acquired approximately 250 hosted websites and approximately 520 domain names.

The Company continued to develop its EZBiz (pronounced "Easy-Biz") e-business automation platform. The EZBiz platform is a set of integrated internet products that enable a user to easily design, launch and operate an internet e-business service. In September 2005 the Company expanded research and development of the EZBiz system to enable the system to be used for managing the hosting and domain registration services of the approximately 250 business customers acquired from Gumnut Systems Pty Ltd. Trials of the EZBiz e-business automation platform were conducted during the months of January to March 2006, culminating with the market release of the EZBiz service range in March 2006. The EZBiz service range includes domain registration and management services, web hosting and website services, all of which are fully integrated with subscription-based billing.

During the financial year the Company continued to look for strategic merger and acquisition opportunities, and held discussions with several interested parties.

On 15 May 2006 the Company lodged an Offer Information Statement ("OIS") with the Australian Securities & Investments Commission. Under the OIS the Company sought to raise a minimum of $300,000 and up to $1,200,000 to provide funds for:

1. further research & development of the EZBiz services range;
2. acquisition of, or investment in, other entities; and
3. working capital.

On 14 June 2006 the Company extended the closing date for applications for shares under the OIS to 7 July 2006.

Five Year Summary of Performance

As the Company listed on 16 September 2005, only 30 June 2006 figures have been included.

	2006	
	$	**Cents**
Gross Revenue	31,700	
Net profit before tax	(637,328)	
Total assets	273,901	
Total liabilities	168,206	
Shareholders funds	105,695	
Earnings per share		(3.61)
Dividends per share		Nil
Net tangible assets		0.71
Price Earnings ratio		-4.2

Significant changes in the state of affairs

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

1. an increase in contributed equity of $390,972 (from $1,824,833 to $2,215,805) as a result of the issue of 2,915,029 fully paid ordinary shares under the IPO;
2. net cash received from the increase in contributed equity was used as working capital to fund the activities referred to earlier under "Review of operations"; and
3. the Company was admitted to the official list of NSX on 6 September 2005, and official quotation of the Company's securities on NSX commenced on 16 September 2005.

Directors' Report (continued)

Matters subsequent to the end of the financial year

1. The offer under the Company's Offer Information Statement closed on 7 July 2006. The minimum subscription of $300,000 under the OIS was not reached, and all application monies received were refunded.
2. Mr S Ioannides resigned as the Company's Managing Director on 12 July 2006, and the Company's Chairman, Mr Rob Murdoch, assumed responsibility for the day-to-day operation of the Company. Mr Ioannides remains a director of the Company.
3. On 20 July 2006 the Company entered into a "Converting Loan Agreement" with Austex Mining Pty Ltd ("Austex"), a company associated with Director Mr Rob Murdoch. Under the Converting Loan Agreement Austex is required to provide a loan to the Company of $100,000 which is to be secured by a fixed and floating charge over the assets and undertaking of the Company. The money is to enable the Company to meet its working capital requirements and to enable the Company's directors to evaluate other opportunities additional to the Company's current EZBiz business. With the approval of the Company's shareholders Mr Murdoch's right to receive repayment of the loan would be converted to shares in the Company to be issued to Mr Murdoch at an issue price of not less than $0.10 per share. The share issue date would be no later than five (5) business days after the date shareholder approval is received. In the event that shareholder approval is not received, the loan would be repayable by the Company to Mr Murdoch no later than 20 April 2007. Interest on the loan would accrue at the rate of ten per cent (10%) per annum, calculated daily.

Likely developments and expected results of operations

The Company's revenue from current operations is insufficient to enable the Company to continue as a going concern without external funding assistance. The Company's directors are currently considering options open to the Company, and have had discussions with other parties with a view to the Company possibly undertaking a new venture or ventures. These discussions are confidential at this time and details of the discussions are not included in this report as their inclusion may result in unreasonable prejudice to the Company.

Environmental regulation

The Consolidated Entity's operations were not subject to any particular and significant environmental regulation during the financial year.

Shares under option

Unissued ordinary shares of Jab Technologies Limited under option at the date of this report are as follows:

Expiry Date	Issue Price of Shares	Number of Shares Under Option
31 December 2009	$0.20	8,865,029

Options holders do not have any rights under the options to participate in any share issue of the Company.

Shares issued on the exercise of options

No shares of Jab Technologies Limited were issued during the year ended 30 June 2006 as a result of the exercise of options over unissued shares in the Company, and no further shares have been issued since that date.

Insurance of officers

During the financial year Jab Technologies Limited paid a premium of $11,000.00 to insure all past, present and future officers and secretaries of the Company against liability for reasonable legal costs incurred in:
1. the investigation, defence, reporting, or negotiation for settlement of legal or arbitral proceedings or a claim for compensation; and
2. legally compellable attendance at any official investigation, examination or inquiry.

However, the insurance does not cover certain defined exclusions, including liability that arises from a dishonest, fraudulent or malicious act, intentional or wilful breach of statute, contract or duty, and others.

Meetings of directors

The numbers of meetings of the board of directors and of each board committee held during the year, and the number of meetings attended by each Director were as follows:

Director	Board Meetings		Board Committee Meetings Audit Committee	
	A	B	A	B
R.B. Murdoch	11	11	2	2
S. Ioannides	11	11	*	*
S. Stark	11	11	2	2

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a member of the relevant committee

Directors' Report (continued)

Directors' interests in shares and options

Directors' interests as at the date of this report in shares and options over shares issued by the Company were as follows:

Director	No. of ordinary shares in which relevant interest held	Nature of relevant interest in shares	No. of options in which relevant interest held	Nature of relevant interest in options
R.B. Murdoch	1,315,750	81,632 held legally and beneficially 1,234,118 held beneficially	190,268	Held beneficially
S. Ioannides	583,571	Held legally and beneficially	--	
S. Stark	145,000	Held legally and beneficially	40,000	Held legally and beneficially

Non-audit services

During the financial year Jab Technologies Limited paid the following amounts to the Consolidated Entity's auditor, Pitcher Partners, for non-audit services provided:

1. taxation advice - $10,150
2. audit on 6 months accounts for the Offer Information Statement - $5,808; and
3. provision of the "Independent Accountants' Report" for inclusion in the prospectus - $7,590.

