

## 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 2009
<b>Previous Corresponding Reporting Period</b>	31 December 2008

#### Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	6,619	7.3%
Profit from ordinary activities after tax attributable to members	110	-45.9%
Net profit for the period attributable to members	110	-45.9%
<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>	186,766,683	

**Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

#### Financial Summary

- Sales Revenue of \$6.6 Million (up 7.3% on previous corresponding period)
- EBITDA \$0.75 million from year-earlier \$0.82 million
- Group Net Profit after Tax of \$0.11 million (\$0.20 million in pcp)
- Cash at Bank of \$0.89 million at Dec 31 2009 (Feb 2010 balance \$1.01 million)

First-half earnings were impacted by difficult trading conditions and associated activity, including:

- Regulatory – the introduction of telco regulations in addition to the Mobile Premium Services Code implemented on July 1 2009 as detailed within the AGM presentation November 2009
- Market – restrictions in access to certain customer acquisition channels
- Platforms for Growth - additional investment made to facilitate future revenue generation in existing areas of the business and in mobile industry areas forecast for rapid growth

## 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 2009.

#### 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

MobileActive Limited announces first-half revenue growth of 7.3% to \$6.6 million in a difficult trading period as the Company benefited from recently initiated new business strategies.

During the period, the Company continued to invest in new platforms for growth and dealt with a range of new regulatory requirements that increased compliance costs.

#### Financial Summary

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#### Operating Environment

##### **Regulatory**

The Mobile Premium Services Code (MPS) implemented on 1 July 2009, introduced clearly defined rules of operation for the industry. MobileActive supported the development of the code for a better industry for consumers and this has been achieved.

Consumer sentiment has improved with July to December 2009 complaints to the Telecommunication Ombudsman (TIO) dropping 63%. MobileActive played a key role in the development of the code, which was registered by the Australian Communications and Media Authority (ACMA), through the Communications Alliance MPS working group.

Telecommunication carriers have issued parallel and additional regulations. Further, other regulatory bodies have separate rules. This has resulted in what is globally one of the most stringent and complex regulatory environments to manage and operate in.

For MobileActive, compliance costs have increased by an estimated \$170,000 for the six months to December 2009. The Company is implementing a number of mitigation strategies.

## DIRECTORS' REPORT

Despite the new regulatory requirements, MobileActive's specialised infrastructure, marketing and management expertise has enabled it to out perform the majority, if not all, of its competitors with many of them now having exited Australia.

**This has reinforced MobileActive's dominant market position and has also significantly increased the barriers to entry for competitors.**

### **Market**

In the first half, the market landscape for MobileActive's direct to consumer (D2C) products and services has changed considerably. There have been restrictions in access to certain customer acquisition channels by their operators. Some access has been restored. However this has necessitated the establishment of new channels. Further, the compliance requirement of 'double opt in' -- such that the customer must request the same content twice to purchase it -- created a more complicated customer engagement process and weaker customer conversion.

The Company has developments, activities and relationships in progress which are set to improve the performance of some existing channels and open and expand new channels.

Management performed an operational review which took effect during the December quarter and this has improved trading performance.

Consequently the Company's cash at bank has increased to over \$1.0 million as at February 2010 month end, compared with \$0.89 at December 31 2009.

A review of all third party supplier arrangements such as media, communications and technical is also currently under way.

### **Platforms for Growth**

The Company has continued its focus on platforms for growth through diversification and expansion of existing business activities in its Mobile Entertainment Retail division, the continued development of its fledgling divisions Mobile Embrace and RingRing Studios and the creation of new business initiatives.

MER still provides the majority of the Company's revenue and is the division that has been most impacted by the challenging market conditions. MER is diversifying into new product areas that are showing strong growth in global markets including social gaming. GetUpGo currently in beta will move to commercial launch in the 2010 June quarter.

A positive by-product of the extensive compliance work undertaken by the Company is stronger infrastructure to enable suitable performance in global territories.

With a focus on building additional diverse revenue streams the Company has recently renewed its business activities in the US market testing a selection of existing products. The Company is currently reviewing other overseas territories for launch.

### **Mobile Embrace**

The Company's decision just over a year ago to launch Mobile Embrace has been vindicated with the division beginning to contribute and diversify the Company's revenue streams. Mobile Embrace has increased its product suite and continues to build its future customer pipeline.

The adoption of mobile marketing services by corporates is at the early stage of its growth curve. Mobile Embrace is well positioned to capitalize on this emerging opportunity.

## DIRECTORS' REPORT

### *RingRing Studios*

As detailed in the 2009 annual report, RingRing Studios continues to contribute to revenue and launch product into its distribution network across 96 countries. The distribution channels across the network are a mixture of independent retailers and telecommunication carriers. The strongest recent growth has been carriers with 19 new carriers launching RingRing Studios product in the December 2009 quarter bringing the total to 38 carriers.

