

**MNETGROUP**

**Mnet Group Limited**

**ABN: 94 125 736 914**

**(Formally: Mercury Mobility Limited)**

**Interim Financial Report**

**For the Half-Year Ended**

**31 December 2009**

**Mnet Group Limited**

**Interim Financial Report**

**For the Half-Year Ended 31 December 2009**

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# Mnet Group Limited

## Corporate Directory

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<b>Directors</b>	Chris Beare – <i>Chairman</i> Ben Grootemaat Mel Brookman Alexander Beard Andrew Butterworth Ross Fielding Bruno Fiorentini Jnr
<b>Company secretaries</b>	Barry Porter Gary Moore
<b>Registered office</b>	Level 1 50 James Street FORTITUDE VALLEY QLD 4006 Telephone: +61 7 3105 3080 Facsimile: +61 7 3105 3151
<b>Share registry</b>	Computershare Investor Services Pty Limited GPO Box 523 BRISBANE QLD 4001 Telephone: 1300 552 270 or +61 7 3237 2100 Facsimile: +61 7 3299 9860
<b>Stock exchange listing</b>	ASX: MNZ
<b>Auditors</b>	BDO 248 Flinders Street ADELAIDE SA 5000
<b>Legal advisors</b>	Adelta Legal Level 6 44 Waymouth Street ADELAIDE SA 5000
<b>Internet address</b>	<a href="http://www.mnetgroup.com">www.mnetgroup.com</a>



# Mnet Group Limited

## Directors' Report

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Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mnet Group Limited and its controlled entities for the half-year ended 31 December 2009.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Mnet Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

In order to comply with the Corporations Act the directors report as follows:

### 1. Directors

The following persons were directors of Mnet Group Limited (the Company) during the half-year and up to the date of this report unless otherwise stated:

Chris Beare (Chairman) – appointed 6 November 2009

Ben Grootemaat

Alexander Beard

Mel Brookman

Andrew Butterworth – appointed 6 November 2009

Ross Fielding – appointed 6 November 2009

Bruno Fiorentini Jnr – appointed 6 November 2009

Chris Beare, Andrew Butterworth, Ross Fielding and Bruno Fiorentini Jnr were appointed as Directors by a Board Resolution at a meeting of the Board of Directors on 6 November 2009. These appointments were confirmed by a resolution of shareholders at the Company's Annual General Meeting on 30 November 2009.

### 2. Principal activities

During the half-year ended 31 December 2009 the principal activities of the Group were the creation and sale of mobile phone content, and the supply of mobile marketing & professional services.



# Mnet Group Limited

## Directors' Report (continued)

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### 3. Review of operations

During the half-year Mercury Mobility Limited merged with m.Net Corporation Limited (ACN 87 097 086 390) after the Company purchased 100% of the shares in m.Net Corporation. Following the acquisition, Mercury Mobility Limited changed its name to Mnet Group Limited.

For the half-year ended 31 December 2009 the Group recorded a net loss after tax of \$963,887 (2008: \$2,726,753) after incurring one-off costs related to the purchase of m.Net Corporation shares and the merger of the two companies.

The operating results of the Group for the half-year are summarised as follows:

	<b>6 months Ended 31 December 2009</b>	<b>6 months Ended 31 December 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue and other income</b>	<b>2,864,177</b>	<b>2,793,448</b>
<b>Content, delivery and hosting costs</b>	<b>(1,038,576)</b>	<b>(999,528)</b>
<b>Gross Margin</b>	<b>1,825,601</b>	<b>1,793,920</b>
<b>Total expenses</b>	<b>(2,739,399)</b>	<b>(3,496,115)</b>
<b>Profit / (loss) before tax</b>	<b>(913,798)</b>	<b>(1,702,195)</b>
<b>Income tax benefit / (expense)</b>	<b>(50,089)</b>	<b>(1,024,558)</b>
<b>Profit / (loss) after tax</b>	<b>(963,887)</b>	<b>(2,726,753)</b>

### 4. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 20 of the Interim Financial Report.

This report is made in accordance with a resolution of directors.



