MobileActive Limited AGM

Bayview Boulevard Hotel

27th November 2009

Chairman's address

While it has been a tumultuous time in world markets, I am proud to report that MobileActive has performed well in the 2009 financial year, posting an increase in net profit after tax.

This result has been delivered against the backdrop of constant challenges that face companies in the telecommunications industry such as changing regulation, technology and customer sentiment.

MobileActive's 27% increase in full-year earnings and 11% increase in revenue is particularly pleasing given that overall earnings in this country in the 2009 financial year were down 18% from a year earlier.

Importantly, profits have been boosted at the same time that significant investment has been made in the business, and offshore expansion undertaken.

Our gains in 2009 were achieved with an eye on the future and are testament to the hard work and vision of our executive management team. This is supported by the Board, which we are in the process of expanding. We intend seeking the best director possible to further strengthen corporate governance and add expertise in line with growth plans for the Company.

In due course we expect the market to more accurately reflect the Company's performance in our share price. In the interim, however, we will continue to focus on what we do best – growing the business and boosting earnings.

In the past twelve months management has recalibrated the business, developing two new divisions that are delivering additional revenue streams.

This transformation has been carefully and strategically executed. The result is that the Company has now diversified from one to three operating divisions with their own individual revenue streams that are sharing the economies of one infrastructure.

Our three divisions are MER, the business to consumer Mobile Entertainment Retail division, which is continuing to diversify as it must in a changing market; Mobile Embrace, the business to business division; and RingRing Studios, the production and licensing division.

Each of the three divisions is operating in mobile industry segments that, based on market forecasts, are set to deliver growth for many years to come.

As I foreshadowed last year there has been a need to focus on keeping together the team that has been so painstakingly built up over the past six years.

It would be an understatement to say that the executive team at MobileActive is critical to the continuing growth and prosperity of the Company, as is the protection of the intellectual capital they represent.

To this end the Company has developed an Employee Option Plan and a Deferred Employee Share Plan which encourages equity participation in the Company, giving employees ownership in the Company's growth and performance. Essentially we are incentivising our work force and we require your approval for these plans.

We are also very pleased to have Neil Wiles, our Managing Director, commit himself to the Company for a further three years. Neil has been with the Company for six years and the Board values his contribution very highly. He has played an integral role in starting and growing the mobile business and positioning it for ongoing success.

Neil's value to the Company and his contribution to the growth of the mobile business over the last six years have been recognised with a share award, subject to escrow provisions, as part of our reward strategy to incentivise and retain key executives thus benefiting all stakeholders.

Your Board has given these matters a great deal of thought and sought independent expert advice and we believe we are undertaking these actions in a very prudent manner.

Importantly, it should be noted that no cash bonuses have been paid to the CEO and MD since the 2007 financial year (despite performances and goals being achieved) where revenue grew by 37% and earnings turned from a loss after tax of $800,000 to a net profit of $263,000.

In the 2009 financial year advertising and marketing has been a focus in the area of expenditure management.

Advertising of the Company's products and services is an essential part of marketing. To that end we have been improving the effectiveness and appropriate targeting of advertising spend.

The establishment of advertising agency Mediarology was identified as a suitable solution to deliver improvements in relation to television and print media advertising. MobileActive was advised that it could not be a shareholder in Mediarology because if a client of an agency is also an owner it would not receive accreditation from some media outlets.

A significant benefit of establishing Mediarology is that it has enabled MobileActive to access additional media networks not previously available to us.

Chris Thorpe and Neil Wiles each have the right, as yet not exercised, to take a 40% shareholding in Mediarology, which has delivered substantial benefits to MobileActive by improving media placement, control, transparency and service. Since Mediarology's engagement in the 2009 financial year MobileActive has benefited with estimated savings of $190,000.

Currently, Mr Thorpe and Mr Wiles are not shareholders in Mediarology. This was reported as a related party transaction in the 2009 Annual Report where Mr Thorpe was stated to be a shareholder as he has the right to a shareholding.

As with any third party or related party transaction due process was followed. The Board sought independent advice and put in place an agreement of exclusivity that is favourable to Mobileactive, gives the Company complete transparency, is reviewed annually and can be terminated at any time with 90 days notice.

Recently there has been reporting in the media regarding Mediarology and payments it received in the order of $2.1 million without further explanation, a statement that is seriously likely to mislead readers. Anyone who is familiar with the business of advertising is aware in most cases the vast majority is paid to the media outlet that does the advertising. For example, Mediarology's net profit for the 2009 financial year was $40,000.

As they are not shareholders in Mediarology, Chris Thorpe and Neil Wiles did not receive any dividends or any income of any kind from Mediarology.

It was also recently misreported that the last capital raising undertaken by the Company was a little more than a year ago at 6.5 cents per share. The fact is that the placement was made in October 2006 and world trading conditions have changed considerably since that time.

Despite the impact of the global financial crisis, the Company has achieved a great deal in the last financial year. Aside from revenue and profit there are now three revenue producing divisions where at the beginning of the financial year there was only one.

We are not impervious to the challenges that face the industry; however, we have transformed the Company with a focus on meeting those challenges, including being a player on the global stage.

The Board would like to thank management for their continued commitment to growing the Company and ensuring that it is well placed to improve its value to shareholders.

In addition, the Board would like to express its thanks to the staff for their dedication and enthusiasm, and commend them for their commitment and efforts in achieving the Company's targets.

The Board would also like to take this opportunity to thank shareholders for your continued support. We look forward to building shareholder value in the coming year.

David Haines
Chairman