

## Appendix 4D

### Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	MobileActive Limited
<b>ABN</b>	24 089 805 416
<b>Half Year Period</b>	31 December 2010
<b>Previous Corresponding Reporting Period</b>	31 December 2009

#### Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	4,905	(25.9%)
Loss from ordinary activities after tax attributable to members	(530)	(581.4%)
Net loss for the period attributable to members	(530)	(581.4%)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	N/A	
<b>Total issued and paid up ordinary shares</b>	196,766,683	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
<ul style="list-style-type: none"> <li>• As indicated in the AGM Chairman's Address of November 2010 MobileActive Limited announces a first-half trading loss as a result of the revenue impact and costs associated with compliance and the costs and time required to build revenue from the new business activities. In addition to this, the Company has experienced difficult trading conditions.</li> <li>• Revenue declined by 25.9% to \$4.9 million with regulation and market changes further impacting the premium SMS business.</li> <li>• Advertising costs were cut by 54.3% compared to the prior corresponding period.</li> <li>• The Company has progressed the commercialisation of its new business strategies that provides revenue growth potential.</li> </ul>		
<b>Financial Summary</b>		
<ul style="list-style-type: none"> <li>• Sales Revenue of \$4.9 Million (down 25.9% on previous corresponding period).</li> <li>• Advertising expenses \$1.0 Million (down 54.3% on previous corresponding period).</li> <li>• EBITDA \$496,000 loss from year-earlier \$749,000 profit. Current year includes \$396,000 EBITDA loss consolidated from controlled start up businesses 12Follow Pty Ltd and Topbetta Pty Ltd.</li> <li>• Group Net Loss after Tax of \$530,000 (\$110,000 profit in prior corresponding period).</li> <li>• Cash at Bank of \$0.49 million at 31 December 2010</li> <li>• Loan facility drawn down \$200,000 at 31 December 2010 (at 28 February 2011 remains at \$200,000).</li> </ul>		

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2010.

**Directors**

The names of directors who held office during or since the end of the half-year:

David Andrew Haines	Non-executive Chairman
Christopher Thorpe	Chief Executive Officer
Gavin Whyte	Non-executive director
Drew Kelton	Non-executive director

**Review of Operations**

As indicated in the AGM Chairman's Address of November 2010 MobileActive Limited announces a first-half Net Loss After Tax of \$530,000 as a result of the revenue impact and costs associated with compliance and the costs and time required to build revenue from the new business activities. In addition to this, the Company has experienced difficult trading conditions.

First-half revenue declined 25.9% to \$4.9 million with regulation and market changes further impacting the premium SMS business. The Company has continued its cautionary approach to advertising expenditure, decreasing its spending by 54.3% compared to the prior corresponding period.

The Company is successfully progressing the commercialisation of recent business initiatives that are expected to provide revenue growth potential.

The Group's consolidated EBITDA loss of \$496,000, (prior year corresponding period \$749,000 profit) reflects the further impact on the premium SMS retail business trading environment. The consolidated EBITDA loss includes a combined \$396,000 EBITDA loss from the 50.1% owned start up businesses 12Follow Pty Ltd and Topbeta Pty Ltd as well as other expenditure incurred on the other start-up businesses.

On 14 September 2010, the Company announced that it had raised \$300,000 of new capital by issuing 10,000,000 new shares at 3 cents per share in a private placement and secured a debt facility of up to \$1 million to fund the expansion of new business initiatives. The directors recognise that the successful deployment and commercialisation of the Group's new growth initiatives may require further funding, which is being assessed and will be announced as soon as practicable.

On 20 October 2010, the ACCC commenced proceedings against Global One Mobile Entertainment Pty Limited (Global One) and 6G Pty Limited (6G) alleging contraventions of sections 52, 53(aa), (c) and (e) of the Trade Practices Act in relation to the promotion and supply of mobile telephone services. As at the date of this report, the respondents, Global One and 6G (fully owned subsidiaries of MobileActive Limited) are in the process of defending the allegations.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**Financial Summary**

- Sales Revenue of \$4.9 Million (down 25.9% on previous corresponding period).
- Advertising and marketing expenses \$1.0 Million (down 54.3% on previous corresponding period.)
- EBITDA \$496,000 loss from year-earlier \$749,000 profit. Current year includes \$396,000 EBITDA loss consolidated from controlled start up businesses 12Follow Pty Ltd and Topbeta Pty Ltd.
- Group Net Loss after Tax of \$530,000 (\$110,000 profit in prior corresponding period).
- Cash at Bank of \$0.49 million at 31 December 2010
- Loan facility drawn down \$200,000 at 31 December 2010 (at 28 February 2011 remains at \$200,000).