Chris Beare  
Chairman

25 February 2010



# Mnet Group Limited

## Consolidated statement of comprehensive income

For the half-year ended 31 December 2009

	NOTES	6 MONTHS ENDED 31 DEC 2009 \$	6 MONTHS ENDED 31 DEC 2008 \$
<b>Revenue and other income</b>			
Revenue from continuing operations		2,796,706	2,710,043
Interest		17,471	31,297
Government grants		50,000	-
Foreign exchange gains (net)		-	52,108
		<u>2,864,177</u>	<u>2,793,448</u>
<b>Expenses</b>			
Employee benefits		2,008,854	1,445,453
Share-based payments		11,505	88,975
Depreciation		52,003	44,419
Amortisation of intangibles	4	8,114	324,142
Content, delivery and hosting costs		1,038,576	999,528
Advertising		49,239	26,347
Occupancy costs		157,856	121,404
Financing costs		1,376	1,347
Professional fees		139,921	83,477
Travel		124,509	230,026
Impairment of intangibles	4	-	1,070,431
Foreign exchange losses (net)		16,565	-
Other expenses		169,457	60,094
Total expenses		<u>3,777,975</u>	<u>4,495,643</u>
<b>Profit / (loss) before tax</b>		(913,798)	(1,702,195)
Income tax benefit / (expense)		(50,089)	(1,024,558)
Profit from continuing operations		(963,887)	(2,726,753)
Profit from discontinued operations		-	-
<b>Profit / (loss) for the half-year</b>		<u>(963,887)</u>	<u>(2,726,753)</u>
<b>Other comprehensive income for the half-year</b>		-	-
<b>Total comprehensive income for the half-year</b>		<u>(963,887)</u>	<u>(2,726,753)</u>
Profit (loss) is attributable to:			
Owners of Mnet Group Limited		(963,775)	(2,726,753)
Non-controlling interest		(112)	-
Total comprehensive income for the half-year attributable to:			
Owners of Mnet Group Limited		(963,775)	(2,726,753)
Non-controlling interest		(112)	-
		<b><u>Cents</u></b>	<b><u>Cents</u></b>
Basic and diluted earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the Company		(0.69)	(2.59)
Basic and diluted earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company		(0.69)	(2.59)

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



# Mnet Group Limited

## Consolidated statement of financial position

As at 31 December 2009

	NOTES	31 DEC 2009 \$	30 JUN 2009 \$
<b>Current Assets</b>			
Cash and cash equivalents		536,576	1,175,414
Trade and other receivables	3	1,629,592	802,966
Other current assets		97,695	71,941
Total current assets		<u>2,263,863</u>	<u>2,050,321</u>
<b>Non-Current Assets</b>			
Receivables	3	-	222,578
Property, plant and equipment		272,800	135,955
Intangible assets	4	5,228,556	-
Deferred tax assets		-	-
Other non-current assets		75,000	
Total non-current assets		<u>5,576,356</u>	<u>358,533</u>
Total assets		<u>7,840,219</u>	<u>2,408,854</u>
<b>Current Liabilities</b>			
Trade and other payables		1,662,174	1,311,996
Provisions-current		305,939	97,271
Total current liabilities		<u>1,968,113</u>	<u>1,409,267</u>
<b>Non-Current Liabilities</b>			
Provisions-non-current		97,908	62,156
Total non-current liabilities		<u>97,908</u>	<u>62,156</u>
Total liabilities		<u>2,066,021</u>	<u>1,471,423</u>
Net assets		<u>5,774,198</u>	<u>937,431</u>
<b>Equity</b>			
Contributed equity	5	10,540,067	4,863,489
Reserves		124,076	151,200
Accumulated losses		(4,889,945)	(4,077,258)
Capital and reserves attributable to the owners of Mnet Group Limited		<u>5,774,198</u>	<u>937,431</u>
Non-controlling interest		-	-
Total equity		<u>5,774,198</u>	<u>937,431</u>