### **Corporate Activity**

#### **Non-executive director recruitment**

As detailed in the 2009 AGM Chairman's Address, the Board is in the process of expanding and is seeking the best director possible to further strengthen corporate governance and add expertise in line with growth plans for the Company.

The response the Company has received has been outstanding and many high quality applications are currently under review. We expect to be able to announce a successful candidate shortly.

#### **AGM Resolution 6 – Approval to issue 37,000,000 shares**

On 27 November 2009, shareholders approved a resolution permitting the Board to issue up to 37,000,000 new shares without using the Company's annual 15% placement capacity, within 3 months of the approval date. This authorisation has not been utilised and has been allowed to expire.

### **Outlook**

There are clear increased operating pressures in Australia and other markets. However, globally the market demand for mobile entertainment products and services is increasing with industry forecasts for strong growth to 2013 and beyond.

- MobileActive is focused on mitigation of market pressures and on meeting the requirements to deliver on new growth opportunities.
- MobileActive is well positioned across three divisions each with specific propositions, revenue streams and addressable markets.
- The Company's competitive advantage is increasing through development, performance and expertise.
- The Company's strengthened infrastructure is supporting expansion of activity into overseas territories.
- The Company continues to assess new growth opportunities through partnerships and acquisitions.

MobileActive has been transformed to adapt to a rapidly changing industry and to execute on a number of growth opportunities and the Company is well positioned to take advantage of developments.

MobileActive Limited ABN 24 089 805 416  
and Controlled Entities

**DIRECTORS' REPORT**

***Auditor's Declaration***

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2009.

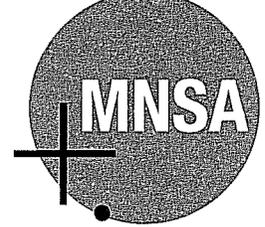
This report is signed in accordance with a resolution of the Board of Directors.



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Chris Thorpe  
Director

Dated this 26th day of February 2010



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

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

As lead auditor for the review of MobileActive Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MobileActive Limited during the period.

MNSA

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**Mark N Schiliro**  
Partner

Sydney

Dated this 26<sup>th</sup> day of February 2010

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note:	<b>Consolidated Group</b>	
		<b>31.12.09</b>	<b>31.12.08</b>
Revenue		<b>6,619,453</b>	6,171,842
Cost of sales		<b>(734,874)</b>	(487,879)
		<b>5,884,579</b>	5,683,963
Interest income		<b>16,727</b>	49,670
Other income from ordinary activities		-	26,778
Service providers and commissions		<b>307,549</b>	(87,554)
Administration expenses		<b>(138,744)</b>	(122,643)
Advertising and marketing expenses		<b>(2,182,157)</b>	(2,081,130)
Finance costs		<b>(1,428)</b>	(6,046)
Depreciation and amortisation		<b>(615,681)</b>	(527,424)
Employee benefits expense		<b>(2,328,237)</b>	(2,004,686)
Occupancy expenses		<b>(133,475)</b>	(128,315)
Operational expenses		<b>(458,113)</b>	(333,489)
Other expenses from ordinary activities		<b>(218,934)</b>	(181,956)
<b>Profit before income tax</b>		<b>132,086</b>	287,168
Income tax expense		<b>(21,951)</b>	(83,465)
<b>Profit from continuing operations</b>		<b>110,135</b>	203,703
<b>Profit for the period</b>	2	<b>110,135</b>	203,703
<b>Basic earnings per share (cents per share)</b>		<b>0.06</b>	0.12
<b>Diluted earnings per share (cents per share)</b>		<b>0.06</b>	0.12

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated Group</b>	
	<b>31.12.09</b>	31.12.08
Profit for the period	<b>110,135</b>	203,703
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>110,135</b>	<b>203,703</b>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009**