***Auditor's Declaration***

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2010.

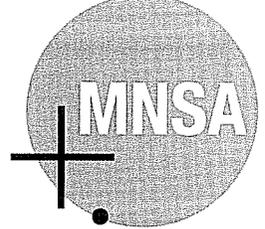
This report is signed in accordance with a resolution of the Board of Directors.



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Chris Thorpe  
Director

Dated this 28th day of February 2011



**MOBILEACTIVE LIMITED ABN 24 089 805 416  
And CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE  
CORPORATIONS ACT 2001  
TO THE DIRECTORS OF MOBILEACTIVE LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

  
MNSA PTY LTD



Phillip Miller  
Director

Dated in Sydney this 28th day of February 2011

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note:	<b>Consolidated Group</b>	
		<b>31.12.10</b>	<b>31.12.09</b>
Revenue		<b>4,904,858</b>	6,619,453
Cost of sales		<b>(517,153)</b>	(734,874)
		<b>4,387,705</b>	5,884,579
Interest income		<b>7,694</b>	16,727
Other income from ordinary activities		-	-
Service providers and commissions		<b>(47,592)</b>	307,549
Administration expenses		<b>(211,087)</b>	(138,744)
Advertising and marketing expenses		<b>(996,625)</b>	(2,182,157)
Finance costs		<b>(6,354)</b>	(1,428)
Depreciation and amortisation		<b>(551,410)</b>	(615,681)
Employee benefits expense		<b>(3,051,248)</b>	(2,328,237)
Occupancy expenses		<b>(157,929)</b>	(133,475)
Operational expenses		<b>(162,647)</b>	(458,113)
Other expenses from ordinary activities		<b>(264,065)</b>	(218,934)
		<b>(1,053,558)</b>	132,086
<b>Profit/(loss) before income tax</b>		<b>(1,053,558)</b>	132,086
Income tax benefit/(expense)		<b>312,199</b>	(21,951)
		<b>(741,359)</b>	110,135
<b>Profit/(loss) for the half- year</b>		<b>(741,359)</b>	110,135
Non controlling interest		<b>211,201</b>	-
<b>Net profit/(loss) for the half- year</b>	2	<b>(530,158)</b>	110,135
<b>Basic earnings per share (cents per share)</b>		<b>(0.28)</b>	0.06
<b>Diluted earnings per share (cents per share)</b>		<b>(0.28)</b>	0.06

The accompanying notes form part of these financial statements.



**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>Consolidated Group</b>	
	<b>31.12.10</b>	<b>30.06.10</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<b>485,139</b>	829,511
Trade and other receivables	<b>1,498,396</b>	1,853,742
Other current assets	<b>512,196</b>	206,448
<b>Total current assets</b>	<b>2,495,731</b>	2,889,701
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	<b>160,211</b>	183,254
Deferred tax assets	<b>1,055,594</b>	743,392
Intangible assets	<b>2,086,893</b>	2,041,663
Other non-current assets	<b>42,525</b>	45,719
<b>Total non-current assets</b>	<b>3,345,223</b>	3,014,028
<b>TOTAL ASSETS</b>	<b>5,840,954</b>	5,903,729
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>1,788,895</b>	1,559,191
Borrowings	<b>29,324</b>	27,854
Short-term provisions	<b>92,313</b>	129,865
<b>Total current liabilities</b>	<b>1,910,532</b>	1,716,910
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	<b>224,060</b>	39,098
<b>Total non-current liabilities</b>	<b>224,060</b>	39,098
<b>TOTAL LIABILITIES</b>	<b>2,134,592</b>	1,756,008
<b>NET ASSETS</b>	<b>3,706,362</b>	4,147,721
<b>EQUITY</b>		
Issued capital	<b>17,173,675</b>	16,873,675
Reserves	<b>526,039</b>	526,039
Accumulated losses	<b>(14,492,375)</b>	(13,962,217)
<b>TOTAL EQUITY</b>	<b>3,207,339</b>	3,437,497
Non-controlling interest	<b>499,023</b>	710,224
	<b>3,706,362</b>	4,147,721