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



# Mnet Group Limited

## Consolidated statement of changes in equity

For the half-year ended 31 December 2009

	Attributable to owners of Mnet Group Limited			Total \$	Non- controlling interest \$	Total equity \$
	Contributed equity \$	Share-based payment reserve \$	Retained earnings/ (accumulated losses) \$			
At 1 July 2008	4,863,489	62,225	(1,347,718)	3,577,996	-	3,577,996
Employee share options	-	88,975	-	88,975	-	88,975
Total comprehensive income for the half-year	-	-	(2,726,753)	(2,726,753)	-	(2,726,753)
Balance at 31 December 2008	4,863,489	151,200	(4,074,471)	940,218	-	940,218
At 1 July 2009	4,863,489	151,200	(4,077,258)	937,431	-	937,431
Contributions of equity, net of transaction costs	5,668,672	-	-	5,668,672	-	5,668,672
Employee share options	-	11,505	-	11,505	-	11,505
Employee share options on acquisition of subsidiary	-	112,571	-	112,571	-	112,571
Non-controlling interest on acquisition of subsidiary	-	-	-	-	1,405	1,405
Acquisition of non- controlling interest	7,906	-	-	7,906	(1,293)	6,613
Cancelled / forfeited options transferred to accumulated retained earnings (accumulated losses)	-	(151,200)	151,200	-	-	-
Total comprehensive income for the half-year	-	-	(963,887)	(963,887)	(112)	(963,999)
Balance at 31 December 2009	10,540,067	124,076	(4,889,945)	5,774,198	-	5,774,198

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



## Mnet Group Limited

### Consolidated statement of cash flows

For the half-year ended 31 December 2009

	<b>6 MONTHS ENDED 31 DEC 2009</b>	<b>6 MONTHS ENDED 31 DEC 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	2,308,150	2,863,878
Payments to suppliers and employees	(3,414,161)	(2,982,427)
Income tax paid	(50,089)	(61,193)
Interest received	6,107	21,011
Interest paid	(1,376)	(1,347)
Net cash provided by / (used in ) operating activities	<u>(1,151,369)</u>	<u>(160,078)</u>
<b>Cash Flows From Investing Activities</b>		
Payment for purchase of subsidiary, net of cash acquired	526,368	-
Proceeds from disposal of plant and equipment	-	1,777
Payments for plant and equipment	-	-
Payments for intangible assets	-	(3,000)
Net cash (used in) investing activities	<u>526,368</u>	<u>(1,223)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of ordinary shares	-	-
Payment of share issue costs	(13,837)	-
Net cash provided by financing activities	<u>(13,837)</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(638,838)</b>	<b>(161,301)</b>
Cash and cash equivalents at the beginning of the reporting period	1,175,414	1,548,874
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><b>536,576</b></u>	<u><b>1,387,573</b></u>

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



# Mnet Group Limited

## Notes to the Financial Statements

For the half-year ended 31 December 2009

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### 1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Mnet Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Mnet Group Limited has adopted all of the new and revised accounting standards which became operative for the current reporting period.

The affected policies and standards are:

- Principles of consolidation - revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Business combinations - revised AASB 3 *Business Combinations*
- Segments - new AASB 8 *Operating Segments*
- Presentation – revised AASB 101 *Presentation of Financial Statements*

Mnet Group Limited has adopted AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* in the current reporting period.

### Principles of consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the Group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the entity's previous accounting policy if significant influence is not retained.

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.



# Mnet Group Limited

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

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### 1. Basis of preparation of half-year report (continued)

#### Business combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

Recognised acquired deferred tax assets will no longer be adjusted to goodwill after the initial acquisition accounting measurement period is over. As a consequence, the recognition of additional deferred tax assets will increase the Group's net profit after tax.

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of m.Net Corporation Limited disclosed in note 6.

Acquisition related costs of \$173,610 were recognised in the statement of comprehensive income. The Group has chosen to recognise the non-controlling interest at fair value of \$1,405.

### 2. Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors.

The consolidated entity operates in one main business segment being the provision of content and services for mobile phones.



# Mnet Group Limited

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

### 3. Trade and Other Receivables

	31 DEC 2009	30 JUN 2009
	\$	\$
<b>Current</b>		
Trade debtors	754,962	114,923
Unbilled income	640,689	688,043
Loans to key management personnel	233,941	-
	<u>1,629,592</u>	<u>802,966</u>
<b>Non-Current</b>		
Loans to key management personnel	-	222,578
	<u>-</u>	<u>222,578</u>

In accordance with the terms and conditions of the grant of 10 million options to Mr Ben Grootemaat, which were exercised before 30 June 2007, payment of the \$250,000 exercise price of 2.5 cents per share has been treated as a loan carried at amortised cost based on a discount rate of 10%.

