MOTOPIA LIMITED

AND ITS

CONTROLLED ENTITIES

ABN: 67 009 084 143

(Formerly Medic Vision Limited)

ANNUAL FINANCIAL REPORT

YEAR ENDED

30 JUNE 2011

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CHAIRMAN'S LETTER

Dear Shareholders,

I present the Chairman's report for Motopia Limited (formerly Medic Vision Limited) for the year ended 30 June 2011 with a commentary on the past year and the future of the business.

Over the past year the Company has continued to transform itself away from a supplier of medical equipment, into a world leader in global mobile marketing solutions.

Major steps forward were taken during the year, including a number of acquisitions, completion of a major equity facility and more recently, a 'whole of business" strategic review.

Outcomes of the review so far have included the disposal of the digital marketing segment in August 2011, the closure of the Gold Coast office with its operations being transitioned to Adelaide, the closure of the UK office and a significant impairment of the goodwill in the mConnect acquisition due to its poor performance.

Motopia has positioned itself as a leading mobile app developer and has successfully delivered cutting edge apps for major brands such as Toyota, Network 10 and Coca-Cola.

A key growth area for the company will be our mobile platform business. Motopia have a number of exciting platforms which we are bringing to market over the coming months.

Lemon & Lime is currently being used by many of the major music festivals around Australia including Parklife, Future Music, Splendour in the Grass and WOMAdelaide. We have begun tailoring the platform for other verticals including Pubs, Clubs, Conferences, Expos and Universities. We hope to rapidly gain traction in these new areas by forming strategic partnerships with organisations already operating in these spaces.

Chucky our Premium rate SMS question and answer service is now undergoing final testing with carriers across North America. Recently released research shows that the global Premium SMS market will be worth as much as $US631 billion by 2015.

Motopia are working with the biggest names in the AFL including Chris Judd (Carlton), Jimmy Bartel (Geelong), Luke Hodge (Hawthorn) and Luke Ball (Collingwood), to bring AFL inspired mobile content to the marketplace.

With the appointment of Peter O'Neill as the Group Chief Operating Officer and Executive Director, the key focus of the newly formed Board over the next twelve months is to fast-track the commercialisation of the mobile technology assets of the company and to look for complementary acquisitions. The Board thanks you for your support and looks forward to a continuing positive dialogue.

Jitto Arulampalam
Chairman

30 September 2011

CORPORATE DIRECTORY

DIRECTORS
Mr Jitto Arulampalam (Chairman)
Mr Matthew Gerard (Chief Executive Officer) (appointed as a director on 12 November 2010 and ceased to be a director on 30 August 2011)
Mr Frank Vetrone (appointed 10 August 2011)
Mr Peter O'Neill (appointed 30 August 2011)
Mr Vince Leone (resigned 28 July 2010)
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011)
Mr Frank Cannavo (resigned 8 August 2011)
Mr Terence Wong (resigned 8 August 2011)
Mr Jason Edwards (resigned 8 August 2011)

COMPANY SECRETARY
Mr Justyn Stedwell

REGISTERED OFFICE
Level 5, 15-19 Claremont St South Yarra, Vic 3141
Australia Telephone: + 61 3 9804 7797
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OPERATIONAL OFFICE
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AUDITORS
PKF
Level 14
140 Williams Street
Melbourne Victoria 3000

SOLICITORS
Prosperity Legal
GEELONG (HEAD OFFICE) Suite 2/72 Gheringhap Street
Geelong VIC 3220

BANKERS
Westpac Banking Corporation
360 Collins Street, Melbourne VIC 3000

STOCK EXCHANGE LISTING
The Company is listed on the Australian Securities Exchange.
Home Exchange – Melbourne, Australia

Code:
ASX:MOT

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Telephone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
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REVIEW OF OPERATIONS

Motopia and its subsidiaries recorded a loss of $16,626,026 for the financial year ended 30 June 2011 (2010: $1,086,904). Included in this result are impairment charges, amortisation and depreciation which totalled $13,073,289.

Therefore, Motopia and its subsidiaries operating loss before impairment, amortisation and depreciation was $3,552,737, with an operating cash outflow recorded of $2,291,462 (refer to Consolidated Statement of Cash Flows).

The mConnect Group result since its acquisition on the 9th December 2010, was a loss of $823,896. Upon acquisition of the mConnect group of companies the Board decided to impair the goodwill by $3 million due to the fair value of the shares issued on completion date, the date used to establish the value of the shares issued in accordance with accounting standards. The share value at this date being $0.08 cents rather than the $0.05 cent price anticipated in the acquisition agreement. The Directors believed that $0.05 cents per share fully reflected the value of the mConnect group based on their assessment of the business at that time.

The financial performance of the mConnect business since acquisition has been consistently below forecasts. Based on current budgets prepared as part of the strategic review and the removal of non-core and non-profitable parts of the business as announced on the 10th August 2011, the directors consider that the fair values of the identifiable intangible assets carried forward do not exceed their fair values. A number of the assets acquired with mConnect relate to development projects now on hold and as future revenues from such assets are uncertain, they have been impaired. In addition the results achieved by the mConnect businesses do not support the remaining goodwill of $7,645,669, which the directors have determined is impaired at 30 June 2011.

The cBox operating loss for the year ended 30 June 2011 was $153,245. The financial performance of cBox was unsatisfactory and placed pressure on operating cashflows. The business was operating in a volatile market making it difficult for management to achieve any real growth and profitability in this segment. Furthermore, the DNCR (Do Not Call Register) legislation severely impacted new revenue streams to the business. The level of investment required to turn around the business would have diverted valuable resources from the Group's core activities and therefore the Board decided to dispose of this business and on the 7th August 2011 cBox was disposed of.

During the six months ended 30 June 2011, Motopia Limited acquired the following businesses:

- 2moro Mobile Pty Ltd
- 2play Mobile Pty Ltd
- Pro Fantasy Sports Pty Ltd

Furthermore, Motopia Limited acquired all the business rights and interests in the gaming platform, Fatzoo.

Given the acquisitions above and current strategic review the Board believes the Group will improve revenues and return profits in the near future.

Jitto Arulampalam
Chairman

30 September 2011

DIRECTORS'REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Mr Jitto Arulampalam
(Chairman)

Mr Arulampalam has extensive corporate restructuring skills gained in several turnaround situations. Having spent more than eight years with Westpac Banking Corporation in several key operation and strategic roles, he was hired by Newsnet Ltd as its CEO in 2005 to assist in the successful restructuring of the Company and to position it for IPO. He successfully repositioned Newsnet as a leading innovator in messaging/telco space to be recognised by the Australian Financial Review MIS magazine as one of the "Top 25 global rising stars" in 2006. Mr Arulampalam is a charter member of The Indus Entrepeneur (TIE), the largest entrepreneurial network in the world and is a member of the Australian Institute of Company Directors.

Mr Arulampalam has solid commercial experience and has extensive experience as a board member of a number of successful companies.

Directorships held in other listed entities in the past three years: ATOS Wellness Limited (ASX: ATW), Fortis Mining Limited (ASX: FMJ) and Great Western Exploration (ASX: GTE).

Mr Vince Leone
(resigned 28 July 2010)

Mr Leone was appointed as a Director on 20 May 2009 and to the position of Chief Executive Officer on 4 June 2009.

Mr Leone was responsible for all operational activities of Motopia Ltd (formerly Medic Vision Ltd) and its subsidiaries and reported directly to the Board of Directors.

Mr Matthew Gerard
(appointed as a director on 12 November 2010 and ceased to be a director on 30 August 2011)

Mr Gerard was the Executive Chairman and CEO of the Mistral Group of companies, one of Australia's leading marketers and distributors of household appliances, homewares and electronic products. Mr Gerard relocated the Mistral business from Melbourne to Hong Kong in 2007 where he was the sole architect of the company's new and successful business model in Asia, the United Kingdom and the USA for the last two years.

Mr Rob Hoath
(appointed 21 January 2011, resigned 2 June 2011)

Mr Hoath was the co-founder and Managing Director of mConnect Pty Ltd and Zeal Entertainment Pty Ltd, which were acquired by Motopia on 9 December 2010. Mr Hoath has been involved in the mobile phone industry for over 19 years.

Mr Frank Cannavo
(resigned 8 August 2011)

Mr Cannavo has considerable experience within the listed company sector and in several cases has been instrumental in assisting in the achievement of growth strategies.

Directorships held in other listed entities in the past three years: Hannans Reward Limited (ASX: HNR), ATOS Wellness Limited (ASX: ATW), Fortis Mining Limited (ASX: FMJ) and Great Western Exploration (ASX: GTE).

Mr Jason Edwards
(resigned 8 August 2011)

Mr Jason Edwards has a distinguished career in the marketing and communications industry spanning over 12 years. His domestic experience in sales, marketing and operational management capacity ranges from the private to the public company sector at an executive management level.

Mr Terence Wong
(resigned 8 August 2011)

Mr Wong's background and past experience includes being a director of a Hong Kong Stock Exchange listed company and over 18 years experience in funds management and investment banking in Hong Kong and the Peoples Republic of China.

Directorships held in other listed entities in the past three years: Fortis Mining Limited (ASX: FMJ).

Mr Frank Vetrone
(appointed 10 August 2011)

Mr Vetrone has over ten years' experience in the financial markets as a sophisticated investor and has been instrumental in the raising of capital to support publicly listed companies and IPO's.

With a strong sales and marketing background Mr Vetrone has held senior positions with Summit Investments (Sumitomo Group) and the BMW dealer network where he was responsible for the financial management, sales and corporate governance of the organisation.

Mr Vetrone has been responsible in the restructuring of businesses and departments to ensure financial targets were achieved to the satisfaction of stakeholders. Importantly, Mr Vetrone's experience extends to the mobile communications industry where he also held positions in management and was involved in the restructure of a telecommunications company.

Mr Peter O'Neill
(appointed 30 August 2011)

Mr O'Neill has been involved in the mobile space since 2001 whilst developing Telstra's first mobile web portal. Since this time Mr O'Neill has been at the forefront of the industry, from pioneering early Premium SMS services through to mobile video, optimised mobile websites and more recently iPhone/Android applications.

Mr O'Neill is actively involved in the Australian mobile space, having presented regularly at the University of South Australia's Mobile Application Development course and the Australian Direct Marketing Association (ADMA) mobile marketing course. Mr O'Neill is a member of the working party for a digital masterclass program – MEGA. MEGA is run in Adelaide, Sydney and Melbourne.

Company Secretary
Mr Justyn Stedwell
Mr Stedwell has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

Justyn has over five years' experience acting as a Company Secretary of various ASX listed companies in a wide range of industries. He is currently also Company Secretary of ASX listed companies Anittel Limited (ASX: AYG), Solagran Limited (ASX: SLA) and Fortis Mining Limited (ASX: FMJ).

Directors' Interest

The relevant interest of each director in the shares and options issued by the companies within the consolidated entity and other related body corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully Paid Shares	Options
Current Directors		
Mr Jitto Arulampalam	2,500,000	5,500,000
Mr Frank Vetrone	650,667	-
Mr Peter O'Neill	6,500,000	-
Former Directors		
Mr Matthew Gerard	1,350,000	-
Mr Rob Hoath	50,000,000	5,000,000
Mr Jason Edwards	8,270,200	500,000
Mr Terence Wong	-	500,000
Mr Frank Cannavo	11,670,850	6,500,000
Mr Vince Leone	7,664,000	-

Dividends

The Company did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2011 financial year.

Principal Activities

The economic entity's principal activities in the course of the financial year were mobile marketing and branded content creation, licensing and distribution

Review of Operations

The consolidated net loss for the year after income tax attributable to members of the parent entity amounted to $16,623,146 (2010 loss: $1,082,137). [The Review of Operations is set out on page 3].

Significant Changes in the State of Affairs

On 9 December 2010 Motopia Ltd acquired 100% of the share capital in mConnect, Zeal Entertainment Pty Ltd and Zeal Entertainment International Pte Ltd, a group of companies that focus on mobile marketing and content distribution worldwide.

To complete the acquisition, Motopia Ltd issued 100,000,000 fully paid ordinary shares, 10,000,000 options, paid $2,600,000 cash and has a $400,000 retention liability as consideration for the mConnect Group of companies.

On 1 February 2011, Motopia Ltd acquired 100% of the share capital in 2moro Mobile Pty Ltd and 2play Mobile Pty Ltd, 2moro Mobile being one of the largest and most trusted mobile app developers in Australia.

To complete the acquisition, Motopia Ltd issued 10,000,000 fully paid ordinary shares as consideration.

On 8 February 2011, Motopia Ltd acquired all the business rights and interests in gaming platform, Fatzoo. This platform allows mobile-to-mobile, web-to-mobile and web-to-web game play.

Motopia Ltd has issued 1,500,000 fully paid ordinary shares and paid $150,000 cash as consideration.

