



CONCISE FINANCIAL REPORT

for the year ended 30 June 2006

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

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IMPORTANT INFORMATION FOR MEMBERS

This Concise Report consists of Directors' Report, Concise Financial Report for the year ended 30 June 2006 and Auditor's Report.

The Full Financial Report of Jab Technologies Limited for the financial year ended 30 June 2006 and the Auditor's Report therein will be sent free of charge to members upon request. Members wishing to receive the Full Financial Report and Auditor's Report may arrange delivery by calling (07) 3833 3833 or by visiting the Companies website at www.jabtechnologies.com.au.

This Concise Report contained has been derived from the Full Financial Report of Jab Technologies Limited for the financial year ended 30 June 2006 and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Full Financial Report.

Company Directory

Directors

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

Company Secretary

John Lemon

Registered Office

Level 6
200 Creek Street
BRISBANE QLD 4000
AUSTRALIA

Postal Address:
PO Box 728
SPRING HILL QLD 4004
AUSTRALIA
Telephone: (07) 3367 8900
Facsimile: (07) 3367 8999
E-mail: info@jabtechnologies.com.au

Share Registry

Link Market Services
Level 12
300 Queen Street
BRISBANE QLD 4000

Postal Address:
GPO Box 2537
BRISBANE QLD 4001
Telephone: (02) 8280 7454
Facsimile: (07) 3228 4999

Auditors

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

Solicitors

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

Stock Exchange Listing

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

Web Site

www.jabtechnologies.com.au

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 Illett 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	
	A	B	Audit Committee	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:

Specified directors	PARENT ENTITY				
	Short-term benefits		Post-employment benefits	Equity-based benefits	
	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)

Other key management personnel		Short-term benefits Base Salary & Fees \$	Post-employment benefits Superannuation \$	Equity-based benefits Options \$	PARENT ENTITY
					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 Illett	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. Illett (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:

Directors	Ordinary Shares Fully Paid		Options Listed	
	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. Illett	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.

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

Consolidated income statement

For the year ended 30 June 2006

CONSOLIDATED

	Notes	2006 \$	2005 \$
Revenues from continuing operations	3	31,700	11,851,041
Finance costs		(507)	(224)
Expenses from continuing operations		(619,436)	(294,545)
Profit / (Loss) before income tax		(588,243)	11,566,272
Income tax (expense)/revenue		72,340	—
Profit / (Loss) from continuing operations	4	(515,903)	11,556,272
Profit / (Loss) attributable to members of Jab Technologies Limited		(515,903)	11,556,272
<hr/>			
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)	6	(3.61)	151.84
Diluted earnings/(loss) per share (cents per share)		(3.61)	151.84

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

Consolidated balance sheet

As at 30 June 2006

CONSOLIDATED

	Notes	2006 \$	2005 \$
Assets			
Current assets			
Cash and cash equivalents		123,598	131,858
Trade and other receivables		41,275	62,928
Other Assets		13,085	—
Total current assets		177,958	194,786
Non-current assets			
Other financial assets		—	—
Deferred expense		58,140	—
Property, plant and equipment		37,803	7,552
Other assets		—	4,631
Intangible assets		—	—
Total non-current assets		95,943	12,183
Total assets		273,901	206,969
Liabilities			
Current liabilities			
Trade and other payables		164,415	65,369
Provisions		3,791	2,946
Total current liabilities		168,206	68,315
Non-current liabilities			
Provisions		—	4,168
Total non-current liabilities		—	4,168
Total liabilities		168,206	72,483
Net assets		105,695	134,486
Equity			
Contributed equity		2,215,805	1,824,833
Option holders' equity		96,140	—
Accumulated losses		(2,206,250)	(1,690,347)
Total equity		105,695	134,486

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

Consolidated statement of changes in equity

For the year ended 30 June 2006

CONSOLIDATED

	Notes	2006 \$	2005 \$
Total equity at the beginning of the year		134,486	(13,246,619)
Adjustment on adoption of AASB 132 and AASB 139, net of tax		119,396	—
Directors' options		253,882	(13,246,619)
Restated total equity at beginning of the year		(515,903)	11,556,272
Profit / (loss) for the year		(262,021)	(1,690,347)
Total recognised income and expense for the year		(23,256)	—
Directors options		390,972	1,824,833
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs		105,695	134,486
Total equity at the end of the year		(515,903)	11,556,272
Total recognised income and expense for the year is attributable to: Members of Jab Technologies Limited			

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

Consolidated cash flow statement

For the year ended 30 June 2006

CONSOLIDATED

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

Notes to the Financial Statements

1. Basis of preparation of the concise consolidated financial report

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports".

The concise financial report relates to the consolidated entity consisting of Jab Technologies Limited and the entities it controlled at the end of, or during the year ended 30 June 2006.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

2. 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.

3. Revenue

	CONSOLIDATED	
	2006 \$	2005 \$
Profit/(loss) for the year includes the following revenues and expenses:		
Revenues from continuing operations:		
Sales	20,155	2,291
Interest received – unrelated parties	6,556	3,142
Other Income	4,989	—
Proceeds from sale of investments	—	2,625
Debt forgiveness income	—	11,842,983
Total revenue from continuing activities	31,700	11,851,041

4. Accumulated Losses

Balance at beginning of year	(1,690,347)	(13,246,619)
Net profit attributable to members of Jab Technologies Limited	(515,903)	11,556,272
Balance at end of year	(2,206,250)	(1,690,347)

5. 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 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)

6. 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

	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.

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

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

	CONSOLIDATED		
a)	30 June 2005	31 December 2004	1 July 2004
Reconciliation of equity as reported under previous AGAAP to that under IFRSs (AIFRS). The adoption of AIFRS has not resulted in any material adjustments to the balance sheet presented under AGAAP.			
Total equity under previous AGAAP	134,486	(89,034)	(13,246,619)
Changes from AGAAP to IFRSs	—	—	—
Total equity under IFRS	134,486	(89,034)	(13,246,619)
<hr/>			
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.			
Profit after tax under previous AGAAP	11,556,272	11,704,582	
Changes from AGAAP to IFRSs	—	—	
Total equity under AIFRS	11,556,272	11,704,582	

Director's Declaration

In the Directors' opinion:

- a) the financial statements and notes set out in pages 13 to 19 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 concise financial report and directors' responsibility

The concise financial report comprises the consolidated balance sheet, consolidated income statement, consolidated changes in equity, consolidated cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Jab Technologies Limited (the company), for the year ended 30 June 2006.

The Directors of the company are responsible for the preparation and true and fair presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report 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 concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2006. Our audit report on the full financial report was signed on 12 September.

We performed procedures to assess whether in all material respects the concise financial report presents fairly, in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, and other disclosures in the concise financial report which were not derived from the full financial report

Independence

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

Audit opinion

In our opinion, the concise financial report of Jab Technologies Limited complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

PITCHER PARTNERS



R J ST CLAIR
Partner

Brisbane, 12 September 2006