Appendix 4E

Preliminary Final Report
Results for announcements to the market

MERCURY MOBILITY LIMITED AND CONTROLLED ENTITIES		
ABN	Financial Year ended ('Reporting Period')	Previous Financial Year ended ('Corresponding Period')
94 125 736 914	30 June 2009	30 June 2008

Results

Income	~~up~~/down	14 %	to	$5,535,076
Net loss after tax	up/~~down~~	68 %	to	($2,729,540)
Loss after tax attribution to members	up/~~down~~	68 %	to	($2,729,540)
Net loss for the period attributable to members	up/~~down~~	68 %	to	($2,729,540)

Dividends (distributions)

No dividends have been paid or declared during the year and the Group does not propose to pay a dividend for this reporting period.

Net tangible asset per security

	Year ended 30 June 2009	Year ended 30 June 2008
Net assets per share	0.89 cents	3.40 cents
Net Tangible assets per share	0.89 cents	2.08 cents

The preliminary final report is based on accounts that have been audited.

Commentary

Please refer to the attached commentary for an explanation of the results.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Mercury Mobility Limited

ABN: 94 125 736 914

Annual Report

30 June 2009

Mercury Mobility Limited
Annual Report 2009

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Mercury Mobility Limited

Corporate Directory

Directors	Mel Brookman - *Non-Executive Chairman* Alexander Beard - *Non-Executive Director* Ben Grootemaat - *Managing Director and CEO*
Company Secretary	Stephen Doyle
Registered Office	59 - 61 Qantas Drive Eagle Farm BRISBANE QLD 4009 Telephone: +61 7 3853 5551 Facsimile: +61 7 3860 6337
Share registry	Computershare Investor Services Pty Limited GPO Box 523 BRISBANE QLD 4001 Telephone: 1300 552 270 or +61 3 9415 4000 Facsimile: 1800 783 447 or +61 3 9473 2555
Stock exchange listing	ASX: MMY
Listed on the ASX	2 August 2007
Auditors	Johnston Rorke Level 30, Central Plaza One 345 Queen Street BRISBANE QLD 4000
Legal advisors	DLA Phillips Fox Level 29 Waterfront Place 1 Eagle Street BRISBANE QLD 4000
Internet address	www.mercurymobility.com

Mercury Mobility Limited

Chairman's Report

Dear Fellow Shareholder

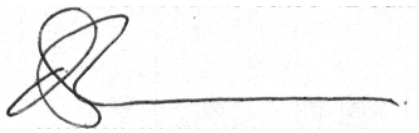
The Board of Mercury Mobility Limited ("Mercury") is pleased to present to shareholders the Annual Report of the Company and its subsidiaries, covering the financial year ended 30 June 2009.

Mercury earned total revenue of $5,484,692 (excluding interest income) for the full-year ended 30 June 2009, down 13% from the previous corresponding period. Whilst revenue has decreased year on year, the gross margin contribution has increased both in absolute and percentage amounts by $640,044 and 20% respectively. The strengthening of our operating margins is primarily due to increased sales of more profitable content (including the Mercury created content), the promotion of more profitable channels and the continued support received from our partners.

Mercury's full-year loss of $2,729,540, compared with a prior year loss of $1,628,129, is mainly due to the non-cash impairment of intangible assets and write-off of deferred tax assets. Mercury's underlying operating results at an EBITDA level have improved from a loss of $(1,645,232) to $(213,625) year on year.

Mercury Mobility Limited Consolidated Income Statement	Full-Year Ended 30 June 2009 $	Full-Year Ended 30 June 2008 $	Variance $	Variance %
Revenue	5,484,692	6,329,786	(845,094)	-13%
Royalty, content, hosting, & advertising costs	(1,639,956)	(3,125,094)		
Gross margin	3,844,736	3,204,692	640,044	20%
Gross margin %	70%	51%		
Total expenses	(4,058,361)	(4,849,924)	791,563	16%
EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation)	(213,625)	(1,645,232)	1,431,607	87%
Interest received	50,384	134,257		
Interest paid	(7,361)	(17,294)		
Depreciation	(87,864)	(109,844)		
Amortisation	(324,142)	(671,985)		
Impairment of Intangible	(1,070,431)	-		
Profit / (loss) before tax	(1,653,039)	(2,310,098)	657,059	28%
Income tax benefit / (expense)	(1,076,501)	681,969		
Profit / (loss) after tax	(2,729,540)	(1,628,129)	(1,101,410)	-68%

The Board acknowledges with thanks the contribution to the Company performance of the entire Mercury Mobility team and looks forward to leading the monetisation of mobile content globally.