Directors' Report (cont….)

On 6 May 2011, Motopia Ltd acquired 100% of the share capital in Pro Fantasy Sports Pty Ltd. Pro Fantasy Sports has an exclusive two year mobile rights agreement with four prominent AFL players, who will participate in the development of an AFL application.

To complete the acquisition, Motopia Ltd issued 2,000,000 fully paid ordinary shares as consideration.

Other than the above, in the opinion of the Directors, there were no significant changes in the state of affairs of the economic entity during the financial year under review not otherwise disclosed in the Annual Report.

Matters subsequent to the end of the financial year

After 30 June 2011 the Board conducted a strategic review of the Group. From this review it was concluded that the cBox business be disposed of as the volatile market it was operating in made it difficult for management to achieve any real growth and profitability in this segment. Therefore, control of the cBox business was passed to the acquirer on the 7 August 2011.

Apart from the above, no other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in Review of Operations.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Share Options

Unissued Shares

At the date of this report there were 33,250,173 unissued ordinary shares under option. Refer to the remuneration report for further details of the options outstanding, to key management personnel.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a result of the Exercise of Options

During the financial year a former director Mr Leone, exercised his options and was issued 3,500,000 ordinary shares in Motopia Limited.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company held an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Directors, Officers or Auditors of the Company or any related body corporate against any liability incurred as such a Director, Officer or Auditor.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of premium.

Directors' Report (cont….)

Meetings of Directors

The following table sets out the number of Directors' Meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year nine Board meetings and two Audit, Risk and Compliance meetings were held. The Remuneration Committee did not meet during the year.

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Directors:						
Mr Jitto Arulampalam	9	9	2	1	-	-
Mr Frank Cannavo (resigned 8 August 2011)	9	9	-	-	-	-
Mr Vince Leone (resigned 28 July 2010)	2	2	-	-	-	-
Mr Jason Edwards (resigned 8 August 2011)	9	9	-	-	-	-
Mr Terence Wong (appointed 28 July 2010 as an independent non-executive director, resigned 8 August 2011)	7	6	-	-	-	-
Mr Matthew Gerard (appointed 12 November 2010, resigned 30 August 2011)	5	5	2	1	-	-
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011)	3	3	-	-	-	-
Mr Frank Vetrone (appointed 10 August 2011 as an independent non-executive director)	-	-	-	-	-	-
Mr Peter O'Neill (appointed 30 August 2011)	-	-	-	-	-	-

Auditor

In accordance with the provisions of the Corporations Act 2001, the Company's auditors, PKF Chartered Accountants, continue in office.

Non-audit Services

The auditors did not perform any other services during the financial year ended 30 June 2011.

The following fees were paid / payable to the external auditors.

Audit Services	**2011**	**2010**
	$	**$**
Review	31,850	15,000
Audit	61,000	35,000

Auditor's Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 30 June 2011 has been received and can be found on page 16.

Remuneration Report (audited)

The remuneration report that has been audited, outlines the director and executive remuneration arrangements of the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives and secretaries of the parent and the group.

Details of Key Management Personnel

Directors	
Mr Jitto Arulampalam	Non-Executive Chairman
Mr Frank Vetrone	Independent Non-Executive Director (appointed 10 August 2011)
Mr Peter O'Neill	Executive Director (appointed 30 August 2011)
Mr Matthew Gerard	Director and Chief Executive Officer (appointed 12 November 2010 as Non-Executive Director, resigned 30 August 2011)
Mr Rob Hoath	Executive Director (appointed 21 January 2011, resigned 2 June 2011)
Mr Jason Edwards	Executive Director (resigned 8 August 2011)
Mr Frank Cannavo	Non-Executive Director (resigned 8 August 2011)
Mr Terence Wong	Non-Executive Director (appointed 28 July 2010, resigned 8 August 2011)
Mr Vince Leone	Director and Chief Executive Officer (resigned 28 July 2010)
Executives	
Ms Veronica Duff	Chief Financial Officer (appointed 15 November 2010)
Mr Justyn Stedwell	Company Secretary

Elements of Director and Executive Remuneration

Remuneration packages contain the following key elements:

- Primary benefits – salary/fees and bonuses
- Post-employment benefits including superannuation

Equity including share options granted as performance bonuses or in lieu of services.

Other benefits including additional consulting fees.

Remuneration Policy

The remuneration of all Executives and Non-executive Directors, Officers and Employees of the Company is determined by the Board.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with best practice including the interests of shareholders. Where possible/relevant remuneration packages are based on fixed and variable components determined by the Executives' position, experience and performance and may be satisfied via cash or equity.

Non-executive Directors are remunerated out of the maximum aggregated amount approved by shareholders and at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable, other than statutory superannuation, if applicable.

Remuneration Policy versus Company Financial Performance

The Company's Remuneration Policy is not directly based on performance, rather on industry practice.

The Company's primary objective was licensing and distribution of mobile content.

Company Performance Review

The Company has recently undertaken a strategic review of its whole business so that it will return a positive cash flow and EBIT by the end of the 2011/2012 financial year.

Performance-based Remuneration

The purpose of a performance-based bonus is to reward individual and team based performance in line with Company objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured by key performance indicators (KPIs).

The Company uses a number of KPIs to determine achievement, depending on the role of the Executive being assessed.

These include:

- successful contract negotiations
- successful revenue generation
- achievement of project milestones within budget and on time

In the current period no performance based remuneration was awarded by the Company.

Profit Performance	2011 $	2010 $	2009 $	2008 $	2007 $
Revenue	2,611,641	723,794	3,467	3,124,696	1,653,977
Net loss before tax	(16,626,026)	(1,086,904)	(2,544,191)	(5,483,777)	(5,846,322)
Net loss after tax	(16,626,026)	(1,086,904)	(2,544,191)	(5,483,777)	(5,846,322)
Key Management Remuneration	1,297,994	765,401	516,684	818,533	1,518,769

Share Performance	2011 C	2010 C	2009 C	2008 C	2007 C
Share price at the start of year	3.00	4.25	6.50	29.0	20.0
Share price at the end of year	3.70	1.00	4.00	6.50	29.0
Dividend	-	-	-	-	-
Basic earnings per share	(0.05)	(0.007)	(2.32)	(5.88)	(6.01)
Diluted earnings per share	(0.05)	(0.007)	(2.32)	(5.88)	(6.01)

Remuneration

Compensation of Key Management Personnel – 2011

	Short-term benefits		Post-employment benefits	Share-based payments	
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity-settled	Total
	$	$	$	$	$
Directors					
Mr Jitto Arulampalam	55,649	40,000	-	123,810	219,459
Mr Vince Leone (resigned 28 July 2010)	76,325	38,604	6,332	240,000(iv)	361,261
Mr Frank Cannavo (resigned 8 August 2011)	-	23,333	-	123,810	147,143
Mr Terence Wong (resigned 8 August 2011)	-	23,333	-	20,635	43,968
Mr Jason Edwards (resigned 8 August 2011)	108,000	-	9,720	20,635	138,355
Mr Matthew Gerard (appointed 12 November 2010, resigned 30 August 2011)	48,873	23,332	-	-	72,205
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011) (i)	134,951	-	11,745	-	146,696
Mr Frank Vetrone (appointed 10 August 2011)	-	-	-	-	-
Mr Peter O'Neill (appointed 30 August 2011) (ii)	59,230	-	4,846	-	64,076
Executives					
Ms Veronica Duff (appointed 15 November 2010) (iii)	72,689	-	6,542	-	79,231
Mr Justyn Stedwell	25,600	-	-	-	25,600
	581,317	**148,602**	**39,185**	**528,890**	**1,297,994**

(i) Represents remuneration from 9 December 2010 to 2 June 2011
(ii) Represents remuneration from 1 February 2011 to 30 June 2011
(iii) Represents remuneration from 15 November 2010 to 30 June 2011
(iv) Represents a negotiated termination benefit

Remuneration Report (cont….)

Compensation of Key Management Personnel – 2010

	Short-term benefits		Post-employment benefits	Share-based payments	
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity	Total
	$	$	$	$	$
Directors					
Mr Jitto Arulampalam		99,182	-	102,500	201,682
Mr Vince Leone (appointed April 2009 and resigned 28 July 2010)	95,859	55,425	8,627	159,600	319,511
Mr Frank Cannavo	-	-	-	45,667	45,667
Mr Jason Edwards (appointed 3 February 2010)	54,000	19,854	4,860	-	78,714
Mr Ross Horley (resigned 2 September 2010)	-	-	-	64,148	64,148
Mr Thamby Navaratnam (appointed 10 Sept 2008) (resigned 15 July 2009)	-	25,000	-	-	25,000
Mr Ponnambalam Sivasubramaniam (appointed 20 May 2009) (resigned 14 August 2009)	-	5,416	-	-	5,416
Executives					
Mr Justyn Stedwell (appointed 01 October 2009)	-	9,600	-	6,400	16,000
Mr Mark Licciardo (appointed 5 November 2008) (resigned 4 September 2009)	-	9,263	-	-	9,263
	149,859	**223,740**	**13,487**	**378,315**	**765,401**

Share Based Remuneration

30 June 2011

The following options were issued to directors and executives:

Remuneration Report (cont….)

Directors	Granted No.	Grant Date	Fair Value per option at grant date	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	% remuneration consisting of options for the year
Mr Jitto Arulampalam	3,000,000	7 January 2011	$0.041	$0.15	31 November 2013	7 January 2011	31 November 2013	3,000,000	56.4%
Mr Frank Cannavo	3,000,000	7 January 2011	$0.041	$0.15	31 November 2013	7 January 2011	31 November 2013	3,000,000	84.1%
Mr Terence Wong	500,000	7 January 2011	$0.041	$0.15	31 November 2013	7 January 2011	31 November 2013	500,000	46.9%
Mr Jason Edwards	500,000	7 January 2011	$0.041	$0.15	31 November 2013	7 January 2011	31 November 2013	500,000	14.9%
Executives									
No options were granted to any Executive in the financial year.									

The options were issued to establish long term goal congruence between the company and directors.

30 June 2010

The following options were issued to directors and executives:

Directors	Granted No.	Grant Date	Fair Value per option at grant date	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	% remuneration consisting of options for the year
Mr Jitto Arulampalam	2,500,000	14 December 2009	$0.011	$0.0457	31 December 2012	19 December 2009	31 December 2012	2,500,000	50.8%
Mr Frank Cannavo	2,500,000	14 December 2009	$0.011	$0.0457	31 December 2012	19 December 2009	31 December 2012	2,500,000	100%
Mr Vince Leone	3,500,000	14 December 2009	$0.011	$0.0457	31 December 2012	19 December 2009	31 December 2012	3,500,000	49.9%
Executives									
No options were granted to any Executive in the financial year									

The options were issued to establish long term goal congruence between the company and directors. They vested five days after issue once the share price had closed above 2 cents for five consecutive days.

Options Granted as part of Remuneration

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified Key Management Personnel. The fair value of the options granted as part of remuneration is determined at grant date, if the options immediately vested the full value of the option is recognised in remuneration in the current year, or if there is a vesting period the value is recognised in remuneration proportionately over that period.

REMUNERATION REPORT (cont….)

During the period the following directors' options lapsed unexercised:

	2011	2010
	No.	No.
Mr Ross Horley	-	1,000,000
Mr Frank Cannavo	-	1,000,000

Shares issued as remuneration

A termination benefit of 3,000,000 shares at $0.08 cents per share was paid during the year ended 30 June 2011.

No shares were issued as remuneration for the year ended 30 June 2010.

Employment Contracts of Directors and Senior Executives

The following Directors and Senior Executives were under contract at 30 June 2011:

	Duration	Notice Required
Directors		
Mr Jitto Arulampalam	3 years	3 months
Mr Frank Cannavo (resigned 8 August 2011)	3 years	1 month
Mr Matthew Gerard (CEO) (resigned 30 August 2011)	3 years	2 months
Mr Terence Wong (resigned 8 August 2011)	3 years	1 month
Mr Jason Edwards (resigned 8 August 2011)	2 years	2 months
Mr Peter O'Neill (appointed 30 August 2011)	No fixed term	1 month
Executives		
Ms Veronica Duff (appointed 15 November 2010)	No fixed term	1 month
Mr Justyn Stedwell	No fixed term	1 month

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
28 February 2012 (i)	$0.20	500,000
30 November 2012(i)	$0.177	2,000,000
31 December 2012(i)	$0.45	5,000,000
17 January 2012(ii)	$0.20	8,750,173
13 March 2013	$0.20	10,000,000
30 November 2013	$0.15	7,000,000
		33,250,173

(i) Unlisted options held by directors or former directors
(ii) Listed options

There were no further shares in Motopia Limited issued or exercised up to the date of this report.