	<b>Consolidated Group</b>	
	<b>31.12.09</b>	<b>30.06.09</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	893,481	1,243,814
Trade and other receivables	2,056,459	2,329,514
Other current assets	<u>207,835</u>	<u>225,020</u>
<b>Total current assets</b>	<u><b>3,157,775</b></u>	<u>3,798,348</u>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	235,612	157,401
Deferred tax assets	864,540	835,092
Intangible assets	1,375,370	1,360,440
Other non-current assets	<u>8,494</u>	<u>8,494</u>
<b>Total non-current assets</b>	<u><b>2,484,016</b></u>	<u>2,361,427</u>
<b>TOTAL ASSETS</b>	<u><b>5,641,791</b></u>	<u>6,159,775</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,918,064	2,288,042
Provisions	<u>119,749</u>	<u>509,129</u>
<b>Total current liabilities</b>	<u><b>2,037,813</b></u>	<u>2,797,171</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	79,840	-
Deferred tax liability	<u>64,899</u>	<u>13,500</u>
<b>Total non-current liabilities</b>	<u><b>144,739</b></u>	<u>13,500</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,182,552</b></u>	<u>2,810,671</u>
<b>NET ASSETS</b>	<u><b>3,459,239</b></u>	<u>3,349,104</u>
<b>EQUITY</b>		
Issued capital	16,873,675	16,873,675
Reserves	519,202	519,202
Accumulated losses	<u>(13,933,638)</u>	<u>(14,043,773)</u>
<b>TOTAL EQUITY</b>	<u><b>3,459,239</b></u>	<u>3,349,104</u>

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 2009**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Other Reserves</b>	<b>Total Equity</b>
At 1 July 2008	16,476,075	(14,307,099)	519,202	2,688,178
Profit for period	-	203,703	-	203,703
Movement in reserves	-	-	-	-
At 31 December 2008	<u>16,476,075</u>	<u>(14,103,396)</u>	<u>519,202</u>	<u>2,891,881</u>
Issued Capital	397,600	-	-	397,600
Profit for period	-	59,623	-	59,623
Movement in reserves	-	-	-	-
At 30 June 2009	<u>16,873,675</u>	<u>(14,043,773)</u>	<u>519,202</u>	<u>3,349,104</u>
Profit for period	-	110,135	-	110,135
At 31 December 2009	<u><u>16,873,675</u></u>	<u><u>(13,933,638)</u></u>	<u><u>519,202</u></u>	<u><u>3,459,239</u></u>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated Group</b>	
	<b>31.12.09</b>	<b>31.12.08</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	<b>6,858,294</b>	5,741,644
Payments to suppliers and employees	<b>(6,594,944)</b>	(5,431,940)
Interest received	<b>16,727</b>	49,670
Finance costs	<b>(1,428)</b>	(17,604)
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>278,649</b>	341,770
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from issue of shares	-	-
Payments for purchases of plant and equipment	<b>(128,482)</b>	(31,353)
Payments for purchases of intangible assets	<b>(580,340)</b>	(696,513)
Investment in shares		(3,231)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(708,822)</b>	(731,097)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	-
Proceeds from borrowings	<b>79,840</b>	-
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<b>Net cash provided by financing activities</b>	<b>79,840</b>	-
<b>Net decrease in cash held</b>	<b>(350,333)</b>	(389,327)
<b>Cash at beginning of half-year</b>	<b>1,243,814</b>	1,662,218
	<hr/>	<hr/>
<b>Cash at end of half-year</b>	<b>893,481</b>	1,272,891
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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 2009**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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 2009, 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.

**Re-classification of prior year comparatives**

The Company has re-classified an expense item previously reported as Administration expenses to Operational expenses on its Consolidated Statement of Comprehensive Income. The prior year comparatives have been adjusted accordingly, with a \$109,091 re-classification made between the expense lines.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

**NOTE 2: PROFIT FOR THE PERIOD**

	<b>Consolidated Group</b>	
	<b>31.12.2009</b>	<b>31.12.2008</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 31.12.2009</b>	<b>For the six months ended 31.12.2008</b>
	<b>\$</b>	<b>\$</b>
	Australia	6,429,341
European Union	174,719	34,900
Americas	15,393	-
<b>Total revenue</b>	<b>6,619,453</b>	<b>6,171,842</b>

**(ii) Assets by geographical region**

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

	<b>Balance as at 31.12.2009</b>	<b>Balance as at 30.6.2009</b>
	<b>\$</b>	<b>\$</b>
	Australia	3,327,169
European Union	128,735	73,275
Americas	3,335	-
<b>Total assets</b>	<b>3,459,239</b>	<b>3,349,104</b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

**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 7 to 14 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 2009 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.

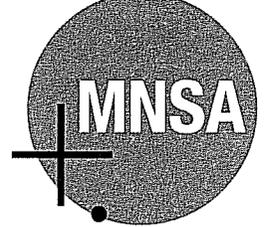
This declaration is made in accordance with a resolution of the Board of Directors.



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Chris Thorpe  
Director

Dated this 26th day of February 2010



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MOBILEACTIVE LIMITED AND CONTROLLED ENTITIES

### *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 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

### *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 in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *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 consolidated entity's financial position as at 31 December 2009 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 other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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 considered 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:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MNSA

MNSA



**Mark N Schiliro**  
Partner

Sydney

Dated this 26.<sup>th</sup> day of February 2010