The directors of Jab Technologies Limited have considered the position and in accordance with advice received from the Company's Audit Committee, are satisfied that the provision of non-audit services during the year by Pitcher Partners is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by Pitcher Partners did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in Professional Statement F-1, including reviewing or auditing the auditors' own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Remuneration report

The remuneration report is set out under the following headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Equity-based compensation

The information provided under headings A-D includes remunerations that are required under AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

A. Principles used to determine the nature and amount of 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 Company provided Stephen Ioannides and Sean Stark with a mixture of fixed pay and a variable equity based incentive based upon the performance of Jab Technologies' shares on the Newcastle Stock Exchange. The details of the equity based incentive are outlined in section C. The Chairman did not receive an equity based incentive.

The Chairman and the key management personnel are under contracts that provides for a fixed pay rate. Martin Jericho had an employment contract which provides for a full time annual salary.

Directors' Report (continued)

Remuneration report (continued)

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

The fees and remuneration of key management personnel, the non-executive Directors' fees and Chairman's fee are reviewed by the Directors from time to time to determine that they are appropriate and in line with market expectations. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit. The current maximum amount of Non-Executive Directors' fees payable is fixed at $30,000 per annum. The Constitution provides that this sum can only be increased pursuant to a resolution at a general meeting.

The key management personnel and the Directors are not entitled to any retirement benefits or receive any additional benefits except where provided by the superannuation guarantee scheme, which is currently 9%.

B. Details of remuneration

Amounts of Remuneration

Details of remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Jab Technologies Limited and its controlled entities are set out in the following tables.

The key management personnel of the Group are the Directors of Jab Technologies Limited and those executives that report directly to the Managing Director. There were only four (4) key management personnel during the financial year.

Their details of their functional positions are outlined in the following table:

Name	Position	Employer/Contractor
Craig Estwick	Chief Financial Officer since 16 January 2006	Jab Technologies Limited
John Lemon	Company Secretary since 13 February 2006	Jab Technologies Limited
Martin Jericho	Manager – Information Technology	Jab Technologies Limited
Michael Ilett	Company Secretary until 13 February 2006	Jab Technologies Limited

The equity incentives payable to Stephen Ioannides and Sean Stark are set out in section C.

Details of the nature and amount of each element of the emolument of each Director of the company and each of the key management personnel for the consolidated entity receiving the highest emolument for the financial year are as follows:

PARENT ENTITY

		Short-term benefits	Post-employment benefits	Equity-based benefits	
Specified directors		**Base Salary & Fees $**	**Superannuation $**	**Options $**	**Total $**
Robert Murdoch (Non-Executive Chairman)	**2006**	**16,919**	**—**	**—**	**16,919**
	2005	9,724	—	—	9,724
Stephen Ioannides (CEO/Executive Director)	**2006**	**127,988**	**—**	**—**	**127,988**
	2005	58,245	—	44,800	103,045
Sean Stark (Non-Executive Director)	**2006**	**31,450**	**—**	**—**	**31,450**
	2005	1,200	—	8,400	9,600
Total remuneration	**2006**	**176,357**	**—**	**—**	**176,357**
	2005	69,169	—	53,200	122,369

Directors' Report (continued)

Remuneration report (continued)

B. Details of remuneration (continued)

Amounts of Remuneration (continued)

PARENT ENTITY

Other key management personnel		Short-term benefits Base Salary & Fees $	Post-employment benefits Superannuation $	Equity-based benefits Options $	Total $
Craig Estwick	**2006**	**—**	**—**	**—**	**—**
	2005	—	—	—	—
John Lemon	**2006**	**17,508**	**—**	**—**	**17,508**
	2005	—	—	—	—
Martin Jericho	**2006**	**82,629**	**7,437**	**—**	**90,066**
	2005	63,766	5,351	—	69,117
Michael Ilett	**2006**	**17,679**	**—**	**—**	**17,679**
	2005	25,016	—	—	25,016
Total Remuneration	**2006**	**117,816**	**7,437**	**—**	**125,253**
	2005	88,782	5,351	—	94,133

It is noted that the subsidiary companies paid no remuneration to Directors and key management personnel nor were cash bonuses, non-monetary benefits or retirement benefits paid to the Directors or key management personnel.

Only Stephen Ioannides and Sean Stark were entitled to equity-based options.

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

John Lemon was appointed Company Secretary on 13 February 2006, and Craig Estwick was appointed Chief Financial Officer on 16 January 2006.

C. Service agreements

Agreements and Share Based Compensation

Jab Technologies Limited ("the Company") 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 engaged Jaz to provide executive public company management and such other services as may be required by the Company, for 2 years from the date that Jab Technologies Limited listed on Newcastle Stock Exchange ("NSX"), and also secured the services of Mr. Ioannides to act as Chief Executive Officer of the Company.

The Agreement provided that Jaz would:

(a) be paid a fee of $11,400 per month (exclusive of GST); and

(b) subject to shareholder approval, be 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.

Of the 1,920,000 options to be issued to Jaz, 80,000 options will vest on the last day of each month of the 2 year term of the agreement provided that 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 is below $0.20 then that month's options will not vest.

The granting of 1,920,000 options to Jaz has been independently valued at $78,298.

Directors' Report (continued)

Remuneration report (continued)

C. Service agreements (continued)

Agreements and Share Based Compensation (continued)

The Company entered into a Consultancy Agreement with Mr. Sean Stark, which commenced on 6 June 2005. Under this Agreement, Mr.Stark was appointed as a non-executive director of the Company for 2 years from the date that Jab Technologies Limited listed on NSX, to assist in developing and commercialising the Company's products.

The Agreement provided that Mr. Stark would:

(a) be paid a fee of $1,200 per month;
(b) be paid a consulting retainer of $1,000 per month; and
(c) subject to shareholder approval, be 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.

Of the 360,000 options to be issued to Mr. Stark, 15,000 options will vest on the last day of each month of the 2 year term of the Agreement provided that the average closing price of the Jab Shares (during that month) is equal to or greater than $0.20. If the average closing price of the Jab Shares (during the month) for any month is 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.

An agreement for the provision of administrative services by Union Resources Limited ("Union") was entered into on 13 May 2005, but did not commence until 6 September 2005. Pursuant to the Agreement, Union provided 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 is reimbursed for the costs it incurs in providing the 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 month periods until terminated.