End of Remuneration Report

Signed in accordance with the resolution of the Board of Directors

Jitto Arulampalam

Chairman
30 September 2011

PKF

Chartered Accountants
& Business Advisers

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors
Motopia Limited and the entities it controlled during the year

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

R A Dean
Partner
PKF

30 September 2011
Melbourne

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CORPORATE GOVERNANCE

Introduction

Motopia Limited ("Motopia" or the "Company") is an Australian Securities Exchange (ASX) listed entity.

The Company aims to maximise returns to its investors by capital appreciation and when profitable, via a declaration of dividends to each shareholder in proportion to their interest in the Company.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Corporate Governance Principles and Recommendations" (Revised Principles, 2nd Edition August 2007). The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC's published guidelines containing 8 key principles. The charters and policies described in this Corporate Governance Statement represent a concise version of those charters and policies that have been, or will be adopted by the Board of Directors in line with the CGC's recommendations.

The Board of Directors has adopted the best practice recommendations as outlined by the CGC to the extent that is deemed appropriate considering the current size and operations of Motopia. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

The Company's Corporate Governance charters and policies can be found on the Company's website, www.motopia.com

1) Function of Board & Management

(Principle 1: Lay solid foundations for management and oversight)

a) Role of the Motopia Board and company management

The Board of Directors of Motopia together with management is collectively experienced in the management of listed companies and the development and management of entities in the media and marketing sector.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company's financial performance and ensuring that appropriate management is in place to achieve these objectives. The Board appoints the Chief Executive Officer/Managing Director, Chief Financial Officer and Company Secretary. The Board approves and monitors management's corporate strategy and performance objectives for Motopia. The Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures of assets.

The Board may delegate to its sub-committees, an officer of a group company, or any other person in authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments, acquisitions or joint ventures; that capital required to develop the Company's intellectual property, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company's assets.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. Feedback on the performance of each KMP is provided and a plan is established to encourage, improve and monitor future performance. A performance review of KMP occurred during the 2011 financial year in accordance with this process.

(Principle 2: Structure the board to add value)

b) Motopia's Board Structure

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report and throughout the 2011 financial year is included in the Director's Report.

As at the date of this report, the Board is composed of two non-executive directors Jitto Arulampalam (Chairman) and Frank Vetrone and one executive director, Peter O'Neill.

The Board assesses whether a director is independent in accordance with the CGC's independence guidelines. The Board does not consist of a majority of independent directors. Due to the size of the Company, its financial resources and the nature of its operations, the Board does not consider it appropriate to have a majority of independent directors at this time. As the Company grows the Board intends to increase the ratio of independent directors on the Board.

The Company does not have an independent Chairman. Given Jitto Arulampalam's skill set and experience in the management of ASX listed companies, he is seen as the most appropriate Chairman at this critical stage of the Company's development. During the financial year, the role of the chairperson and chief executive officer were not exercised by the same individual.

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience, details of which are recorded in the Directors' Report accompanying this Corporate Governance Statement. Each Director has a three year term of office, at the end of which they retire and seek re-election by shareholders.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties, as a Director of Motopia, or which would affect their independence.

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

c) Board Performance

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every three years by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on predetermined performance objectives. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the Company. The Board will consider the outcome of each review and develop a series of actions to guide and monitor improvement.

A performance review in accordance with the processes disclosed occurred during the 2011 financial year.

2) Code of Conduct and Conflicts of Interest

(Principle 3: Promote ethical and responsible decision making)

a) Conduct of Management

The Board of Motopia is committed to its Code of Conduct. This is communicated to management and requires staff to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of Motopia.

Employees must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdictions in which they operate.

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company.

Management is responsible to the Board for the Company's performance under this Code, and has operational responsibility for ensuring compliance with the Code.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings, both internally and externally. Motopia aims for good corporate governance and in summary, requires employees to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Motopia's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Motopia;
- properly use Motopia's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Motopia's business and the information of all its stakeholders.

The Company has developed a Whistleblower Policy that offers Company officers, employees, independent contractors and their employees the opportunity to bring to the attention of management, conduct which is corrupt, illegal or unethical, without fear of revenge, dismissal or discriminatory treatment.

The Board has resolved that the Code of Conduct extends to guide compliance with legal and other obligations with respect to stakeholders.

b) Conflicts of Interest

The Board of Motopia is committed to good corporate governance and aims for continuous improvement in these practices. Motopia embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally shareholders.

There must be no conflict, or perception of a conflict, between the interests of any Motopia Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All Motopia Directors, officers and employees may never improperly use their position for personal or private gain for themselves, a family member, or any other person ("associates").

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they or their associates have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of Motopia in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

3) Audit & Risk Committee

(Principle 4: Safeguard integrity in financial reporting)

During the financial year, the Company had established an Audit & Risk Committee which comprised of the Chairman and the Chief Executive Officer. However on 16 September 2011 the Board resolved that the Board as a whole assume the functions previously delegated to the Audit & Risk Committee. Given the size of the Board and the Company and the nature of the Company's operations, the Board does not believe it to be appropriate to have an Audit Committee at this time.

As such the recommendations set out in this principle are not met but, having due regard for the current stage of the Company's development, the Board feels that more active involvement in the Audit & Risk management process by the Board as a whole provides for greater oversight of risk management and financial reporting.

The Chairman and the Chief Financial Officer state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company has adopted an Audit Independence Policy which identifies non-audit services that Motopia considers can be provided and services that cannot be provided by its external auditor.

4) Continuous Disclosure Policy

(Principle 5: Make timely and balanced disclosure)

Motopia's Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by Motopia. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Motopia's securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the Corporations Act require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The Board controls all of Motopia's communications with assistance from the Company Secretary in carrying out this responsibility. The Board as a whole are the only persons authorised to approve the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues.

The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chairman and/or the Company Secretary.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX. Material information must not be selectively disclosed (ie. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Board for approval prior to any release.

5) Trading Policy

Motopia's Share Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the Corporations Act;
- a prohibition of short term trading in Motopia shares;
- when Directors and employees may trade in Motopia shares; and
- prior notification by Directors, officers and employees of their intention to deal in Motopia shares.

A summary of the Policy is as follows:

In accordance with the insider trading provisions of the Corporations Act, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.

Directors, officers and employees should never communicate any Inside Information to any other person, including family members and associates.

"Inside Information" means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's shares.

In addition directors, officers and employees are prohibited from trading in the Company's shares during:

- each period of 45 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 45 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX;
- each period of 14 days immediately prior to the intended date upon which the Company holds its annual general meeting; and
- each period of 4 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in Company shares at any time for short term gain, including buying and selling Company shares in a 3 month period, without the written approval of the Chairman or in the case of the Chairman the remaining Board members.

In order to ensure compliance with the Policy all directors, officers and employees must discuss any proposed dealing with the Chairman or the Company Secretary prior to trading Company shares at any time.

6) Shareholder Communications

(Principle 6: Respect the rights of shareholders)

Motopia's communication strategy is to promote effective communication with shareholders.

Motopia is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Motopia's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable Australian Securities Exchange (ASX) Listing Rules and the Corporations Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meetings;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on Motopia's website; and
- by providing shareholders with a choice of information delivery options ie. paper or electronic means

The Company's website, www.motopia.com has a dedicated Investor section and endeavours to publish on the website all important Company information and relevant announcements made to the market or refer investors to the ASX website where market releases can be viewed.

The external Auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

7) Risk Management System Statement

(Principle 7: Recognise and manage risk)

The Board of Motopia takes a proactive approach to the Company's risk management and internal compliance and control system. The Board of Motopia is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors.

The Company is in the process of developing a policy on risk oversight and management and will undertake a detailed risk assessment of the company's operations, procedures and processes.

The Risk Assessment will be aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which will be carried out by following documented risk identification and reporting as well as through natural or instinctive processes by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and

- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance policies and ensuring compliance reporting is up to date.

The Company will identify and structure its risk analysis and intends to implement and demonstrate regular risk management controls reporting to the Board via the Audit & Risk Committee.

8) Board Remuneration

(Principle 8: Remunerate fairly and responsibly)

The Company has established a Remuneration Committee. The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Chief Executive Officer and/or the Board. The Committee aims to meet at least once per calendar year.

Members of the Committee throughout the 2011 financial year were:

Jitto Arulampalam (Chair)	Non-executive Chairman
Frank Cannavo	Non-executive Director (resigned 8 August 2011)

Given the current size and structure of the Board the Remuneration Committee comprised of only two members who were not independent. Frank Cannavo resigned as a Director and member of the remuneration Committee on 8 August 2011. Frank Vetrone was appointed to the Remuneration Committee on 16 September 2011.

The Committee is established to monitor and review:

- the remuneration arrangements for the Chief Executive Officer and other executive directors and set parameters within which the Chief Executive Officer will review arrangements for other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;
- the size and composition of the Board and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

There is no scheme to provide retirement benefits other than statutory superannuation to non-executive directors. For details of the amount of remuneration, and all monetary and non-monetary components, for each of the five highest-paid executives during the year and for all directors, refer to the Directors' report.

For details on the number of Remuneration Committee meetings held during the year and the attendees at those meeting's, refer to the Directors' Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011	Consolidated 2010
Revenue from continuing operations		$	$
Revenue from rendering of services		2,589,423	711,435
Interest revenue	4a	3,842	12,359
Other Income	4b	18,377	-
TOTAL REVENUE		2,611,641	723,794
Cost of services rendered	5a	(1,468,612)	(284,325)
Employee benefits expenses	5b	(1,307,727)	(334,264)
Employee expense – share based payments		-	(470,902)
Depreciation and amortisation	5c	(252,450)	(18,603)
Impairment charges	5c	(12,820,839)	-
Consulting fees		(161,107)	(16,229)
Directors expenses and fees	5d	(1,193,163)	(19,854)
Legal and other professional fees		(522,971)	(258,429)
Regulatory listing fees		(157,364)	(92,968)
Occupancy expenses		(133,717)	(33,395)
Telecommunications		(53,276)	(7,719)
Travel expense		(222,319)	(48,311)
Finance costs		(12,428)	(51,972)
Other expenses	5e	(653,793)	(28,343)
(Loss) before Income Tax from continuing operations		(16,348,126)	(941,520)
Income Tax Expense	6	-	-
(Loss) after income tax expense from continuing operations		(16,348,126)	(941,520)
(Loss) after income tax expense from discontinued operations	7 (b)	(277,901)	(145,384)
(Loss) after income tax expense for the year		**(16,626,026)**	**(1,086,904)**
Other comprehensive income			
Foreign currency translation		163,081	(2,646)
Total comprehensive loss for the year		**(16,462,945)**	**(1,089,550)**
Loss for the year is attributable to:			
- non controlling interest		(2,880)	(4,767)
-members of the parent entity		(16,623,146)	(1,082,137)
		(16,626,026)	**(1,086,904)**
Total comprehensive loss for the year is attributable to:			
-non controlling interest		(2,880)	(4,767)
-members of the parent entity		(16,460,065)	(1,084,783)
		(16,462,945)	**(1,089,550)**
Earning per share ($ per share)			
Continuing operations			
- Basic (loss) for the year attributable to ordinary equity holders of the parent	9	(0.05)	(0.007)
-Diluted (loss) for the year attributable to ordinary equity holders of the parent	9	(0.05)	(0.007)
Discontinued operations			
- Basic profit for the year attributable to ordinary equity holders of the parent	9	(0.0009)	(0.001)
- Diluted profit for the year attributable to ordinary equity holders of the parent	9	(0.0009)	(0.001)
Continuing and discontinued operations			
- Basic (loss) for the year attributable to ordinary equity holders of the parent	9	(0.0509)	(0.008)
- Diluted (loss) for the year attributable to ordinary equity holders of the parent	9	(0.0509)	(0.008)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Consolidated Group	
	Note	2011	2010
		$	$
Assets			
Current assets			
Cash and cash equivalents	10	264,610	439,860
Trade and other receivables	11	1,194,245	376,138
Other current assets	14	60,918	4,365
Assets of disposal groups classified as held for sale	7(b)	28,241	403,442
Total current assets		1,548,013	1,223,805
Non-current assets			
Property, plant and equipment	15	38,653	25,297
Intangible assets and goodwill	16	1,867,046	1,907,670
Total non-current assets		1,905,699	1,932,967
Total assets		**3,453,712**	**3,156,772**
Liabilities			
Current liabilities			
Trade and other payables	17	1,172,751	255,390
Current tax liability		529,000	-
Provisions	18	102,925	7,988
Liabilities directly associated with assets classified as held for sale	7(b)	80,275	412,847
Total current liabilities		1,884,951	676,225
Non-current liabilities			
Provisions	18	5,122	-
Total non-current liabilities		5,122	-
Total liabilities		**1,890,072**	**676,225**
Net assets		**1,563,640**	**2,480,547**
Equity			
Contributed equity	19	40,050,172	25,936,352
Reserves	20	100,965	(62,116)
Accumulated losses		(38,592,478)	(23,401,550)
Total Parent Entity Interest		1,558,659	2,472,686
Minority Interest		4,981	7,861
Total equity		**1,563,640**	**2,480,547**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED	Note	Contributed Equity	Accumulated Losses	Foreign Currency Reserves	Non Controlling interest	Total Equity
		Attributable to Equity Holders of the Parent				
Balance as at 1 July 2010		**25,936,352**	**(23,401,550)**	**(62,116)**	**7,861**	**2,480,547**
Loss for the year		-	(16,623,146)	-	(2,880)	(16,626,026)
Foreign Currency Translation		-	-	163,081	-	163,081
Total Comprehensive income /(loss) for the year		-	(16,623,146)	163,081	(2,880)	(16,462,945)
Transactions with owners in their capacity as owners;						
Rights issue and share placement		4,819,321	-	-	-	**4,819,321**
Issue of shares under finance facility		368,100	-	-	-	**368,100**
Share issue costs		(48,410)	-	-	-	**(48,410)**
Share & options issued for acquisition of mConnect Pty Ltd		8,355,600	-	-	-	**8,355,600**
Share & options issued for acquisition of 2moro Mobile Pty Ltd		920,000	-	-	-	**920,000**
Share & options issued for acquisition of Pro Fantasy Sports Pty Ltd		142,000	-	-	-	**142,000**
Share & options issued for acquisition Fatzoo		165,000	-	-	-	**165,000**
Options exercised		157,500	-	-	-	**157,500**
Share based payments		528,890	-	-	-	**528,890**
Issued to creditors in lieu of settlement		138,037				**138,037**
Transfer of premium on expired options		(1,432,218)	1,432,218	-	-	**-**
Balance as at 30 June 2011		**40,050,172**	**(38,592,478)**	**100,965**	**4,981**	**1,563,640**
Balance as at 1 July 2009		**22,630,610**	**(22,276,563)**	**(59,470)**	**29,778**	**324,355**
Loss for the year		-	(1,082,137)	-	(4,767)	(1,086,904)
Other Comprehensive Income						
Foreign Currency Translation		-	-	(2,646)	-	(2,646)
Total Comprehensive income for the period		-	(1,082,137)	(2,646)	(4,767)	(1,089,550)
Transactions with owners in their capacity as owners;						
Share based Payment		82,008	-	-	-	82,008
Convertible notes converted		848,980	-	-	-	848,980
Shares issued for acquisition of cBox Pty Ltd		1,908,000	-	-	-	1,908,000
Non controlling interest adjustment for further acquisition of Red Paragon		60,000	(42,850)	-	(17,150)	-
Issue of Shares & options		406,754	-	-	-	406,754
Balance as at 30 June 2010		**25,936,352**	**(23,401,550)**	**(62,116)**	**7,861**	**2,480,547**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,696,542	1,093,623
Interest received		3,601	13,135
Other receipts – grant income		-	243,782
Other income		18,687	-
Payments to suppliers and employees		(4,986,104)	(1,733,701)
Interest paid		(24,188)	-
Net cash used in operating activities	23	(2,291,462)	(383,161)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for subsidiary		(2,700,000)	-
Purchase of property, plant and equipment		(42,674)	(19,096)
Purchase of intangible asset		(150,000)	-
Cash acquired on acquisition of subsidiary	13	1,653	24,388
Net cash provided by (used in) investing activities		(2,891,021)	5,292
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,054,050	-
Capital raising costs		(65,410)	-
Proceeds from Convertible Notes issues		-	125,000
Net cash provided by financing activities		4,988,641	125,000
Net (decrease) in cash held		(193,842)	(252,869)
Cash at beginning of financial year		484,328	737,197
Cash at end of financial year	10	290,486	484,328