This loan is due to be repaid in August 2010, and has therefore become a current asset in the half-year ended 31 December 2009.

### 4. Intangible Assets

	31 DEC 2009	30 JUN 2009
	\$	\$
Website development – at cost	-	432,260
Accumulated amortisation and impairment	-	(432,260)
	<u>-</u>	<u>-</u>
Systems development – at cost	1,136,650	1,380,640
Accumulated amortisation and impairment	(699,561)	(1,380,640)
	<u>437,089</u>	<u>-</u>
Content – at cost	-	894,978
Accumulated amortisation and impairment	-	(894,978)
	<u>-</u>	<u>-</u>
Goodwill – on acquisition	4,791,467	-
Accumulated amortisation and impairment	-	-
	<u>4,791,467</u>	<u>-</u>
	<u>5,228,556</u>	<u>-</u>



# Mnet Group Limited

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

### 4. Intangible Assets (continued)

Movements in intangible assets during the period were as follows:

	<b>6 MONTHS ENDED 31 DEC 2009</b>	<b>6 MONTHS ENDED 31 DEC 2008</b>
	\$	\$
<i>Website development</i>		
Balance at beginning of period	-	157,664
Additions	-	-
Amortisation	-	(49,036)
Impairment	-	(108,628)
Balance at end of period	-	-
<i>Systems development</i>		
Balance at beginning of period	-	1,013,203
Additions	445,203	-
Amortisation	(8,114)	(216,265)
Impairment	-	(796,938)
Balance at end of period	437,089	-
<i>Content</i>		
Balance at beginning of period	-	220,706
Additions	-	3,000
Amortisation	-	(58,841)
Impairment	-	(164,865)
Balance at end of period	-	-
<i>Goodwill</i>		
Balance at beginning of period	-	-
Additions	4,791,467	-
Amortisation	-	-
Impairment	-	-
Balance at end of period	4,791,467	-





# Mnet Group Limited

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

### 6. Subsidiaries

The consolidated financial statements include the financial statements of Mnet Group Limited and the subsidiaries listed in the following table.

	Notes	Country of incorporation	Equity Holdings	
			31 DEC 2009	30 JUNE 2009
Parent Entity:				
Mnet Group Limited		Australia		
Subsidiaries of Mnet Group Limited:				
m.Net Corporation Limited	(a)	Australia	100%	-
Mercury Mobility (Australia) Pty Ltd		Australia	100%	100%
Mercury Mobility Canada Incorporated		Canada	100%	100%
Mercury Mobility Europe Limited	(b)	United Kingdom	n/a	100%

(a) On 30 October 2009 the Company issued 103,318,354 new ordinary shares to eligible m.Net Corporation Limited shareholders (on the basis of 65.34 new Mercury Mobility Limited shares for 1 m.Net corporation Limited share) and the respective m.Net Corporation Limited shares were transferred to Mercury Mobility Limited accordingly. As at 31 October 2009, Mercury Mobility Limited held 99.86% of the m.Net Corporation Limited ordinary shares on issue. Following the acquisition, Mercury Mobility Limited changed its name to Mnet Group Limited.

On 24 December 2009 the Company issued a further 143,748 shares to Lunaria International Pty Ltd in order to acquire the equity interest held by the non-controlling interest.

(b) Mercury Mobility Europe Limited was deregistered on 27 October 2009.

### 7. Business Combination

Current period

On 31 October 2009 Mnet Group Limited acquired 99.86% of the issued shares in m.Net Corporation Limited, a provider of mobile phone solutions, for equity consideration of 103,318,354 shares. The acquisition is expected to enable the Group to provide a full range of mobile solutions and reduce cost through economies of scale.

Details of net assets acquired and goodwill are as follows:

	\$
Purchase consideration	
Add: 103,318,354 Mnet Group Limited ordinary shares	5,682,509
Add: Proportion of acquisition date fair value of options issued relating to pre-combination service	112,571
Total purchase consideration	<u>5,795,080</u>

The value of the ordinary shares issued was based on fair value.