Remuneration and other terms of employment for the Chairman and other key management personnel of the group are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature. Other major provisions of the agreements relating to the remuneration are set out below:

- R. B. Murdoch (Managing Director)
  Base Salary of $125 per hour plus travel, accommodation and general out of pocket expenses
  Period of Termination – Three (3) Months

- C. Estwick (Chief Financial Officer)
  Base Salary of $125 per hour inclusive of superannuation
  Period of Termination – Four (4) Weeks
  Remuneration included in the administration service agreement with Union Resources Limited

- J. Lemon (Company Secretary)
  Base Salary of $85 per hour for company secretarial services
  Base Salary of $125 per hour for legal services
  Period of Termination – No notice period

- M. J. Ilett (Former Company Secretary)
  Resigned 13 February 2006
  Base Salary of $72 per hour
  Period of Termination – Four (4) Weeks

- M. Jericho (Former Manager - Information Technology)
  Terminated July 2005
  Annual salary of $80,000 plus superannuation
  Period of Termination – Four (4) Weeks

Directors' Report (continued)

Remuneration report (continued)

D. Equity-based compensation

The options are granted to Jaz, a company associated with Mr. Ioannides, and Mr. Stark under their respective service agreements. The options are granted for no consideration and are subject to the satisfaction of a market condition.

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 have 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 30 June 2006, Jaz became entitled to a total of 160,000 options and Mr Stark became entitled to a total of 30,000 options. However, at 30 June 2006 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 year. Subsequently, in July 2006, each of Jaz and Mr Stark waived their right to receive the 160,000 options and 30,000 options respectively.

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	—	95,000	—	—	—	—
31 Nov 2005	31 Jul 2008	$0.08	—	95,000	—	—	—	—
Total				190,000				

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-tradeable 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 year ended 30 June 2006 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%;

No other Director or other key management personnel of the Group are eligible to participate in the option scheme.

Directors' interests in shares and options

As at 30 June 2006, the interests in the equity instruments of the Company held by Directors and other key management personnel of the Group were as follows:

	Ordinary Shares Fully Paid		Options Listed	
Directors	**30 June 2006**	**30 June 2005**	**30 June 2006**	**30 June 2005**
R .B. Murdoch	**1,315,750**	1,268,259	**190,268**	190,268
S. Ioannides	**583,571**	583,571	**—**	—
S. Stark	**145,000**	145,000	**40,000**	40,000

Directors' Report (continued)

Remuneration report (continued)

Directors' interests in shares and options (continued)

	Ordinary Shares Fully Paid		Options Listed	
Other key management personnel				
C. Estwick	**—**	—	**—**	—
J. Lemon	**—**	—	**—**	—
M. Ilett	**42,314**	42,314	**—**	—
M. Jericho	**—**	—	**—**	—
	2,086,635	2,039,144	**230,268**	230,268

Directors' interests and nature as at the date of this report in shares and options issued by the Company were as follows:

Directors	No. of ordinary shares in which relevant interest are held	Nature of relevant interest in shares	No. of relevant options in which relevant interest is held	Nature of relevant interest in options
R .B. Murdoch	**81,632** **1,234,118**	Held legally & beneficially held Held beneficially	**190,268**	Held beneficially
S. Ioannides	**583,571**	Held legally and beneficially	**—**	—
S. Stark	**145,000**	Held legally and beneficially	**40,000**	Held legally and beneficially

Audit committee

This committee oversees and appraises the quality of audits conducted by the consolidated entity's external auditors, as well as determining the adequacy of administrative, operating and accounting controls. It is responsible for ensuring that the consolidated 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 two audit committee meetings.

Members of the Audit Committee during the year were:

Name

R. B. Murdoch

S. Stark

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 four (4) most highly paid executive officer of the company and consolidated entity are set out in the Remuneration Report section of this Directors' Report.

Directors' interests in contracts

No material contracts involving Directors' interests were entered into during the financial year, other than those transactions detailed in the Remuneration report section of this Directors' Report.

Tax consolidation

Effective 4 September 2004, for the purposes of income taxation, Jab Technologies Limited and its wholly owned subsidiaries have formed a tax consolidated 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.

Directors' Report (continued)

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 year ended 30 June 2006. 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 Stark

Director

Brisbane, 12 September 2006

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

In relation to our audit of the financial report of Jab Technologies Limited and its controlled entities for the year ended 30 June 2006, 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, 12 September 2006

Statement of Corporate Governance Practices

Corporate Governance Statement

This statement outlines the main corporate governance practices in place under the headings contained in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" ("the ASX Principles"). (The Company is listed on the Newcastle Stock Exchange, which does not prescribe comparable standards to the ASX Principles. The Company has therefore chosen to have regard to the ASX Principles).

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.

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 was a non-executive director until the resignation of Mr Stephen Ioannides. 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

The chairperson of the Company was a non-executive director until the resignation of Mr Stephen Ioannides as Chief Executive Officer on 12 July 2006. Separate individuals exercised the roles of the Chairperson and Chief Executive Officer until Mr Ioannides' resignation, following which the Chairman Mr Rob Murdoch assumed responsibility for day-to-day activities. Mr Ioannides continues as a non-executive director.

Statement of Corporate Governance Practices (continued)

Corporate Governance Statement (continued)

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 has adopted a Nomination and Remuneration Policy.

The Nomination and Remuneration 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.

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.

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.

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 state in writing to the Board that the consolidated financial statements of the 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 Audit Committee 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 consolidated 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 roles and responsibilities of the Audit Committee are contained in a written charter.

Some meetings of the Committee were attended by invitation by the Managing Director, Chief Financial Officer, and the engagement partner from the Company's external auditors and any such other senior staff or professional people as were 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 information technology industry.

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 (continued)

Corporate Governance Statement (continued)

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 Corporate Governance Policy contains procedures relating to the timely and balanced disclosure.

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 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

The Company 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 monitoring for trends and emergent factors;
- Reviewing the half-year reports and other reports required to be lodged with the NSX; and
- Establishing separate project teams to identify risk management strategies and monitoring 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 (continued)

Corporate Governance Statement (continued)

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 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. Non-executive directors 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 "Key management personnel disclosures" in 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 dealing 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 relevant laws including trade practices and fair dealing laws, consumer protection, privacy, employment law, occupational health and safety, equal employment opportunity, superannuation and environmental laws.