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Corporate Information

The financial report of Motopia Limited (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

Motopia Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

Note 2 Statement of Significant Accounting Policies

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'). This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial report has also been prepared on a historical cost basis, except for available for sale financial assets and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value.

The financial report is presented in Australian dollars.

b. Going concern

For the year ended 30 June 2011 the consolidated entity (Group) has incurred a loss of $16,626,026 (2010: loss $1,086,904). Included in this result are impairment charges, amortisation and depreciation which totalled $13,073,289. At 30 June 2011 the company has net current liabilities of $336,938 (2010: net current assets of $547,580) and for the year had negative cash outflows from operating activities of $2,291,462 (2010: $383 161). These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon the successful development of its business model and the continued availability of funds to enable this to occur. The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

- **Long term equity facility in place:**

Agreement was reached in April 2011 with US based Dutchess Capital, to provide long term funding for working capital of up to $15 million. The terms of the agreement require the company to comply with a number of conditions to ensure ongoing availability of this facility. In case of any non-compliance, Dutchess Capital may provide written notice to the company to terminate the facility. As at the date of this report there has been no termination of this facility.

- **Expected cash flows from newly acquired businesses:**

Strategic review of all operations was undertaken by the management and Board to ensure Motopia and its subsidiaries reduce unnecessary costs to provide the consolidated entity with a positive cash flow and EBIT position as quickly as possible.

The results of the review led the management team and Board to implement a risk adverse strategy to reduce costs and to dispose-off non-core and non-profitable parts of the business. As part of this exercise, on 7 August 2011 the Board decided to dispose of its interest in cBox Pty Ltd.

The Board is confident this radical overhaul of the Group's operations will ensure Motopia's long term success. To this end, the consolidated entity is expecting positive cash flows from the following key operations.

- **2moro Mobile Pty Ltd and 2play Mobile Pty Ltd**

Since its acquisition in February 2011, this application development business has been successfully integrated into the Group, continues to grow and is expected to produce cash flow positive results. The former owner of these entities has been appointed Chief Operating Officer of the Group.

- **Pro Fantasy Sports Pty Ltd**

Pro Fantasy Sports has an exclusive two year mobile rights agreement with four prominent AFL players, who will participate in the development of an AFL application.

The launch of AFL and Hall of Fame mobile applications will occur in October 2011 and is expected to contribute significantly to the bottom line of the Group.

- **Roll out of platforms**

The exciting Lemon & lime platform is now available globally and first impressions are that this will be extremely successful.

The consolidated entity has the ability to scale down operations and discontinue development of certain platforms should the need arise.

Cash flow forecasts prepared by management that demonstrate that the consolidated entity has sufficient cash flows to meet its operating commitments over the next twelve months from operating activities and by drawing down on the working capital facility. Based on the above factors the financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise it assets and extinguish its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

c. Statement of compliance

The financial report complies with Australian Accounting Standards, which include International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

d. Impact of Adopting New Accounting Standards and New/Revised Accounting standards Not Yet Effective

Adoption of new and revised accounting standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

In particular the following new accounting standards have been adopted:

• AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvement Project made a number of minor amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 8 Operating Segments, AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 117 Leases, AASB 118 Revenue, AASB 136 Impairment of Assets and AASB 139 Financial Instruments: Recognition and Measurement.

The adoption of the above did not have a material impact on the Group and is unlikely to have a material impact on future periods.

New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2013) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and measurement.

- AASB 10 Consolidated Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2013) replaces AASB 127 and outlines three (3) key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns

- AASB 11 Joint Arrangements (applicable for annual reporting periods commencing on or after 1 January 2013) replaces AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 has two being Joint Operations and Joint Ventures, as defined. Joint ventures must now be accounted for using the equity method of accounting. The option to proportionately consolidate a joint venture entity has been removed. This will have significant implications for entities that currently use proportionate consolidation. Some entities only have interests in joint ventures and only use proportionate consolidation. Adopting AASB 11 will cause them to use equity accounting and will result in a different presentation in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

- AASB 12 Disclosure of Interests in Other Entities (applicable for annual reporting periods commencing on or after 1 January 2013) provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.

- AASB 13 Fair Value Measurement (applicable for annual reporting periods commencing on or after 1 January 2013) consolidates the measurement and disclosure requirements in respect of fair values into one standard. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)".

The consolidated entity does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

e. Basis of consolidation

The consolidated financial statements comprise the financial statements of Motopia Limited and its subsidiaries ('the Group') as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

f. Segment reporting

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Board of Directors and the Executive Management Team (the chief operating decision makers).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the Group's other components) whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments, assess its performance and for which discrete financial information is available.

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

g. Foreign currency translation

i. Functional and presentation currency

Both the functional and presentation currency of Motopia Limited and its Australian subsidiaries are Australian dollars ($).

The functional currency of the foreign subsidiaries Medic Vision UK is Great British Pounds, for Medic Vision Pte Ltd is Hong Kong Dollars, for Zeal Entertainment International Pte Ltd is Singapore Dollars and for Motopia Corporation USA LLC is United States Dollars.

The assets and liabilities of the foreign entities are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of these foreign entities are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency in equity.

ii. Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

h. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

i. Trade and other receivables

Trade receivables, which generally have 14 - 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be considered doubtful.

Bad debts are written off when identified as uncollectible.

j. Investments and other financial assets

Investments and other financial assets are measured at either fair value through profit or loss, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

iii. Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

iv. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the Financial Statements (cont….)

v. Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

k. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their estimated useful lives. The depreciation rates used are as follows:

Class of Fixed Asset	Depreciation Rate
Computer Equipment	33%
Furniture and Fittings	20%
Website development costs	33%
Plant and equipment	10-33%
Leasehold Improvements	20%

vi. Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement in the depreciation and amortisation expenses.

ii. De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

m. Goodwill and intangibles

vii. Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Segment Reporting .

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

viii. Intangible assets

Intangible assets acquired as part of a business combination, other than Goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are subsequently measured at cost less any accumulated amortisation and any accumulated impairment. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment annually or whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

n. Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Interest- bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

p. Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ix. Wages, 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 current liabilities in respect of employees' services up to the reporting date. They 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 are measured at the rates paid or payable.

x. 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. Consideration is given to expected future wage and salary levels, 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 currencies that match, as closely as possible, the estimated future cash outflows.

xi. Superannuation

Payments are made to employee defined contribution superannuation plans and are charged as expenses when incurred. The Group and its controlled entities have no legal obligation to cover any shortfall in the plan's obligation to provide benefits to employees on retirement.

q. Share-based payment transactions

xii. Equity settled transactions:

The Group provides benefits in the form of share-based payments to all employees. To date however, only key management personnel of the Group have benefited from this plan. These KMP's render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one plan in place to provide these benefits:

• the Employee Share Option Plan (ESOP), which provides benefits to key management personnel.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for options granted are determined by using the Black Scholes model or determined by an external valuer using a binomial model, further details are given in Note 19.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Motopia Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting date has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 9).

r. Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

s. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

xiii. Rendering of Services

Rendering of services revenue from the development of mobile applications is recognised by reference to the stage of completion of the development work. Stage of completion is measured by reference to an estimate of hours worked to date as a percentage of the total estimated hours for each sales contract.

Rendering of services from the distribution of licensed content and distribution of faxed marketing are recognised on completion of the delivery of the service.

xiv. Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

v. Other income

Other income is recognised when it is received.

t. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

• when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

• when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

• when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements (cont….)

Tax consolidation legislation

Motopia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Motopia Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group has applied the “separate tax payer within the group approach” in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Motopia also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

u. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

• when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

v. Earnings per share

Basic earnings per share is calculated by dividing the net profit/loss attributable to members of Motopia Limited, excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share is calculated as net profit/loss attributable to members of the Motopia Limited, adjusted for:

• costs of servicing equity (other than dividends) and preference share dividends;

• the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

• other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

w. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to continually make judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and Intangibles

The Group tests annually or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangibles have suffered any impairment, in accordance with the accounting policy stated in note m above. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill, is discussed in Note 16.

(ii) Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The useful lives could change significantly as a result of some event. The depreciation and amortisation charge will increase where the useful lives are less than previously determined or non-strategic assets that have been abandoned or soled will be written off or written down in full.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value options granted is determined by using the Black Scholes model using the assumptions included in Note 19.

(iv) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. 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 taxes due on the current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(v) Recovery of deferred tax assets

Deferred tax assets for deductible temporary differences have not been recognised as management considers that it is not currently probable that future taxable profits will be available to utilise the temporary differences.

x. Impairment of assets

(i) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(ii) Other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

y. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred and/or liabilities incurred by the acquirer. All acquisition costs are expenses as incurred to profit and loss.

On acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification in accordance with the contractual terms, economic conditions, the Group's accounting policies and other pertinent conditions in existence at the acquisition date.

The difference between the acquisition date fair value of assets acquired and liabilities assumed and the fair value of the consideration paid is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 3 Financial risk management objectives and policies

The Group's principle financial instruments comprise receivables, payables and cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for credit allowances, and future cash flow forecast projections. The Chief Financial Officer reports to the Board on a monthly basis.