## Mnet Group Limited

### Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

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#### 7. Business Combination (continued)

The assets and liabilities arising from the acquisition are as follows:

	\$
Cash and cash equivalents	526,368
Trade and other receivables	721,535
Other current assets	149,846
Property, plant and equipment	188,848
Intangible assets	445,203
Deferred tax assets	-
Other non-current assets	97,500
Trade and other payables	(822,096)
Provisions-current	(215,109)
Provisions-non-current	(80,466)
Net identifiable assets acquired	<hr/> 1,011,629
Less: non-controlling interest	(1,405)
Add: Goodwill	4,784,854
	<hr/> 5,795,080 <hr/>

The goodwill is attributable to the synergies expected to arise after the Company's acquisition of the new subsidiary. None of the goodwill recognised is expected to be deductible for tax purposes.

#### *Acquisition-related costs*

Acquisition-related costs of \$173,610 are included in other expenses in the statement of comprehensive income.

#### *Acquired Receivables*

Identifiable assets acquired include trade and other receivables of \$721,535. All of this amount is expected to be collectible.



# Mnet Group Limited

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2009

### 7. Business Combination (continued)

#### *Share based payment replacement award*

As part of the business combination exercisable options valued at \$112,571 were issued to m.Net Corporation employees. These options were valued using a binomial option pricing model.

#### *Revenue and profit contribution*

The acquired business contributed revenues of \$996,362 and net loss of \$80,244 to the Group for the period from 1 November 2009 to 31 December 2009. If the acquisition had occurred on 1 July 2009, consolidated revenue and consolidated loss for the half-year ended 31 December 2009 would have been \$5,042,010 and \$1,274,354 respectively.

The assets and liabilities arising from the acquisition are as follows:

	<b>Acquiree's Carrying Amount</b>	<b>Fair value</b>
	\$	\$
Cash and cash equivalents	526,368	526,368
Trade and other receivables	721,535	721,535
Other current assets	149,846	149,846
Property, plant and equipment	188,848	188,848
Intangible assets	445,203	445,203
Deferred tax assets	3,391,624	-
Other non-current assets	97,500	97,500
Trade and other payables	(822,096)	(822,096)
Provisions-current	(215,109)	(215,109)
Provisions-non-current	(80,466)	(80,466)
Net assets	<u>4,403,253</u>	<u>1,011,629</u>
Non-controlling interests (measured at the proportionate share of the acquiree's identifiable net assets)		(1,405)
Net identifiable assets acquired		<u>1,010,224</u>

Management has determined that there is significant doubt about the Group's ability to utilise the deferred tax assets of m.Net Corporation. Accordingly, the net deferred tax asset of \$3,391,624 has not been recognised as part of the fair value of the net assets acquired



## **Mnet Group Limited**

### **Notes to the Financial Statements (continued)**

For the half-year ended 31 December 2009

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#### **8. Commitments and Contingent Liabilities**

There were no material changes to commitments or contingent liabilities to those reported at 30 June 2009.

#### **9. Subsequent Events**

No matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect the Group operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.



## Mnet Group Limited

### Directors' Declaration

For the half-year ended 31 December 2009

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In the opinion of the directors the attached financial statements and notes:

- (a) comply with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Mnet Group Limited 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 directors.



Christopher Beare  
Chairman and Director  
25 February 2009



Alexander Beard  
Director  
25 February 2009



## Mnet Group Limited

### Auditor's Independence Declaration

For the half-year ended 31 December 2009

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#### DECLARATION OF INDEPENDENCE

BY PAUL GOSNOLD

To the Directors of Mnet Group Limited

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

- (i) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Mnet Group Limited and the entities it controlled during the period.



Paul Gosnold  
Partner

**BDO (SA)**  
Chartered Accountants

25 February 2010  
Adelaide, South Australia



## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the members of Mnet Group Limited

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mnet Group Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 Interim and Other Financial Reports 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 Mnet Group Limited, 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. 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.



### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

### 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 Mnet Group Limited 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 Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

### BDO (SA)

Chartered Accountants

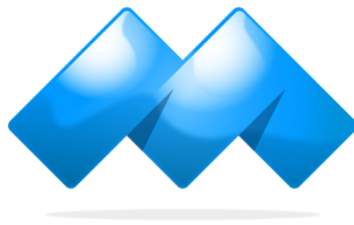


Paul Gosnold

Partner

25 February 2010





**MNETGROUP**