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

Income Statement

For the year ended 30 June 2006		CONSOLIDATED		PARENT ENTITY	
	Notes	2006 $	2005 $	2006 $	2005 $
Revenues from continuing operations	5	**31,700**	11,851,041	**31,700**	11,851,041
Finance costs		**(507)**	(224)	**(507)**	(224)
Expenses from continuing operations	5	**(619,436)**	(294,545)	**(668,521)**	(310,795)
Profit / (Loss) before income tax		**(588,243)**	11,566,272	**(637,328)**	11,540,022
Income tax (expense)/revenue	6	**72,340**	—	**72,340**	—
Profit / (Loss) from continuing operations		**(515,903)**	11,556,272	**(564,988)**	11,540,022
Profit / (Loss) attributable to members of Jab Technologies Limited		**(515,903)**	11,556,272	**(564,988)**	11,540,022
Earnings / (Loss) per share for profit /(loss) attributable to the ordinary equity holders of the Company		**Cents**	**Cents**		
Basic earnings/(loss) per share (cents per share)	30	**(3.61)**	151.84		
Diluted earnings/(loss) per share (cents per share)	30	**(3.61)**	151.84		

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

Balance Sheet

As at 30 June 2006		CONSOLIDATED		PARENT ENTITY	
	Notes	2006 $	2005 $	2006 $	2005 $
Assets					
Current assets					
Cash and cash equivalents	7	**123,598**	131,858	**123,598**	131,858
Trade and other receivables	8	**41,275**	62,928	**41,275**	62,928
Other Assets	9	**13,085**	—	**13,085**	—
Total current assets		**177,958**	194,786	**177,958**	194,786
Non-current assets					
Other financial assets	10	**—**	—	**—**	52,286
Deferred expense	11	**58,140**	—	**58,140**	—
Property, plant and equipment	12	**37,803**	7,552	**37,803**	7,552
Other assets	13	**—**	4,631	**—**	1,430
Intangible assets	14	**—**	—	**—**	—
Total non-current assets		**95,943**	12,183	**95,943**	61,268
Total assets		**273,901**	206,969	**273,901**	256,054
Liabilities					
Current liabilities					
Trade and other payables	15	**164,415**	65,369	**164,415**	65,369
Provisions	16	**3,791**	2,946	**3,791**	2,946
Total current liabilities		**168,206**	68,315	**168,206**	68,315
Non-current liabilities					
Provisions	17	**—**	4,168	**—**	4,168
Total non-current liabilities		**—**	4,168	**—**	4,168
Total liabilities		**168,206**	72,483	**168,206**	72,483
Net assets		**105,695**	134,486	**105,695**	183,571
Equity					
Contributed equity	18	**2,215,805**	1,824,833	**2,215,805**	1,824,833
Option holders' equity	18	**96,140**	—	**96,140**	—
Accumulated losses	19	**(2,206,250)**	(1,690,347)	**(2,206,250)**	(1,641,262)
Total equity		**105,695**	134,486	**105,695**	183,571

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

Statements of Changes in Equity

For the year ended 30 June 2006	Notes	CONSOLIDATED 2006 $	CONSOLIDATED 2005 $	PARENT ENTITY 2006 $	PARENT ENTITY 2005 $
Total equity at the beginning of the year		**134,486**	(13,246,619)	**183,571**	(13,181,284)
Adjustment on adoption of AASB 132 and AASB 139, net of tax					
Directors' options		**119,396**	—	**119,396**	—
Restated total equity at beginning of the year		**253,882**	(13,246,619)	**302,967**	(13,181,284)
Profit / (loss) for the year	5,6	**(515,903)**	11,556,272	**(564,988)**	11,540,022
Total recognised income and expense for the year		**(262,021)**	(1,690,347)	**(262,021)**	(1,641,262)
Directors options		**(23,256)**	—	**(23,256)**	—
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs		**390,972**	1,824,833	**390,972**	1,824,833
Total equity at the end of the year		**105,695**	134,486	**105,695**	183,571
Total recognised income and expense for the year is attributable to: Members of Jab Technologies Limited		**(515,903)**	11,556,272	**(564,988)**	11,540,022

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

Cash Flow Statements

For the year ended 30 June 2006	Notes	CONSOLIDATED 2006 $	CONSOLIDATED 2005 $	PARENT ENTITY 2006 $	PARENT ENTITY 2005 $
Cash flows from operating activities					
Cash receipts from customers (inclusive of goods and services tax)		**46,797**	3,339	**46,797**	3,339
Receipt of R & D tax concession		**72,340**	—	**72,340**	—
Payment to suppliers and employees (inclusive of goods and services tax)		**(532,033)**	(194,988)	**(532,033)**	(194,988)
Interest paid		**(507)**	(224)	**(507)**	(224)
Interest received		**6,556**	3,142	**6,556**	3,142
Net cash (outflow) from operating activities	27	**(406,847)**	(188,731)	**(406,847)**	(188,731)
Cash flows from investing activities					
Payment for property, plant and equipment	12	**(38,285)**	—	**(38,285)**	—
Payment for investment intangibles		**(25,000)**	—	**(25,000)**	—
Payment for security deposits		**(13,085)**	—	**(13,085)**	—
Proceeds from sale of property, plant and equipment		**—**	2,625	**—**	2,625
Net cash (inflow) from investing activities		**(76,370)**	2,625	**(76,370)**	2,625
Cash flows from financing activities					
Proceeds from Offer Information Statement		**83,985**	—	**83,985**	—
Proceeds from issues of shares and other equity securities (net of transaction costs)		**390,972**	313,623	**390,972**	313,623
Net cash inflow from financing activities		**474,957**	313,623	**474,957**	313,623
Net increase (decrease) in cash and cash equivalents		**(8,260)**	127,517	**(8,260)**	127,517
Cash and cash equivalents at the beginning of the financial year		**131,858**	4,341	**131,858**	4,341
Cash and cash equivalents at the end of the year	7	**123,598**	131,858	**123,598**	131,858

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

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all year presented, unless otherwise stated. The financial report includes separate financial statements for Jab Technologies Limited as in individual entity and the consolidated entity consisting of Jab Technologies Limited and its subsidiaries.

(a) Basis of preparation of year financial report

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

Compliance with IFRS
Australian Accounting Standards include AIRFS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Jab Technologies Limited comply with International Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial Instruments: Presentation and Disclosures.

Application of AASB 1
First-time Adoption of Australian Equivalents to International Financial Reporting Standards
This financial report is the first Jab Technologies Limited full year financial statements 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 financial statements, 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 32.

Early adoption of standard
The Group has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period 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.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(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 30 June 2006 and the results of all subsidiaries for the 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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

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

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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Jab Technologies Limited.

(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 being the Information Technology industry in Australia.

(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)

(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 notional 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.

(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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(g) Leases (continued)

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) Business Combinations

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.

(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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

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

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.