Risk Exposures and Responses

Interest rate Risk

The Group's exposure to market interest rate related primarily to the Group's cash deposits.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	Consolidated	
	2011	2010
	$	$
Financial Assets		
Cash & cash equivalents	264,610	484,328
Trade receivables	820,244	-
Financial Liabilities		
Trade payables	541,883	-
Net	1,626,737	484,328

The directors have reviewed the Groups exposure to interest rate risk and do not consider it to be significantly impacted by sensitivity to interest rate movements.

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rates fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The group has exposure to foreign currency risk through its global operations. The group mitigate the risk by completing the foreign currency transactions on a timely basis to reduce exposure to movements in exchange rates.

At 30 June 2011, the Group had the following exposure to foreign currency that is not designated in cash flow hedges:

	Consolidated	
	2011	2010
	AU$	AU$
Financial Assets		
Cash & cash equivalents - GB£	5,711	72
Cash & cash equivalents – US$	6,464	2,382
Cash & cash equivalents – Euro$	2,203	-
Trade and other receivables – Euro	73,952	3,343
Trade and other receivables – US$	42,601	-
Trade and other receivables – GB£	10,784	-
Trade and other receivables – RAND	143,300	-
Trade and other receivables – MYR	-	47,128
Financial Liabilities		
Trade and other payables - GB£	(20,179)	(21,859)
Trade and other payables – US$	(29,556)	(3,199)
Trade and other payables - Euro	(27,917)	(28,165)
Trade and other payables - RAND	(65,427)	-
Net exposure	141,936	(298)

The directors have reviewed the Group's exposure to foreign exchange currency risk and do not consider it to be significantly impacted by sensitivity to foreign exchange rate movements at this time.

Price Risk

The Group had no significant price risk at either 30 June 2011 or 30 June 2010.

Credit Risk

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

Fair value

The method for estimating fair value is outlined in the relevant notes to the financial statements.

Note 4 Revenue

		Consolidated 2011 $	2010 $
4a	**Interest revenue**		
	Other	3,912	13,135
	Less: Interest revenue from discontinued operations	(70)	(776)
		3,842	12,359
4b	**Other Income**		
	Other	18,377	8,586
	Less: Other Income from discontinued operations	-	(8,586)
		18,377	-

Note 5 Expenses

			Consolidated 2011 $	2010 $
5a	**Cost of goods sold and services rendered**			
	Cost of goods		-	217,594
	Cost of rendering services		1,468,612	294,852
	Less: Cost of goods sold and services rendered from discontinued operations		-	(228,121)
			1,468,612	284,325
5b	**Employee benefits expense**			
	Salaries		1,057,252	136,250
	Superannuation		72,063	22,081
	Termination Payment and Other		188,412	129,709
	Add/(Less): Employee benefits expense from discontinued operations		(10,000)	46,224
			1,307,727	334,264
5c	**Depreciation, amortisation & impairment**			
	Depreciation		208,316	160,040
	Amortisation		223,486	109,829
	Impairment charges		12,820,839	-
	Less: Depreciation, amortisation & impairment related to discontinued operations		(179,352)	(251,226)
			13,073,289	18,603
5d	**Directors expenses and fees**			
	Salary or base fee		483,028	-
	Other fees		148,602	19,854
	Superannuation		32,643	-
	Share based equity		528,890	-
			1,193,163	19,854
5e	**Other expenses**			
	Advertising and marketing		12,893	2,659
	Bad debt expense		141,469	-
	Capital raising expense		25,370	-
	Computer consumables		17,913	-
	Domain names		26,208	-
	Hosting expense		61,207	-
	Insurance		17,962	3,474
	Recruitment costs		31,691	-
	Software support & maintenance		54,255	-
	Other expenses		150,548	14,569
	Other expenses from discontinued operations	7(b)	114,277	7,641
			653,793	28,343

Note 6 Income Tax Expense

The consolidated entity and parent have not recognised any deferred tax assets or liabilities in respect to the current year. (2010: nil)

There are unrecognised deferred tax assets arising from tax losses. The benefit of losses is not brought to account as realisation is not currently regarded as probable. These losses will only be available for recoupment if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Tax Consolidation

Motopia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group from 1 July 2006 under the tax consolidation regime. Motopia Limited is the head entity of the consolidated group.

		Consolidated Group	
		2011	2010
		$	$
(a)	Reconciliation between prima facie tax on loss from ordinary activities to statutory income tax expense		
	Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2010: 30%)	(4,904,438)	(324,640)
	Add:		
	Tax effect of:		
	Non-deductible items		
	Other	-	64,783
	Legal fees	180,000	60,000
	Write off goodwill	3,768,252	-
	Impairment of assets	106,346	3,815
	Share based payments	86,667	141,271
		4,141,265	269,869
		763,173	(54,771)
	Less:		
	Tax effect of:		
	Losses Carried Forward Not Recognised	763,173	54,771
	Income tax expense	-	-
(b)	The Directors estimate that the potential deferred tax asset in respect of tax losses not brought to account is:	3,662,664	2,899,491
	A full assessment of the availability of these losses to the company has not been made.		

The tax losses identified above have been estimated on the basis of available information. It has not been determined if the company has met the continuity of ownership test to enable all or part of these losses to be utilised.

Note 7 Discontinued Operations

(a) Shortly after the reporting period the Board conducted a strategic review of its operations and found that the financial performance of cBox was unsatisfactory and placing pressure on operating cashflows. The business was operating in a volatile market making it difficult for management to achieve any real growth and profitability in this segment. Furthermore, the DNCR (Do Not Call Register) legislation severely impacted new revenue streams to the business. The level of investment required to turn around the business would have diverted valuable resources from the Group's core activities and therefore the Board decided to dispose of this business and on the 7th August 2011, control of cBox was passed to the acquirer. At the date of the disposal, the Company had negative net assets. The consolidated entity will record a gain on disposal in the 2012 financial year of approximately $70k.

As the decision to dispose of this business had not been made at 30 June 11 this business has not been restated to reflect the discontinued operation in the Statement of Comprehensive Income and the Statement of Financial Position as at 30 June 2011.

The Statement of Financial Performance and Statement of Cash Flows for the financial year ended 30 June 2011 and the Statement of Financial Position as at 30 June 2011 for cBox Pty Ltd are shown below.

cBox Pty Ltd was purchased by the Parent entity in January 2010, the comparatives therefore reflect six months operations.

Statement of Financial Performance
For the year ended 30 June

	2011 $	2010 $
Revenue from rendering of services	898,492	711,436
Other Income	7,148	-
Total revenue	**905,640**	**711,436**
Cost of services rendered	(616,974)	(284,326)
Advertising and marketing	(12,147)	(1,978)
Employee benefits expenses	(394,995)	(154,024)
Depreciation	(9,107)	(1,990)
Amortisation and impairment charges	-	(12,715)
Legal and other professional fees	(43,313)	(41,182)
Occupancy expenses	(14,401)	(785)
Telecommunication	(11,500)	(26,732)
Travel expense	(29,035)	(836)
Other expenses (i)	72,586	(25,910)
Profit/(Loss) before income tax	**(153,245)**	**160,958**
Income Tax Expense	-	-
Profit/(Loss) from discontinued operations	**(153,245)**	**160,958**

(i) The parent entity has forgiven the outstanding loan balance as at 30 June 2011 which totalled $216,020.

Statement of Financial Position
As at 30 June

	2011 $	2010 $
Assets		
Current assets		
Cash and cash equivalents	81,974	118,368
Trade and other receivables	131,579	327,849
Other current assets	1,190	1,190
Total current assets	214,742	447,407

Note 7 Discontinued Operations (cont….)

Non-current assets		
Property, plant and equipment	22,845	7,243
Total non-current assets	22,845	7,243
Total assets	**237,587**	**454,650**
Current liabilities		
Trade and other payables	215,813	218,362
Provision for annual leave	14,836	-
Total current liabilities	230,649	218,362
Non-current liabilities		
Loan payable	-	75,000
Provision for long service leave	1,061	-
Total non-current liabilities	1,061	75,000
Total liabilities	**231,710**	**293,361**
Net assets	**5,878**	**161,288**
Equity		
Issued capital	1,000	1,000
Retained profits	4,878	160,288
Total equity	**5,878**	**161,288**

Cash Flow Information

	Consolidated	
	2011 $	2010 $
Net cash from / (used in) operating activities	(61,738)	110,662
Net cash from / (used in) investing activities	-	-
Net cash from / (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents from discontinued operations	**(61,738)**	**110,662**

(b) During the 09/10 financial year, management conducted a strategic review and decided to discontinue and to sell the operations of the following entities/business assets:

i) Medic Vision Health Pty Ltd
ii) Medic Vision Pte Ltd
iii) Medic Vision Ltd (UK)
iv) Red Paragon Pty Ltd

A combined statement of financial performance for the financial year ended 30 June 2011 and 30 June 2010 and a combined statement of financial position as at 30 June 2011 and 30 June 2010 for these entities are shown below.

Note 7 Discontinued Operations (cont….)

Statement of Financial Performance
For the Year Ended 30 June

	Consolidated 2011 $	Consolidated 2010 $
Revenue from sale of goods	-	336,026
Revenue from rendering of services	-	24,779
Finance revenue	70	776
Other Income	-	8,586
TOTAL REVENUE	**70**	**370,167**
Cost of goods sold	-	(228,121)
Employee benefits expenses	10,000	46,224
Depreciation, amortisation and impairment charges	(179,352)	(251,226)
Consulting fees	-	(12,080)
Legal and other professional fees	-	(35,035)
Regulatory listing fees	612	502
Occupancy expenses	5,046	(13,712)
Travel expense	-	(20,156))
Finance costs	-	(9,549)
Other expenses	(114,277)	7,642
Loss before income tax	**(277,901)**	**(145,384)**
Income Tax Expense	-	-
Loss from discontinued operations	**(277,901)**	**(145,384)**

Statement of Financial Position
As at 30 June 2011

		Consolidated 2011 $	Consolidated 2010 $
Assets			
Current assets			
Cash and cash equivalents	(10)	25,876	44,468
Trade and other receivables	(11)	2,362	99,115
Inventories		-	71,969
Other current assets	(14)	-	8,535
Total current assets		28,241	224,087
Non-current assets			
Property, plant and equipment	(15)	-	179,355
Total non-current assets		**-**	**179,355**
Total assets		**28,241**	**403,442**
Current liabilities			
Trade and other payables	(17)	80,275	220,052
Total current liabilities		80,275	220,052
Non-current liabilities			
Other liabilities		-	192,795
Total non-current liabilities		-	192,795
Total liabilities		**80,275**	**412,847**
Net assets		**(52,034)**	**(9,405)**

Note 7 Discontinued Operations (cont….)

Equity		
Issued capital	1,668,433	1,668,433
Reserves	(7,998)	(39,530)
Accumulated losses	(1,712,468)	(1,638,308)
Total equity	**(52,034)**	**(9,405)**

Cash flow information

	Consolidated	
	2011	2010
	$	$
Net cash from / (used in) operating activities	(8,235)	178,730
Net cash from / (used in) investing activities	-	-
Net cash from / (used in) financing activities	-	(348,982)
Net increase / (decrease) in cash and cash equivalents from discontinued operations	**(8,235)**	**(170,252)**

Note 8 Auditor's Remuneration

	Consolidated Group	
	2011	2010
	$	$
Remuneration of the auditor of the parent entity for:		
- Auditing or Reviewing the Financial Report	92,850	50,000
- Other services	-	-
	92,850	**50,000**

There were no non-audit services provided during the reporting period (2010: Nil).

Note 9 Earnings per Share

Basic earnings or loss per share are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings or loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Consolidated	
	2011	2010
	$	$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Loss after income tax expense from continuing operations	(16,348,126)	(941,520)
Loss after income tax expense from discontinued operations	(277,901)	(145,384)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	317,343,074	145,818,271

Potential changes from share options are excluded from the calculation of diluted EPS because they are anti-dilutive

Note 10 Cash and Cash Equivalents

		Consolidated 2011 $	2010 $
Cash at bank and in hand		264,610	439,860
Add: Cash and cash equivalents included in discontinued operations	7(b)	25,876	44,468
		290,486	484,328

Reconciliation to Statement of Cash flows
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents in statement of cash flows	290,486	484,328

Note 11 Trade and Other Receivables

		Consolidated 2011 $	2010 $
Current			
Trade receivables		820,244	350,013
Less: Provision for impairment of receivables (a)		(4,829)	(1,378)
		815,415	348,635
Other receivables		81,195	-
Dutchess commitment fee (i)		150,000	-
Prepaid borrowing costs		150,000	-
Goods and Services Tax		-	126,618
Less: Trade and other receivables from discontinued operations	7(b)	(2,365)	(99,115)
		1,194,245	376,138

(i) It is the parent entity's intention to drawdown over 50% of the equity facility it has with Dutchess Capital, therefore it is probable that the parent entity will be entitled to receive 50% of the sale value of shares which established the commitment fee.