The accompanying notes form part of these financial statements.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Accumulated Losses	Other Reserves	Minority Interest	Total Equity
At 1 July 2009	16,873,675	(14,043,773)	519,202		3,349,104
Profit for period		110,135			110,135
At 31 December 2009	<u>16,873,675</u>	<u>(13,933,638)</u>	<u>519,202</u>	<u>0</u>	<u>3,459,239</u>
Recognition of non controlling interest				732,494	732,494
Profit/(loss) for period		(28,579)			(28,579)
Movement in reserves			6,837		6,837
Profit/(loss) attributable to non controlling interest				(22,270)	(22,270)
At 30 June 2010	<u>16,873,675</u>	<u>(13,962,217)</u>	<u>526,039</u>	<u>710,224</u>	<u>4,147,721</u>
Issued Capital	300,000				300,000
Profit/(loss) for period	-	(530,158)			(530,158)
Profit/(loss) attributable to non controlling interest				(211,201)	(211,201)
At 31 December 2010	<u>17,173,675</u>	<u>(14,492,375)</u>	<u>526,039</u>	<u>499,023</u>	<u>3,706,362</u>

The accompanying notes form part of these financial statements.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**CONSOLIDATED STATEMENT OF OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>Consolidated Group</b>	
	<b>31.12.10</b>	<b>31.12.09</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	<b>4,954,456</b>	6,858,294
Payments to suppliers and employees	<b>(5,216,195)</b>	(6,594,944)
Interest received	<b>7,694</b>	16,727
Finance costs	<b>(6,354)</b>	(1,428)
	<hr/>	<hr/>
<b>Net cash (used in) / provided by operating activities</b>	<b>(260,399)</b>	278,649
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for purchases of plant and equipment	<b>(32,949)</b>	(128,482)
Payments for purchases of intangible assets	<b>(537,455)</b>	(580,340)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(570,404)</b>	(708,822)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<b>300,000</b>	-
Repayment of borrowings	<b>(13,569)</b>	-
Proceeds from borrowings	<b>200,000</b>	79,840
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>486,431</b>	79,840
<b>Net decrease in cash held</b>	<b>(344,372)</b>	(350,333)
<b>Cash at beginning of half-year</b>	<b>829,511</b>	1,243,814
	<hr/>	<hr/>
<b>Cash at end of half-year</b>	<b>485,139</b>	893,481
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The accompanying notes form part of these financial statements.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MobileActive Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

**Accounting Standards not previously applied**

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

*Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the separate income statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and

*Operating Segments*

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash-generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

a. Opening Balance Adjustment

In accounting for the acquisition of the ownership interest in 12Follow Pty Ltd and Topbetta Pty Ltd, a contingent consideration has been recognised. The recipient of the contingent consideration is the acquired entities and the non-controlling shareholders will benefit from the investment.

Based on the substance of the agreement, the contingent consideration was reclassified from liabilities and corresponding adjustment to the goodwill and non-controlling interest in equity.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**NOTE 2: PROFIT FOR THE PERIOD**

	<b>Consolidated Group</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$'000</b>	<b>\$'000</b>
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Release of prior period provision	-	400,000

**NOTE 3: OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The Group operates predominantly in one business segment being mobile phone entertainment, content and services sector.

The Group develops, aggregates, markets and distributes a range of mobile phone entertainment and services including content such as games, video, music, graphics, information and applications and services including loyalty and reward, user generated content, quiz and challenge, mobile marketing and social networking systems.

**(i) Revenue by geographical region**

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	<b>For the six months ended 31.12.2010</b>	<b>For the six months ended 31.12.2009</b>
	<b>\$</b>	<b>\$</b>
Australia	4,783,285	6,429,341
European Union	80,156	174,719
Americas	41,417	15,393
<b>Total revenue</b>	4,904,858	6,619,453

**(ii) Assets by geographical region**

The location of segment assets is disclosed below by geographical location of the assets:

	<b>Balance as at 31.12.2010</b>	<b>Balance as at 30.6.2010</b>
	<b>\$</b>	<b>\$</b>
Australia	5,794,747	5,803,156
European Union	41,276	75,663
Americas	4,931	24,910
<b>Total assets</b>	5,840,954	5,903,729

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**NOTE 4: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the end of the last annual reporting period.

**NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent periods.

**MobileActive Limited ABN 24 089 805 416  
and Controlled Entities**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

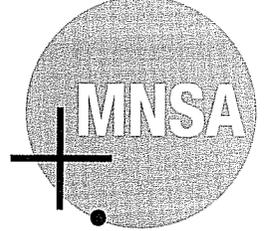
This declaration is made in accordance with a resolution of the Board of Directors.



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Chris Thorpe  
Director

Dated this 28th day of February 2010



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
MOBILEACTIVE LIMITED AND CONTROLLED ENTITIES  
ABN 24 089 805 416**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of MobileActive Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-year Financial Report*

The directors of MobileActive Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of MobileActive Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

#### *Independence*

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

#### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MobileActive Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.



MNSA PTY LTD



Phillip Miller  
Director

Dated in Sydney this 28<sup>th</sup> day of February 2011