(m) Investments and other financial assets (continued)

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.

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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

(iv) Available-for-sale financial assets (continued)
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 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 are 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.

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. Depreciation of plant and equipment has been over individual useful life of 5-10 years.

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(i).

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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(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.

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.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(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 year, adjusted for bonus elements in ordinary shares issued during the year.

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

(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 nearest dollar.

(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 $515,903 for the year ended 30 June 2006 (2005: Profit $11,556,272 after debt forgiveness of $11,849,677). The company and consolidated entity were also in a net asset position of $105,695 as at 30 June 2006 (2005: $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.

In the event that the company or consolidated entity does not achieve its objectives, there is significant uncertainty whether the company or consolidated entity will continue as a going concern and, therefore, whether it will realise 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 nor to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

Notes to the Financial Statements (continued)

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. The liquidity risk has been outlined in note 1z.

The Group has no significant concentrations of credit risk.

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.

As the Group has no significant interest-bearing assets, long term borrowings and significant cash assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

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.

(a) Critical accounting estimates and assumptions

Impairment of Assets
The Group tests annually whether various assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

Income Taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(b) Critical judgements in applying entity's accounting policies

There were no critical judgements made except for the treatment of directors' options which are outlined in Note 22 Key Management Personnel Disclosures.

4. Segment reporting

The main product of Jab Technologies Limited is called EZBIZ. Jab Technologies and its controlled entities have not presented a segment report as the group operates in a single business and geographical segment.

Notes to the Financial Statements (continued)

5. Profit/(loss) for the year	Note	CONSOLIDATED 2006 $	CONSOLIDATED 2005 $	PARENT ENTITY 2006 $	PARENT ENTITY 2005 $
Profit/(loss) for the year includes the following revenues and expenses:					
Revenues from continuing operations:					
Sales		**20,155**	2,291	**20,155**	2,291
Interest received – unrelated parties		**6,556**	3,142	**6,556**	3,142
Other Income		**4,989**	—	**4,989**	—
Proceeds from sale of investments		**—**	2,625	**—**	2,625
Debt forgiveness income		**—**	11,842,983	**—**	11,842,983
Total revenue from continuing activities		**31,700**	11,851,041	**31,700**	11,851,041
Expenses from continuing activities					
Advertising		**5,537**	1,420	**5,537**	1,420
Audit fees		**10,605**	10,000	**10,605**	10,000
Borrowing Costs		**507**	224	**507**	224
Employee benefits		**57,717**	28,270	**57,717**	44,520
Consulting fees		**290,605**	67,969	**290,605**	67,969
Directors' fees		**13,200**	54,400	**13,200**	54,400
Depreciation		**8,034**	3,214	**8,034**	3,214
Insurance		**6,460**	—	**6,460**	2,937
Impairment expense		**25,000**	—	**25,000**	—
Occupancy expenses		**15,160**	2,644	**15,160**	8,293
Research and Development		**30,310**	26,939	**30,310**	30,960
Write off of investment		**—**	—	**52,286**	—
Directors' options	22	**38,000**	—	**38,000**	—
Legal fees		**11,751**	—	**11,751**	22,613
Hire of Equipment		**7,374**	—	**7,374**	—
Computer Expenses		**7,363**	—	**7,363**	—
General administration expenses		**92,320**	99,689	**89,119**	64,469
Total expenses from continuing activities		**619,943**	294,769	**669,028**	311,019

Notes to the Financial Statements (continued)

6. Income tax	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
(a) The components of income tax expense/(revenue):				
Current tax	—	—	—	—
Deferred tax	—	—	—	—
Under (over) provision in prior years	(72,340)	—	(72,340)	—
Total Income tax expense/(revenue)	(72,340)	—	(72,340)	—
(b) The prima facie tax on profit/(loss) differs from the income tax provided in the financial statements as follows:				
Total profit/(loss) before income tax	(588,243)	11,556,272	(637,328)	11,540,022
At the statutory income tax rate of 30% (2005: 30%)	(176,473)	3,466,882	(175,513)	3,462,007
Tax effect of amounts which are not deductible (taxable) in calculating taxable income.				
Amortisation of intangible assets	7,500	—	7,500	—
Directors' options expense	11,400	—	11,400	—
Debt forgiveness income	—	(3,552,895)	—	(3,552,895)
Business related capital items	—	(5,008)	—	(5,008)
Write down of investment	—	—	15,685	—
	(157,573)	(91,021)	(156,613)	(95,896)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	157,573	91,021	156,613	95,896
Benefit of research and development tax offset	(72,340)	—	(72,340)	—
Income tax expense/(revenue)	(72,340)	—	72,340	—

The income tax benefit has resulted from a research and development tax offset received and receivable from the Australian Taxation Office.

Jab Technologies Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 4 September 2004. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Jab Technologies Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Jab Technologies Limited for any current tax payable assumed and are compensated by Jab Technologies Limited for any current tax receivable and deferred tax asses relating to unused tax losses or unused tax credits that are transferred to Jab Technologies Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company receivables or payables.

Jab Technologies Limited has recognised no tax consolidation distribution from a wholly-owned tax consolidated entity.

Notes to the Financial Statements (continued)

7. Current assets – Cash and cash equivalents

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Cash at bank and on hand (Note 27) (a), (b)	**123,598**	131,858	**123,598**	131,858

(a) Bank Interest
The bank interest rate for the period for cash at bank was 5.25% (2005: 5.0%).

(b) Offer Information Statement
The cash at bank includes application monies totalling $83,985 from the offer information statement which was refunded to applicants on 14 July 2006.

8. Current assets – Trade and other receivables

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Trade debtors	**637**	675	**637**	675
Sundry Debtors	**25,872**	—	**25,872**	—
Other receivables	**5,242**	10,658	**5,242**	10,658
Prepayments	**9,524**	51,595	**9,524**	51,595
	41,275	62,928	**41,275**	62,928

Interest rate risk
Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in note 20.

9. Current assets – Other assets

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Bank guarantee	**13,085**	—	**13,085**	—
	13,085	—	**13,085**	—

The bank interest rate for the period for the bank guarantee was 4.7%.