	Consolidated 2011 $	2010 $
(a) Movements in the provision for impairment of receivables are as follows:		
Opening balance	1,378	1,680
Additional provisions recognised	3,451	(302)
Closing balance	4,829	1,378

At 30 June, the ageing analysis of trade receivables is as follows:

		Total $	0-30 Days	31-60 Days	61-90 Days PDNI*	61-90 Days CI*	+91 Days PDNI*	+91 Days CI*
2011	Consolidated	815,415	232,606	232,071	80,978	-	264,931	4,829
2010	Consolidated	348,635	233,153	-	-	-	114,104	1,378

*Past due not impaired ('PDNI)

*Considered impaired ('CI')

Note 11 Trade and Other Receivables (cont….)

Payment terms on receivables past due and not impaired have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfies that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Related party receivables

For the year ending 30 June 2011 and 30 June 2010 there were no related party receivables.

(c) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 3.

Note 12 Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Percentage Owned (%)*	
Parent Entity:	Country of Incorporation	2011 %	2010 %
Motopia Limited	Australia		
Subsidiaries of Motopia Limited:			
mConnect Pty Ltd (i)	Australia	100%	-
Zeal Entertainment Pty Ltd (i)	Australia	100%	-
Zeal Entertainment International Pte Ltd (i)	Singapore	100%	-
2moro Mobile Pty Ltd (ii)	Australia	100%	-
2play Mobile Pty Ltd (ii)	Australia	100%	-
Pro Fantasy Sports Pty Ltd (iii)	Australia	100%	-
Motopia USA LLC (iv)	United States	100%	-
cBox Pty Ltd (v)	Australia	100%	100%
Medic Vision Health Pty Ltd	Australia	100%	100%
Medic Vision Limited	United Kingdom	100%	100%
Medic Vision Pte Ltd	Hong Kong	100%	100%
Red Paragon Pty Ltd	Australia	96.79%	96.79%
*Percentage of voting power is in proportion to ownership			

(i) Acquisition of mConnect Group of companies

On 9 December 2010 Motopia Limited acquired 100% of the share capital in mConnect Pty Ltd, Zeal Entertainment Pty Ltd and Zeal Entertainment International Pte Ltd.

Further details pertaining to these acquisitions can be found at note 13.

Note 12 Controlled Entities (cont….)

(ii) Acquisition of 2moro Mobile Group of companies

On 1 February 2011, Motopia Limited acquired 100% of the share capital in 2moro Mobile Pty Ltd and 2play Mobile Pty Ltd.

Further details pertaining to these acquisitions can be found at note 13.

(iii) Acquisition of Pro Fantasy Sports Pty Ltd

On 6 May 2011, Motopia Limited acquired 100% of the share capital in Pro Fantasy Sports Pty Ltd.

Further details pertaining to this acquisition can be found at note 13.

(iv) Motopia USA LLC was incorporated on the 13 June 2011.

This company was set up by the Parent to facilitate the payroll to the Groups employees in the United States.

(v) cBox Pty Ltd was disposed of on 7 August 2011.

Further details pertaining to this disposal can be found at note 7.

Note 13 Business Combination

1) On 9 December 2010 Motopia Limited acquired 100% of the share capital in mConnect Pty Ltd, Zeal Entertainment Pty Ltd and Zeal Entertainment International Pte Ltd. The mConnect Group of companies focus on mobile marketing and content distribution across the globe.

Motopia Limited issued 100,000,000 fully paid ordinary shares, 10,000,000 options, paid $2,600,000 cash and has a $400,000 retention liability as consideration for the mConnect Group of companies. All shares issued in relation to the acquisition are held in voluntary escrow for a period of 12 months from the date of issue.

The acquired businesses contributed revenues of $1,402,476 and a loss before tax of $823,896 to the consolidated entity for the period from 9 December 2010 to 30 June 2011.

The fair value of the identifiable assets and liabilities of mConnect Pty Ltd, Zeal Entertainment Pty Ltd and Zeal Entertainment International Pte Ltd at the date of acquisition have been determined as:

	Recognised on acquisition $	Carrying Value $
Cash and cash equivalents	1,558	1,558
Trade receivables	739,340	739,340
Deposits paid	23,751	23,751
Intellectual property	1,000,000	1,000,000
	1,764,649	1,764,649
Trade Payables	706,030	706,030
Other Payable	348,688	348,688
	1,054,718	1,054,718

Note 13 Business Combination (cont….)

Fair value of identifiable net assets	709,931
Net assets acquired	709,931
Cost of the combination:	
Shares issued at fair value	8,000,000
Cash paid	2,600,000
Retention held	400,000
Options to be issued at fair value	355,600
Total cost of the combination	11,355,600
Goodwill on acquisition	10,645,669
Less initial impairment writedown (a)	(3,000,000)
Less further impairment writedown (b)	(7,645,669)
	-
The cash outflow on acquisition is as follows:	
Cash paid	(2,600,000)
Pre-acquisition loan	(100,000)
Net cash acquired with the subsidiaries	1,558
Net consolidated cash out flow	(2,698,442)

(a) During negotiations with the vendors prior to acquisition the Directors of Motopia Limited assessed the value of the mConnect Group. At this time, Motopia's shares were trading at approximately $0.05 cents and the number of shares to be issued was agreed on this basis. Subsequently the Motopia Limited share price increased and at the date of completion was $0.08 cents.

In accordance with accounting standards, $0.08 cents per share issued was used to represent the equity portion of the cost of acquisition however, the directors estimates of the fair value at the time of acquisition, based on the business acquired, was that reflected by a share price of $0.05 cents.

The directors therefore determined that an impairment of $3,000,000 existed at acquisition date and the directors recognised this impairment at the date of acquisition.

(b) The financial performance of the mConnect business since acquisition has been consistently below forecasts. Based on current budgets prepared as part of the strategic review and the removal of non-core and non-profitable parts of the business, the directors consider that the fair values of the identifiable intangible assets carried forward do not exceed their fair value. A number of the assets acquired with mConnect relate to development projects now on hold and as future revenues from such assets are uncertain, they have been impaired. In addition the results achieved by the mConnect businesses do not support the remaining goodwill of $7,645,669, which the directors have determined is impaired at 30 June 2011.

2) On 1 February 2011, Motopia Limited acquired 100% of the share capital in 2moro Mobile Pty Ltd and 2play Mobile Pty Ltd. 2moro Mobile is one of the largest and most trusted mobile app developers in Australia, working closely with major advertising agencies and brands such as Microsoft, Nova and Toyota to deliver many highly successful mobile apps, games and campaigns.

To complete the acquisition, Motopia Limited has issued 10,000,000 fully paid shares as consideration.

The acquired businesses contributed revenues of $288,455 and a loss after tax of $410,918 to the consolidated entity for the period from 1 February 2011 to 30 June 2011.

Note 13 Business Combination (cont….)

The fair value of the identifiable assets and liabilities of 2moro Mobile Pty Ltd and 2play Mobile Pty Ltd at the date of acquisition have been determined as:

	Recognised on acquisition $	Carrying Value $
Cash and cash equivalents	95	95
Trade receivables	132,360	132,360
Sundry debtor	22,459	22,459
Current tax recoverable	11,895	11,895
Intellectual property	461	461
Other assets	167,270	167,270
Trade payables	2,742	2,742
GST payable	30,008	30,008
PAYG payable	64,197	64,197
Superannuation payable	25,202	25,202
	122,149	122,149
Fair value of identifiable net assets	45,121	
Net assets acquired	45,121	
Cost of the combination:		
Shares issued at fair value	920,000	
Total cost of the combination	920,000	
Goodwill on acquisition	874,879	
	874,879	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiaries	95	
Net consolidated cash inflow	95	

3) On 6 May 2011, Motopia Limited acquired 100% of the share capital in Pro Fantasy Sports Pty Ltd. Pro Fantasy Sports has an exclusive two year rights agreement with four prominent AFL players, who will participate in the development of an AFL application.

The consideration paid for Pro fantasy Sports Pty Ltd was 2,000,000 shares at $0.50 cents per share ($0.071 fair value per share).

4) On 8 February 2011, Motopia Limited acquired all the business rights and interests in gaming platform, Fatzoo. The Fatzoo platform allows mobile-to-mobile, web-to-mobile and web-to-web game play.

The consideration paid for Fatzoo was $150,000 cash, plus 1,500,000 shares at $0.40 cents per share ($0.11 fair value per share)

Note 14 Other Current Assets

		Consolidated 2011 $	Consolidated 2010 $
Other Current Assets:			
Rental Bonds		61,629	12,900
Other		1,651	-
Less: Rental bonds in discontinued operations		(2,362)	(8,535)
		60,918	4,365

Note 15 Property, plant and equipment

		Consolidated 2011 $	Consolidated 2010 $
PLANT AND EQUIPMENT			
Plant and equipment:			
At cost		847,684	847,684
Accumulated amortisation		(847,684)	(666,344)
		-	181,340
Leasehold improvements			
At cost		18,427	14,788
Accumulated amortisation		(15,392)	(1,773)
Total leasehold improvements		3,035	13,015
Computer equipment			
At cost		120,596	96,509
Accumulated depreciation		(100,122)	(87,688)
		20,474	8,821
Furniture and fittings			
At cost		2,091	2,091
Accumulated depreciation		(1,033)	(615)
		1,058	1,476
Website development			
At cost		18,991	-
Accumulated depreciation		(4,905)	-
		14,086	-
Total plant and equipment		38,653	204,652
Less: Plant and equipment from discontinued operations	7(b)	-	(179,355)
		38,653	25,297

Note 15 Property, plant and equipment (cont….)

(a) Movements in Carrying Amounts

	Plant and Equipment $	Computer Equipment $	Furniture & Fittings $	Leasehold Improvement $	Website Development $	Total $
Consolidated:						
Balance at 1 July 2009	**415,989**	**24,438**	**-**	**-**	**-**	**440,427**
Additions on acquisition of business	4,400	4,129	1,894	-	-	10,423
Additions	-	4,309	-	14,788	-	19,097
Written-off	(97,092)	(8,163)	-	-	-	(105,255)
Depreciation expense	(141,957)	(15,892)	(418)	(1,773)	-	(160,040)
Balance at 30 June 2010	**181,340**	**8,821**	**1,476**	**13,015**	**-**	**204,652**
Additions	-	24,087	-	3,639	18,991	46,717
Written-off	(4,400)	-	-	-	-	(4,400)
Depreciation expense	(176,940)	(12,434)	(418)	(13,619)	(4,905)	(208,316)
Balance as at 30 June 2011	**-**	**20,474**	**1,058**	**3,035**	**14,086**	**38,653**

Note 16 Intangible assets

	Consolidated 2011 $	Consolidated 2010 $
Goodwill – at cost (cBox Pty Ltd)	1,915,170	1,907,670
Less: Impairment	(1,915,170)	-
Goodwill – at cost (mConnect Group)	10,645,669	-
Less: Impairment	(10,645,669)	-
Goodwill – at cost (2moro & 2play Mobile Pty Ltd)	875,008	-
Less: Impairment	-	-
Fatzoo IP– at cost	318,255	-
Less: Accumulated amortisation (i)	-	-
Pro Fantasy Sports IP– at cost	142,000	-
Less: Accumulated amortisation (i)	-	-
Lemon & Lime platform – at cost	6,769	-
Less: Accumulated amortisation	(672)	-
Ultimate playbook – at cost	8,500	-
Less: Accumulated amortisation (i)	-	-
D2C platform – at cost	740,000	-
Less: Accumulated amortisation	(222,814)	-
mOne platform – at cost	260,000	-
Less: Impairment (ii)	(260,000)	-
Total intangibles	**1,867,046**	**1,907,670**

Note 16 Intangibles (cont….)

(i) As at 30 June 2011, these assets are in development stage and expected to be launched in the calendar year 2011. Amortisation is to commence from the date of launch.

(ii) An impairment of $260,000 has been recorded against the mOne platform following the strategic review whereby it was determined that this asset would be put on hold as current economics did not support ongoing development.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Software $	Total $
Balance at 1 July 2009	1,907,670	-	**1,907,670**
Amortisation expense	-	-	**-**
Balance at 30 June 2010	**1,907,670**	**-**	**1,907,670**
Additions through business combinations	11,520,677	1,475,524	**12,996,201**
Further goodwill acquired in cBox Pty Ltd	7,500	-	**7,500**
Impairment of assets	(12,560,839)	(260,000)	**(12,820,839)**
Amortisation expense	**-**	(223,486)	**(223,486)**
Balance at 30 June 2011	**875,008**	**992,038**	**1,867,046**

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	2011 $	2010 $
Digital marketing	-	1,907,670
Mobile marketing solutions	-	-
App development	875,008	-
	875,008	**1,907,670**

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management, using a growth rate of 2% for the first and second year only, which is quite conservative.