10. Non-current assets – Other financial assets

Investments	**—**	—	**—**	52,286
	—	—	**—**	52,286

11. Non-current assets – Deferred expense

Deferred option expense	**58,140**	—	**58,140**	—
	58,140	—	**58,140**	—

Notes to the Financial Statements (continued)

12. Non-current assets – Property, plant and equipment	**CONSOLIDATED**		**PARENT ENTITY**	
	2006 $	**2005 $**	**2006 $**	**2005 $**
Plant and equipment:				
Opening balance	**80,582**	549,821	**80,582**	549,821
Additions	**38,285**	6,558	**38,285**	6,558
Disposals	**—**	(475,797)	**—**	(475,797)
Closing value	**118,867**	80,582	**118,867**	80,582
Accumulated depreciation				
Opening balance	**(73,030)**	(545,612)	**(73,030)**	(545,612)
Depreciation for the year	**(8,034)**	(3,214)	**(8,034)**	(3,214)
Disposals	**—**	475,796	**—**	475,796
Closing value	**(81,064)**	(73,030)	**(81,064)**	(73,030)
Total property, plant and equipment (net)	**37,803**	7,552	**37,803**	7,552

13. Non-current assets – Other assets

Other assets	**—**	4,631	**—**	1,430
	—	4,631	**—**	1,430

14. Non-current assets – Intangible assets

Patents, trademarks and other rights:				
Opening balance	**—**	—	**—**	—
Additions	**25,000**	—	**25,000**	—
Closing value	**25,000**	—	**25,000**	—
Accumulated amortisation and impairment				
Opening balance	**—**	—	**—**	—
Impairment (a)	**(25,000)**	—	**(25,000)**	—
Closing value	**(25,000)**	—	**(25,000)**	—
Total patents, trademarks and other rights	**—**	—	**—**	—

(a) An impairment of $25,000 (2005: nil) is included in the income statement which represents an impairment relating to the Gumnut purchase.

15. Current liabilities – Payables

Trade payables and accruals (a)	**164,415**	65,369	**164,415**	65,369
	164,415	65,369	**164,415**	65,369

(a) Offer Information Statement

The trade payables include an amount of $83,985 which was received in allotment moneys from the Offer Information Statement and subsequently refunded to share applicants on 14 July 2006.

16. Current liabilities – Provisions

Employee benefits- annual leave	**3,791**	2,946	**3,791**	2,946
	3,791	2,946	**3,791**	2,946

17. Non-current liabilities – Provisions

Employee benefits – long service leave	**—**	4,168	**—**	4,168
	—	4,168	**—**	4,168

Notes to the Financial Statements (continued)

18. Contributed Equity

	PARENT ENTITY 2006		PARENT ENTITY 2005	
	Number of Shares	**$**	**Number of Shares**	**$**
Issued and paid up capital				
Ordinary shares fully paid	**14,862,911**	**2,215,805**	11,947,882	1,824,833
Movements in shares on issue				
On issue at the beginning of the year	**11,947,882**	**1,824,833**	10,000	10
Placement of 7,290,000 shares @ 20 cents–20/8/2004	—	—	7,290,000	1,458,000
Issue Costs (a)	—	—	—	(5,008)
Placement of 667,500 shares @ 8 cents – 23/5/2005	—	—	667,500	53,400
Directors' fees @ 8 cents – 23/02/05	—	—	285,000	22,800
Placement of 990,382 @ 8 cents-24/3/2005	—	—	990,382	79,231
Directors' fees @ 8 cents – 21/03/05	—	—	190,000	15,200
Placement of 2,325,000 shares @ 8 cents-17/03/2005	—	—	2,325,000	186,000
Directors' fees @ 8 cents – 31/05/05	—	—	190,000	15,200
Prospectus issued at 20 cents- 09/09/2005	**2,915,029**	**583,006**	—	—
Issue Costs	—	**(192,034)**	—	—
On issue at end of the year	**14,862,911**	**2,215,805**	11,947,882	1,824,833

Options to acquire issued capital

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:	**Exercise Price**	**Number of Options**	
	20 cents	**2006**	**2005**
On issue at the beginning of the year		**6,000,000**	—
Issued during the year (a)		**2,865,029**	6,000,000
On issue at the end of the year		**8,865,029**	6,000,000

Expiry Date:
31 December 2009 convertible at 20 cents (JAB01)

Option holders' equity

	PARENT ENTITY	
	2006 $	**2005 $**
Restatement of total equity at beginning of financial year	**119,396**	—
Loss effect of market condition not satisfied	**(23,256)**	—
Option holders' equity at end of financial year	**96,140**	—

Notes to the Financial Statements (continued)

19. Accumulated Losses

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Balance at beginning of year	(1,690,347)	(13,246,619)	(1,641,262)	(13,181,284)
Net profit attributable to members of Jab Technologies Limited	(515,903)	11,556,272	(564,988)	11,540,022
Balance at end of year	(2,206,250)	(1,690,347)	(2,206,250)	(1,641,262)

20. Commitments

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
(a) Lease commitments: Group company as lessee				
Commitments in relation to leases contract for at the reporting date but not recognised as liabilities, payable:				
Within one year	16,725	—	16,725	—
Later than one year but not later than five years	107,040	—	107,040	—
Later than five years	—	—	—	—
	123,765	—	123,765	—

(i) Operating leases

The Group leases offices under non-cancellable operating leases expiring within 3 years. On renewal, the terms of the leases are negotiated.

Notes to the Financial Statements (continued)

21. Interest rate risk

Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables:

		Floating interest rate $	1 year or less $	Over 1 to 2 years $	Over 2 to 3 years $	Over 3 to 4 years $	Over 4 to 5 years $	Over 5 years $	Non interest bearing $	Total $
Financial assets										
Trade and other receivables	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**41,275**	**41,275**
	2005	—	—	—	—	—	—	—	62,928	62,928
Other assets	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**13,085**	**13,085**
	2005	—	—	—	—	—	—	—	—	—
Total	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**54,360**	**54,360**
	2005	—	—	—	—	—	—	—	62,928	62,928
Weighted average interest rate		—	—	—	—	—	—	—	—	—
Financial liabilities										
Payables	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**164,415**	**164,415**
	2005	—	—	—	—	—	—	—	65,369	65,369
Total	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**164,415**	**164,415**
	2005	—	—	—	—	—	—	—	65,369	65,369
Weighted average interest rate		—	—	—	—	—	—	—	—	—
Net financial assets (liabilities)	**2006**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(110,055)**	**(110,055)**
	2005	—	—	—	—	—	—	—	(2,441)	(2,441)

Interest is only earned on cash deposits.

Notes to the Financial Statements (continued)

22. Key management personnel disclosures

(a) Directors

The following persons were directors of Jab Technologies Limited during the financial year:

(i) Chairman- non executive
Robert Murdoch – Director since May 1999

(ii) Executive directors
Stephen Ioannides – Managing Director since 12 July 2004

(iii) Non Executive director
Sean Stark – Director since 17 November 2004

Stephen Ioannides resigned from the position of Chief Executive Officer on 12 July 2006 and Robert Murdoch has assumed the responsibilities for the day to day operations of the Company. Stephen Ioannides remains a Director of the Company.

(b) Other key management personnel

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

Name	**Position**	**Employer/Contractor**
Craig Estwick	Chief Financial Officer since 16 January 2006	Jab Technologies Limited
John Lemon	Company Secretary since 13 February 2006	Jab Technologies Limited
Martin Jericho	Manager – Information Technology	Jab Technologies Limited
Michael Ilett	Company Secretary until 13 February 2006	Jab Technologies Limited

(c) Key Management personnel compensation

	CONOLIDATED		**PARENT ENTITY**	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
Short-term employee benefits	**117,816**	88,782	**117,816**	88,782
Post-employment benefits	**7,437**	5,351	**7,437**	5,351
Share-based payments	**—**	—	**—**	—
	125,253	94,133	**125,253**	94,133

The Company has taken of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-D of the remuneration report on pages 6 – 10.

Equity instrument disclosures to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration together with the terms and conditions of the options can be found in section D of the Remuneration report of Directors' Report on page 9.

Notes to the Financial Statements (continued)

22. Key management personnel disclosures (continued)

Option Holdings

The number of options over ordinary shares in the company had during the financial year by each Director of Jab Technology Limited and other key management personnel of the Group, including their personally related parties are set out below:-

Name:		Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors:						
R. Murdoch	**2006**	**190,268**	**—**	**—**	**190,268**	**—**
	2005	—	—	—	—	—
S. Stark	**2006**	**40,000**	**—**	**—**	**40,000**	**—**
	2005	—	—	—	—	—
S.Ioannides	**2006**	**—**	**—**	**—**	**—**	**—**
	2005	—	—	—	—	—
Other key management personnel:						
J. Lemon	**2006**	**—**	**—**	**—**	**—**	**—**
	2005	—	—	—	—	—
C. Estwick	**2006**	**—**	**—**	**—**	**—**	**—**
	2005	—	—	—	—	—
M. Ilett	**2006**	**—**	**—**	**—**	**—**	**—**
	2005	—	—	—	—	—
M. Jericho	**2006**	**—**	**—**	**—**	**—**	**—**
	2005	—	—	—	—	—

It is noted that the options held by R. Murdoch were the result of an investment in the Company and did not result for a remuneration package. No options are vested and un exercisable at the end of the year.

Share Holdings

The number of shares in the Company held during the financial year by each Director of Jab Technologies Limited and other key management personnel of the Group, including their personally related parties are set out below. There are no shares grated during the period as compensation.

Name		Balance at the start of the year	Changes during the year	Balance at end of the year
Directors:				
R. Murdoch	**2006**	**1,268,259**	**47,491**	**1,315,750**
	2005	—	1,268,259	1,268,259
S. Stark	**2006**	**145,000**	**—**	**145,000**
	2005	—	145,000	145,000
S. Ioannides	**2006**	**583,571**	**—**	**583,751**
	2005	—	583,571	583,571
Other key management personnel:				
J. Lemon	**2006**	**—**	**—**	**—**
	2005	—	—	—
C. Estwick	**2006**	**—**	**—**	**—**
	2005	—	—	—
M. Ilett	**2006**	**42,314**	**—**	**42,314**
	2005	—	42,314	42,314
M. Jericho	**2006**	**—**	**—**	**—**
	2005	—	—	—

Loans to key management personnel

There were no loans to key management personnel.

Other director transactions

During the year Murdoch Geosciences Pty Ltd, a company associated with Mr. Robert Murdoch, charged at cost $16,919 to the entity for his consultancy services.

During the year Jaz Software Pty Ltd, a company associated with Mr. Stephen Ioannides, invoiced at cost $127,988 to the economic entity for his consultancy services provided.

During the year Sean Stark, invoiced at cost $32,650 to the economic entity for his consultancy services provided.

Notes to the Financial Statements (continued)

23. Remuneration of auditors

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
During the year the auditors of the parent company and its related practices earned the following remuneration:				
Pitcher Partners				
Audit or review of financial reports of the entity or any entity in the consolidated entity	**10,605**	10,000	**10,605**	10,000
Taxation services	**6,500**	—	**6,500**	—
Prospectus	**6,900**	—	**6,900**	—
Offer Information Statement	**5,280**	—	**5,280**	—
Advisory services in relation to Jab Technologies Limited initial public offering	**—**	10,780	**—**	10,780
Directors' Agreement	**—**	1,973	**—**	1,973
	29,285	22,753	**29,285**	22,753

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 30 June 2006.

(b) Contingent assets

The parent entity and Group are not aware of any contingent assets that need to be disclosed as at 30 June 2006.

25. Investments in controlled entities as at 30 June 2006

	Country of Incorporation and Principal Country of Operation	Main Business	Percentage Ownership	
			2006 %	2005 %
Controlled entities				
Jab Creative Pty Ltd	**Australia**	**Dormant**	**100%**	**100%**
RadioCity.com.au Pty Ltd	**Australia**	**Dormant**	**100%**	**100%**

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.

26. Employee benefits

	CONSOLIDATED		PARENT ENTITY	
	2006 $	2005 $	2006 $	2005 $
Employee benefit and related on-cost liabilities				
Included in trade creditors	**—**	6,050	**—**	6,050
Included in accruals	**1,342**	1,342	**1,342**	1,342
Provision for employee benefits – current	**3,791**	2,946	**3,791**	2,946
Provision for employee benefits – non-current	**—**	4,168	**—**	4,168
Aggregate employee benefit and related party on-costs liabilities	**5,133**	14,506	**5,133**	14,506

As explained in note 1(s) 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 2.

Notes to the Financial Statements (continued)

27. 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	
	2006 $	2005 $	2006 $	2005 $
Cash at bank and on hand (Note 7)	**123,598**	131,858	**123,598**	131,858
	123,598	131,858	**123,598**	131,858

The bank interest rate for the period for cash at bank was 5.25% (2005: 5.0%).