The following key assumptions were used in the discounted cash flow model for the app development segment:

a) 20% pre-tax discount rate;
b) 2% implicit growth rate is assumed

Note 17 Trade and Other Payables

		Consolidated 2011 $	Consolidated 2010 $
Current			
Unsecured liabilities			
Trade payables		541,883	266,797
Deferred revenue		171,020	-
Sundry payables and accrued expenses		540,123	401,440
		1,253,026	668,237
Less: Liabilities from discontinued operations	7(b)	(80,275)	(412,847)
		1,172,751	255,390

Note 18 Provisions for Employee Benefits

Current	2011 $	2010 $
Short-Term Employee Entitlements		
Annual Leave	102,925	7,988

Non-current	Consolidated 2011 $	Consolidated 2010 $
Long-Term Employee Entitlements		
Long Service Leave	5,122	-

Analysis of Total Provisions	Consolidated 2011 $	Consolidated 2010 $
Current	102,925	7,988
Non-current	5,122	-
Provision for Employee Entitlements	**108,047**	**7,988**

Note 19 Contributed Equity

	Consolidated 2011 $	Consolidated 2010 $
Ordinary shares	39,245,128	23,693,837
Ordinary shares to be issued (i)	-	607,500
Options over shares - reserve	805,044	1,635,015
	40,050,172	**25,936,352**

Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and moneys paid up on shares held. The fully paid ordinary shares have no par value.

Ordinary shareholders are entitled to one vote, either in person or by proxy at a meeting of the Company.

Note 19 Contributed Equity (cont….)

Options
Option holders do not have the right to receive a dividend and are not entitled to vote at a meeting of the Company. Options may be exercised at any time from the date they vest to the date of their expiry. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

The options issued during the year were valued using the black-scholes option pricing model with an exercise price of $0.15 cents, share price at grant date of $0.085 cents, time to expiry 2.89 years, share price volatility of 100%, a dividend yield of nil and a risk free interest rate of 6%.

The options issued during the prior year were valued using the black-scholes option pricing model with an exercise price of $4.5 cents, share price at grant date of $3.4 cents, time to expiry 3.04 years, share price volatility of 54%, a dividend yield of nil and a risk free interest rate of 4.92%.

Ordinary Shares	2011		2010	
	No. Shares	$	No. Shares	$
Opening balance	**206,555,788**	**23,693,837**	**106,408,959**	**21,074,922**
Acquisition of cBox Pty Ltd	-	-	45,850,000	1,375,500
Acquisition of 9.29% shares in Red Paragon Pty Ltd	-	-	2,000,000	60,000
Issued to creditors in lieu of settlement	2,585,294	138,037	4,384,479	96,181
Issued to directors and employees	3,000,000	240,000	9,213,350	313,254
Rights issue and share placements	74,028,001	4,819,321	-	-
Transactions costs related to share issue	-	(48,410)	-	-
Shares issued on conversion of convertible notes	3,750,000	75,000	38,699,000	773,980
Shares issued during the period for acquisition of cBox	18,000,000	532,500	-	-
Acquisition of mConnect Group of companies 14(1)	100,000,000	8,000,000	-	-
Acquisition of 2moro Mobile and 2play Mobile Pty Ltd 14(2)	10,000,000	920,000	-	-
Acquisition of Pro Fantasy Sports Pty Ltd 14 (3)	2,000,000	142,000	-	-
Acquisition of Fatzoo gaming platform 14(4)	1,500,000	165,000	-	-
Shares issued under Finance Facility	5,624,337	368,100	-	-
Shares issued on the exercise of options	3,500,000	157,500	-	-
Closing balance	**430,543,420**	**39,202,885**	**206,555,788**	**23,693,837**
Shares to be issued				
Convertible note	-	-	3,750,000	75,000
Contingent consideration – cBox Pty Ltd	-	-	18,000,000	532,500
	-	**-**	**21,500,000**	**607,500**
Option Reserve				
Opening balance	**19,750,173**	**1,635,015**	**16,250,173**	**1,532,428**
Transfer of expired options to accumulated losses	-	(1,432,218)	-	-
Transfer of exercised options to share capital	(3,500,000)	(42,243)	-	-
Issues of options during the year	-	-	8,500,000	102,587
Issue of options to directors	7,000,000	288,890	-	-
Issue of options for the acquisition of mConnect group	10,000,000	355,600	-	-
Expired during the period	-	-	(5,000,000)	-
Closing balance	**33,250,173**	**805,044**	**19,750,173**	**1,635,015**
Transfer of premium on exercised options from option reserve	-	42,243	-	-
Opening balance				
Transfer to issues capital on conversion	-	-	-	23,260
Closing balance	-	-	-	(23,260)
Total Contributed Equity		**40,050,172**		**25,936,352**

Note 19 Contributed Equity (cont….)

Options on issue at 30 June 2011

Details	No.	Expiry date	Exercise price $	Fair value $
Issued to Directors	500,000	28 February 2012 (i)	$0.20	6,866
Issued to Directors	2,000,000	30 November 2012(i)	$0.177	17,844
Issued to Directors	5,000,000	31 November 2012(i)	$0.045	60,344
Issued to consultants	2,075,000	17 January 2012(ii)	$0.20	75,500
Issued options to under capital raising	6,675,173	17 January 2012(ii)	$0.20	-
Issued as consideration for mConnect group of companies	10,000,000	13 March 2013	$0.20	355,600
Issued to Directors	7,000,000	30 November 2013	$0.15	288,890
	33,250,173			**805,044**

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation. Consideration received on the exercise of options is recognised as contributed equity.

Further information on the options and remuneration of Key management personnel is set out in the Directors' Report.

Accumulated losses

	Consolidated 2011 $	Consolidated 2010 $
Accumulated losses at the beginning of the financial year	(23,401,550)	(22,276,563)
Loss after income tax expense for the year	(16,623,146)	(1,082,137)
Transfer of premium on expired options	1,432,218	-
Accumulated losses at the end of the financial year	(38,592,478)	(23,401,550)

Note 20 Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange difference arising on translation of foreign controlled subsidiaries.

Note 21 Capital and Leasing Commitments

	Consolidated 2011 $	Consolidated 2010 $
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
– not later than 12 months	71,474	38,100
– between 12 months and 5 years	39,649	41,275
	111,123	79,375

Note 21 Capital and Leasing Commitments (cont….)

Both mConnect Pty Ltd and 2moro Mobile Pty Ltd had entered into leases to rent premises prior to their acquisition by Motopia Limited.

mConnect Pty Ltd entered into a lease for 18 months, commencing 1 November 2010 and expiring 30 April 2012 at a rate of $20,000 per annum plus GST. The lease contains an option to extend the term of the lease.

2moro Mobile Pty Ltd had entered into a lease for 24 months, commencing 15 November 2010 and expiring 12 November 2012 at a rate of $5,652 per annum plus GST, with an annual increase of CPI+1%. The lease contains an option to extend the term of the lease.

On 20 June 2011, Motopia USA LLC entered into a lease for 24 months, commencing 1 July 2011 and expiring 30 June 2013 at a rate of $29,155 per annum for the first twelve months and $30,030 per annum for the remainder of the lease.

Note 22 Segment Reporting

Motopia has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, Chief Executive Officer and the senior management team in assessing the performance and in determining the allocation of resources.

Motopia identified four business segments for the financial year ended 30 June 2011:

Digital marketing – messaging, media and direct marketing solutions

Mobile marketing Solutions – mobile marketing solutions provider

App Development – the development of mobile and tablet applications

Discontinued operations – supply and development of medical and surgical tools in Australia, United Kingdom and Asia

The following table presents the revenue and result information regarding business segments for the financial year ended 30 June 2011:

Note 22 Segment Reporting (cont….)

	Digital Marketing 2011 $	Mobile Marketing Solutions 2011 $	App Development 2011 $	Discontinued Operations 2011 $	Consolidated Total 2011 $
Revenue					
Sales to external customers	898,492	1,402,476	288,454	-	2,589,422
Total segment revenue	898,492	1,402,476	288,454	-	2,589,422
Finance revenue					3,842
Unallocated revenue					18,377
Total revenue per statement of comprehensive income					**2,611,641**
Result					
Segment result	(144,139)	(355,984)	(408,907)	(98,549)	(1,007,579)
Depreciation & amortisation	(9,107)	(222,814)	(2,011)	(179,352)	(432,399)
Employee expenses					(1,091,941)
Legal & other professional fees					(370,650)
Regulatory & listing costs					(145,339)
Occupancy expenses					(26,553)
Impairment of Goodwill					(12,560,839)
Impairment of intangible assets					(260,000)
Other expenses					(728,428)
Loss before tax and finance costs					(16,623,728)
Finance costs					(2,298)
Loss before income tax and minority interest					(16,626,026)
Income tax expense					-
Profit/(loss) attributable to minority interest					2,880
Net loss for the year					**(16,623,146)**
Assets					
Segment assets	237,587	1,121,025	332,159	28,241	1,719,013
Unallocated assets					1,734,699
					3,453,712
Liabilities					
Segment liabilities	(231,710)	(457,818)	(406,395)	(80,275)	(1,176,198)
Unallocated liabilities					(713,874)
					(1,890,072)

The following table presents the revenue and result information regarding business segments for the financial year ended 30 June 2010.

	Simulators 2010 $	Skill Centres 2010 $	Digital Marketing 2010 $	Consolidated Total 2010 $
Revenue				
Sales to external customers	336,026	24,779	711,436	1,072,241
Total segment revenue	336,026	24,779	711,436	1,072,241
Non segment revenue				
Other income				8,586
Interest income				13,135
Total revenue per statement of comprehensive income				1,093,962

Note 22 Segment Reporting (cont….)

Result				
Segment result	7,633	5,495	160,958	174,086
Unallocated expense				(1,202,057)
Loss before tax and finance costs				(1,027,971)
Finance costs				(58,933)
Loss before income tax and minority interest				(1,086,904)
Income tax expense				-
Profit/(loss) attributable to minority interest				4,767
Net loss for the year				**(1,082,137)**
Assets				
Segment assets	140,199	-	446,217	586,416
Unallocated assets				454,492
				1,040,908
Liabilities				
Segment liabilities	115,611	-	218,361	333,972
Unallocated liabilities				1,456,095
Unallocated financial liabilities				85,000
				1,875,067

Note 23 Cash Flow Information

	Consolidated	
	2011 $	2010 $
Reconciliation of Cash Flow from Operations with Profit (Loss)		
After Income Tax		
Loss after Income Tax	(16,626,026)	(1,086,904)
Cash flows excluded from loss attributable to operating activities		
Non-cash Flows in Loss		
Amortisation	223,486	-
Impairment charges	12,820,839	-
Depreciation	208,316	160,040
Write off of property, plant and equipment	4,400	105,256
Foreign currency movements	163,081	(2,646)
Share issue costs	65,410	-
Share based payments	666,928	460,687
Non-cash Income	-	102,362
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	(1,108,322)	18,781
(Increase)/decrease in inventories	71,969	-
(Increase)/decrease other current assets	(50,380)	23,389
Increase/(decrease) in trade payables and accruals	639,778	(61,813)
Increase/(decrease) in provisions	629,059	50
Cash used in operations	(2,291,462)	(383,161)

Note 24 Related Party Disclosure

Parent entity

Motopia Limited is the ultimate parent entity.

During the year, the parent entity provided loan funds to its subsidiaries of $1,003,935 (2010: $234,628) which consisted of net cash funding of $1,003,935 (2010: $234,628).

These loans carry no interest charge and have no set date for repayment.

At 30 June 2011, the parent entity forgave the loan to its subsidiary cBox Pty Ltd, as detailed in Note 7.

Subsidiaries

Interests in subsidiaries are set out in note 12.

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in the remuneration report in the directors' report and note 25.

Loan Disclosures

There are no related party loans between the disclosing entity and any key management personnel.

Transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

All intercompany transactions are eliminated on consolidation.

Note 25 Key Management Personnel Disclosures

Directors

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

Mr Jitto Arulampalam	Non-Executive Chairman
Mr Frank Cannavo (resigned 8 August 2011)	Non-Executive Director
Mr Matthew Gerard (resigned 31 August 2011)	CEO and Director
Mr Jason Edwards (resigned 8 August 2011)	Executive Director
Mr Terence Wong (resigned 8 August 2011)	Non-Executive Director
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011)	Executive Director
Mr Vince Leone (resigned 28 July 2010)	CEO and Director

Other key management personnel

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

Ms Veronica Duff (appointed 15 November 2010)	Chief Financial Officer
Mr Justyn Stedwell	Company Secretary

Note 25 Key Management Personnel Disclosures (cont….)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2011 $	2010 $
Short-term employee benefits:		
Cash salary, fees and short-term compensation absences	718,719	373,599
Post-employment benefits:		
Superannuation	39,185	13,487
Share based payments	540,090	378,315
Options	-	-
	1,297,994	**765,401**

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

2011 **Ordinary shares**	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Mr Jitto Arulampalam	2,500,000	-	-	-	2,500,000
Mr Frank Cannavo (resigned 8 August 2011)	9,120,850	-	2,550,000	-	11,670,850
Mr Matthew Gerard (resigned 31 August 2011)	-	-	1,350,000	-	1,350,000
Mr Jason Edwards (resigned 8 August 2011)	8,270,200	-	-	-	8,270,200
Mr Terence Wong (resigned 8 August 2011)	-	-	-	-	-
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011)	-	50,000,000	-	(50,000,000)	-
Mr Vince Leone (resigned 28 July 2010)	7,664,000	-	-	(7,664,000)	-
Key Management Personnel:					
Mr Sean Malatesta (appointed 13 May 2011)	-	-	-	-	-
Ms Veronica Duff (appointed 15 November 2010)	-	-	76,923	-	76,923
Mr Roberto Grande (resigned 12 May 2011)	-	-	-	-	-
Mr Justyn Stedwell	106,668	248,890	26,778	(239,668)	142,668

2010 **Ordinary shares**	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Mr Jitto Arulampalam (appointed 2 September 2009)	-	2,500,000	-	-	2,500,000
Mr Frank Cannavo	3,012,500	908,350	5,200,000	-	9,120,850
Mr Jason Edwards (appointed 2 February 2010)	-	-	8,270,200	-	8,270,200
Mr Vince Leone (resigned 28 July 2010)	859,000	5,805,000	1,000,000	-	7,664,000
Mr Ross Horley (resigned 4 September 2009)	5,213,074	1,886,700	-	(7,099,774)	-
Mr Ratnarajah Navaratnam (resigned 15 July 2009)	-	-	-	-	-
	9,084,574	**11,100,050**	**14,470,200**	**(7,099,774)**	**27,555,050**

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Note 25 Key Management Personnel Disclosures (cont….)

Details of options granted in 2011

No options were granted to any Executive during the 2010 financial year.

2011 **Options over ordinary shares**	Balance at the start of the year	Granted	Exercised	Expired /forfeited /other	Balance at the end of the year
Directors:					
Mr Jitto Arulampalam	2,500,000	3,000,000	-	-	5,500,000
Mr Frank Cannavo (resigned 8 August 2011)	3,500,000	3,000,000	-	-	6,500,000
Mr Matthew Gerard (resigned 31 August 2011)	-	-	-	-	-
Mr Jason Edwards (resigned 8 August 2011)	-	500,000	-	-	500,000
Mr Terence Wong (resigned 8 August 2011)	-	500,000	-	-	500,000
Mr Rob Hoath (appointed 21 January 2011, resigned 2 June 2011)	-	-	-	-	-
Mr Vince Leone (resigned 28 July 2010)	3,500,000	-	-	(3,500,000)	-
Key Management Personnel:					
Ms Veronica Duff (appointed 15 November 2010)	-	-	-	-	-
Mr Justyn Stedwell	-	-	-	-	-
	9,500,000	**7,000,000**	**-**	**(3,500,000)**	**13,000,000**

The options issued during the year were valued using the black-scholes option pricing model with an exercise price of $0.15 cents, share price at grant date of $0.085 cents, time to expiry 2.89 years, share price volatility of 100%, a dividend yield of nil and a risk free interest rate of 6%.

2010 **Options over ordinary shares**	Balance at the start of the year	Granted	Exercised	Expired /forfeited /other	Balance at the end of the year
Directors:					
Mr Jitto Arulampalam (appointed 2 September 2009)	-	2,500,000	-	-	2,500,000
Mr Frank Cannavo	2,500,000	2,500,000		1,500,000	3,500,000
Mr Jason Edwards (appointed 2 February 2010)	-	-	-	-	-
Mr Vince Leone (resigned 28 July 2010)	-	3,500,000	-	-	3,500,000
Mr Ross Horley (resigned 4 September 2009)	3,500,000	-	-	2,500,000	1,000,000
Mr Ratnarajah Navaratnam (resigned 15 July 2009)	-	-	-	-	-
	6,000,000	**8,500,000**	**-**	**4,000,000**	**10,500,000**

The options issued during the prior year were valued using the black-scholes option pricing model with an exercise price of $4.5 cents, share price at grant date of $3.4 cents, time to expiry 3.04 years, share price volatility of 54%, a dividend yield of nil and a risk free interest rate of 4.92%.

Note 26 Parent entity information

As at and throughout, the financial year ended 30 June 2011, the parent company of the Group was Motopia Limited. The results and financial position of the parent entity are detailed below:

Statement of comprehensive income	2011 $	2010 $
Loss after income tax	2,120,956	1,102,476
Total comprehensive income	2,120,956	1,102,476

Note 26 Parent entity information (cont….)

Statement of financial position	2011 $	2010 $
Current assets	396,146	372,956
Non-current assets	1,383,546	2,362,697
Total assets	**1,779,692**	**2,735,653**
Current liabilities	713,804	237,811
Non-current liabilities	101	-
Total liabilities	**713,905**	**237,811**
Equity		
Contributed equity	40,050,172	25,936,352
Reserves		-
Accumulated losses	(38,984,385)	(23,438,510)
Total equity	**1,065,787**	**2,497,842**

Contingencies and commitments

The parent entity has no contingencies or commitments at 30 June 2011 or 30 June 2010.

The following table represents the commitments of the parent entity:

Operating lease commitment	2011 $	2010 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
- Not	-	38,100
- Between 12 months and 5 years	-	41,275
	-	**79,375**

Note 27 Events occurring after the reporting date

The following events occurred after balance date and consequently have not been brought to account at 30 June 2011:

After 30 June 2011 the Board conducted a strategic review of the Group. From this review it was concluded that the cBox business be disposed of as the volatile market it was operating in made it difficult for management to achieve any real growth and profitability in this segment. Additionally, the level of investment required to turn around the business would have diverted valuable resources from the Group's core activities and therefore control of the business was passed to the acquirer on 7th August 2011.

The directors are not aware of any other matters or circumstances that have arisen since 30 June 2010 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

The directors of Motopia Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 9 to 14 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory financial reporting requirements; and

(b) the financial report also complies with International Financial Reporting Standards as issues by the International Accounting Standards Board as disclosed in note 2(c); and

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the directors.

Dated in Melbourne on 30 September 2011

Jitto Arulampalam

Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOTOPIA LIMITED (FORMERLY MEDIC VISION LIMITED)

PKF

Chartered Accountants
& Business Advisers

Report on the Financial Report

We have audited the accompanying financial report of Motopia Limited (formerly Medic Vision Limited), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Motopia Limited (company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

In our opinion:

(a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that for the year ended 30 June 2011 the consolidated entity has incurred a loss of $16,626,026, has net current liabilities of $336,938 and net cash outflows from operating activities of $2,291,462. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Motopia Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

PKF

PKF

R A Dean
Partner

30 September 2011
Melbourne

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GPO Box 5099 | Melbourne | Victoria 3001

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in the Annual Report is as follows. The information is at 20 September 2011.

Number of Holders of Equity Securities

Ordinary Shares 434,736,420; fully paid ordinary shares are held by 1,172 individual shareholders. All ordinary shares carry one vote per share.

Unlisted Options

There are 24,500,000 unlisted options exercisable at various prices with various exercise dates and vesting condition. Refer to Note 19 for more information.

Distribution of Shareholders	Ordinary	Options
Category (size of holding)		
1 – 1,000	11	0
1,001 – 5,000	64	0
5,001 – 10,000	170	0
10,001 – 100,000	638	0
100,001 – and over	289	8
	1,172	8

Unmarketable parcels: 553

Shareholder Information

20 Largest Shareholders – Ordinary Shares

	Name	Number Held	% of total shares issued
1.	MS WENDY ANTOINETTE SYME	50,637,133	11.65
2.	AREMBEE HOLDINGS PTY LTD <AREMBEE A/C>	50,000,000	11.50
3.	THE GADGET STORE PTY LTD <HOATH FAMILY A/C>	50,000,000	11.50
4.	MINSK PTY LTD	17,761,442	4.09
5.	ROGUE INVESTMENTS PTY LTD	13,150,000	3.02
6.	PESCO INVESTMENTS PTY LTD <LEONE FAMILY A/C>	8,600,000	1.98
7.	MR JASON EDWARDS <POSSUM 3 A/C>	8,270,200	1.90
8.	MR CHRISTOPHER ROBERT ROGERSON <ALMONDBURY A/C>	8,000,000	1.84
9.	PETER O'NEILL	6,500,000	1.50
10.	MR VINCENZO LEONE + MRS ROSA LEONE <PRIMO CAMPO SUPER A/C>	6,344,809	1.46
11.	IVENTURES PTY LTD <OPEN YOUR MIND FAMILY A/C>	5,500,000	1.27
12.	MR MARK LINNEY	5,055,078	1.16
13.	DR INGRID VAN BREMEN	5,000,000	1.15

14.	A & A CANNAVO NOMINEES PTY LTD <ANTHONY MEATS SUPERFUND A/C>	4,646,147	1.07
15.	F & E CANNAVO PTY LTD <FRANCESCO CANNAVO S/FUND A/C>	4,233,334	0.97
16.	MR ROSS ANDREW HORLEY	4,125,055	0.95
17.	SHARE NOMINEES LTD	4,033,466	0.93
18.	MR KEVIN JOHN BURROWS + MRS MARY ANNE BURROWS <BURROWS SUPER FUND A/C>	3,525,892	0.81
19.	YAMBALI PTY LTD <ZEAITER FAMILY A/C>	3,500,000	0.81
20.	MR ANDRE CLAUDE RICHARD	3,300,000	0.76
Totals: Top 20 holders of ISSUED CAPITAL		**262,182,556**	**60.31**
Total Remaining Holders Balance		**172,553,864**	**39.69**

20 Largest Option Holders – Listed Options

	Name	Number of Options Held	% Held of Issued Options
1.	MR DIMITRI JAMES ILIOPOULOS + MISS KYLIE BETH SANDLAND <DIMITRI ILIOPOULOS FUND A/C>	2,432,612	27.80
2.	MR STEVEN BODEY	1,744,395	19.94
3.	MR JAMIE ROBERT BOLTON	800,194	9.14
4.	SUPERSTRUCTURE INTERNATIONAL PTY LTD	500,000	5.71
5.	MR MATTHEW GARY WALLACE	390,000	4.46
6.	MR JEFFREY FRANCIS LAWLER	300,000	3.43
7.	MR JEREMY BOOTH	267,005	3.05
8.	MRS JANICE ELAINE CHISHOLM	220,000	2.51
9.	MR RENARTO FALCONE	200,000	2.29
10.	MR DIMITRI JAMES ILIOPOULOS <XANTHE KLOE LUKAS A/C>	200,000	2.29
11.	MR BIN LIU	180,000	2.06
12.	MR HARIS KHALIQI	137,211	1.57
13.	JKL CORPORATION PTY LTD <JOHN KALPAKIS S/F A/C>	125,000	1.43
14.	CHIPMAN NOMINEES PTY LTD	110,000	1.26
15.	MR PAUL ANDREW JOHNSON	110,000	1.26
16.	CHIPMAN NOMINEES PTY LTD <MONTROSE SUPER FUND A/C>	80,000	0.91
17.	MR MATTHEW ROBERT THORPE	75,000	0.86
18.	MR BRETT DAVID BOTTRELL	71,000	0.81
19.	MR DAVID ANTHONY CHEN	60,000	0.69
20.	A R S K INVESTMENTS PTY LTD <A R S K PROPERTY A/C>	50,000	0.57
Totals: Top 20 holders of OPTION EXPIRING 17-JAN-2012 @ $0.20		**8,052,417**	**92.03**
Total Remaining Holders Balance		**697,756**	**7.97**

Unquoted Equity Securities Holdings Greater than 20 per cent

	Name	Number Held	% of total unlisted options issued
1.	FRANK CANNAVO PTY LTD <F CANNAVO INVESTMENTS A/C>	6,500,000	26.53
2.	AREMBEE HOLDINGS PTY LTD <AREMBEE A/C>	5,000,000	20.40
3.	THE GADGET STORE PTY LTD <HOATH FAMILY A/C>	5,000,000	20.40

Substantial Shareholders

Substantial shareholders in the company are set out below:

	Name	Number Held	% of total shares issued
1.	MS WENDY ANTOINETTE SYME	50,637,133	11.65
2.	AREMBEE HOLDINGS PTY LTD <AREMBEE A/C>	50,000,000	11.50
3.	THE GADGET STORE PTY LTD <HOATH FAMILY A/C>	50,000,000	11.50

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Telephone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
www.computershare.com.au

For change of address, change of name, consolidation of shareholdings, shareholders should contact the Share registry to obtain details of the procedure required for any of these changes.