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

	CONSOLIDATED 2006 $	CONSOLIDATED 2005 $	PARENT ENTITY 2006 $	PARENT ENTITY 2005 $
Net profit (loss)	**(515,903)**	11,556,272	**(564,988)**	11,540,022
Adjustments for non-cash income and expense items		(9,182)		(9,182)
Depreciation and amortisation of non current assets	**33,034**	3,214	**33,034**	3,214
Debt forgiveness		(11,856,902)		(11,860,103)
Shares issued in lieu of Directors' Fees	**—**	53,200	**—**	53,200
Directors options	**38,000**	—	**38,000**	—
Changes in assets and liabilities:				
(Increase)/decrease in assets:				
Decrease/(increase) in trade and other receivables	**(20,418)**	(14,545)	**(20,418)**	(11,344)
Decrease/(increase) in prepayments and other assets	**42,071**	44,330	**42,071**	44,330
Decrease/(increase) in other assets	**4,631**	—	**1,430**	—
Decrease/(increase) in other financial assets	**—**	—	**52,286**	—
(Decrease)/increase in liabilities:				
(Decrease)/increase in creditors and accruals	**15,061**	27,768	**15,061**	44,018
(Decrease)/increase in employee entitlements	**(3,323)**	7,114	**(3,323)**	7,114
(Decrease)/increase in other provisions				
Net operating cash flows	**(406,847)**	(188,731)	**(406,847)**	(188,731)

28. Franking amount

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

29. Events occurring after the balance sheet date

On 7 July 2006, the Company's Offer Information Statement ("OIS") closed. The minimum subscription of $300,000 under the OIS was not reached and $83,985 application monies received were refunded on 14 July 2006.

On 12 July 2006, Mr S Ioannides resigned as the Company's Managing Director and the Company's Chairman; Mr Rob Murdoch assumed responsibility for the day-to-day operation of the Company. Mr Ioannides remains a director of the Company.

On 20 July 2006, the Company entered into a "Converting Loan Agreement" with Austex Mining Pty Ltd, a company associated with Director, Mr Rob Murdoch. Under the Converting Loan Agreement, Austex is to provide a loan to the Company of $100,000 which is to be secured by a fixed and floating charge over the assets and undertaking of the Company. The money is to enable the Company to meet its working capital requirements and to enable to Company Directors to evaluate other opportunities additional to the Company's current EZBiz business. With the approval of the Company's shareholders Mr Murdoch's right to receive repayment of the loan would be converted to shares in the Company to be issued to Mr Murdoch at an issue price of not less than $0.10 per share. The share issue date would be no later than five (5) business days after the date shareholder approval is received. In the event that shareholder approval is not received, the loan would be repayable by the Company to Mr Murdoch no later than 20 April 2007. Interest on the loan would accrue at the rate of ten per cent (10%) per annum, calculated daily.

Notes to the Financial Statements (continued)

30. Earnings per share

	CONSOLIDATED	
	2006	**2005**
Basic earnings /(loss) per share (cents per share)	**(3.61)**	151.84
Diluted earnings/ (loss) per share (cents per share)	**(3.61)**	151.84
Earnings used in calculating of basic/ (loss) earnings per share	**(515,903)**	11,556,272
Earnings used in calculating of diluted earnings/ (loss) per share	**(515,903)**	11,556,272

	CONSOLIDATED	
	2006	**2005**
	Number	**Number**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in the dominator in calculating basic earnings /(loss) per share	**14,302,329**	7,610,982
Weighted average number of ordinary shares used in the dominator in calculating diluted earnings/ (loss) per share	**14,302,329**	7,610,982

At the end of the year, the economic entity had 8,865,029 options on issue with an exercise price of 20 cents expiring 31 December 2009. The options have not been included in the diluted weighted earning/ (loss) per share calculation as Jab Technologies Limited's share price has been trading well below the exercise price of 20 cents per share.

31. Related party transactions

(a) Parent entity

The ultimate parent entity is Jab Technologies Limited

(b) Subsidiary

Interests in subsidiaries are set out in note 25.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

(d) Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT ENTITY	
	2006 $	**2005 $**	**2006 $**	**2005 $**
Superannuation contributions				
Contribution to superannuation funds on behalf of employees	**7,437**	5,351	**7,437**	5,351

There were no loans to or from related parties at the end of the financial year.

Notes to the Financial Statements (continued)

32. 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.

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.	CONSOLIDATED			PARENT ENTITY		
	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)	(13,246,619)	**183,571**	(23,669)	(13,181,284)
Changes from AGAAP to IFRSs	**—**	—	—	**—**	—	—
Total equity under IFRS	**134,486**	(89,034)	(13,246,619)	**183,571**	(23,669)	(13,181,284)

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.	CONSOLIDATED		PARENT ENTITY	
	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

In the Directors' opinion:

a) the financial statements and notes set out in pages 18 to 43 are in accordance with the Corporations Act 2001 including:

   I. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   II. Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable; and

c) the audited remuneration disclosures set out on pages 6 to 11 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures and the Corporations Regulations 2001.*

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

S Stark

Director

Brisbane, 12 September 2006

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF JAB TECHNOLOGIES LIMITED

Scope

The financial report, remuneration disclosures and directors' responsibilities

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, 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 2006. The consolidated entity comprises both the company and the entities it controlled during that period.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 Related Party Disclosures, under the heading "remuneration report" in pages 6 to 11 of the directors' report and not in the financial report.

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. The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report company with Accounting Standard AASB 124. 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 and whether the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 the remuneration disclosures in the directors' 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.

An Independent Queensland Partnership. ABN 32 862 011 478

Audit opinion

In our opinion:

(1) 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 2006 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.

(2) the remuneration disclosures that are contained in pages 6 to 11 of the directors' report company with Accounting Standard AASB 124.

PITCHER PARTNERS

R J St Clair

R J ST CLAIR
Partner

Brisbane, 12 September 2006

Shareholder Information as at 1 September 2006

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

The 20 largest holders of each class of equity securities in the company as at 1 September 2006 are:

	SHARES		OPTIONS	
Name	**Number**	**%**	**Number**	**%**
ANZ Nominees Limited <Cash Income A/C>	2,902,267	19.52	1,532,410	17.29
Union Resources Limited	1,522,264	10.24		
Austex Mining Pty Ltd	1,234,118	8.30	190,268	2.15
Noble Investments Pty Ltd <Noble Investments S/F A/C>	804,081	5.40	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	400,000	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	11,766	0.13
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	0.47	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	0.15
Mr Ray Laurence Francis			13,000	0.15
Nonda Pty Ltd			13,000	0.15
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
	10,462,118	70.36	8,392,709	90.61

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