Mel Brookman
Chairman

Mercury Mobility Limited

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mercury Mobility Limited and its controlled entities for the year ended 30 June 2009.

1. Directors

The following persons were directors of Mercury Mobility Limited (the Company) during the year and up to the date of this report unless otherwise stated:

Mel Brookman (Non-Executive Chairman)

Alexander Beard (Non-Executive Director)

Ben Grootemaat (Managing Director)

Ben Loiterton (Non-Executive Director) resigned 27 February 2009

2. Principal activities

During the year the principal activity of the Group was the creation and sale of mobile phone content and platform delivery technology.

3. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year, other than as disclosed in this report.

4. Review of operations

For the year ended 30 June 2009 the Group recorded a net loss of $2,729,540 (2008: $1,628,129). The operating results of the Group are summarised as follows:

	2009 $	2008 $
EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation)	(213,625)	(1,645,232)
Interest Received	50,384	134,257
Interest Paid	(7,361)	(17,294)
Depreciation	(87,864)	(109,844)
Amortisation of intangibles	(324,142)	(671,985)
Impairment of intangibles	(1,070,431)	-
Loss before income tax	(1,653,039)	(2,310,098)
Income tax benefit/(expense)	(1,076,501)	681,969
Net loss for the year	(2,729,540)	(1,628,129)

The highlights of the Group in 2008/09 include:

- Mercury has expanded core capabilities within the proprietary Content Management Delivery System to now merchandise all content types across WAP and WEB points of sale. We believe this to be an industry first providing a unique scalable operating platform which will provide a new revenue growth platform via plug-and-play platform delivery
- Expansion of revenue streams to include fees for professional services
- Maintained and strengthened domestic and international customer relationships and partner networks
- Leveraged digital assets in excess of 750,000 full track, 50,000 ringtones, 5000 video and 1500 video tones
- Won major new service contract to manage and distribute digital content for mobile telecommunication network Bell Canada
- Expanded digital music label, Crossover Records, to further exploit the migration of the music industry towards the digital format
- Continued with operating cost reductions via efficiency and effectiveness improvements

The key driver of Mercury's future growth will be to expand the number of carrier distributors, create new types of distribution channels and develop new sources of appealing digital entertainment, and focus on merger and acquisition opportunities.

5. Dividends

No dividends have been paid or declared during the year and up to the date of this report.

6. Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the Group operations in future financial years, or results of those operations in future financial years, or the state of affairs in future financial years.

7. Likely developments and expected results of operations

Refer to Section 4 above.

8. Environmental regulation

There are no significant environmental regulations applying to the Group.

9. Entities listed under ASX Listing Rule 1.3.2(b)

In accordance with ASX admission requirements the directors confirm the cash and assets readily convertible to cash, have been used in a way which is consistent with the business objectives.

10. Information on directors, company secretary and meetings of directors

Mel Brookman
Board member and Chairman since the Company's incorporation on 1 June 2007. He has over 20 years experience in the telecommunications industry and is a pioneer of mobile telecommunications in Australia. Mel Brookman holds an interest in 7,786,109 shares in Mercury Mobility Limited as at the date of this report. He is also a director of Cellnet Limited.

Alexander Beard BCom, FCA, MAICD
Board member since 1 June 2007. Alexander (Sandy) has extensive experience with investee and early stage businesses, in advisory and direct management capacities. He is the managing director of CVC Limited, a director of Cellnet Limited, CVC Property Managers Limited and Green's Foods Limited and formerly a director of Tamaya Resources Limited (resigned 17 February 2006) and Blue Energy Limited (resigned 7 August 2008). Mr Beard holds an interest in 150,000 shares in Mercury Mobility Limited as at the date of this report.

Ben Loiterton BCom, LLB (UNSW) - Resigned 27 February 2009.
Board member since 20 March 2008. Ben is an experienced investment banker and venture capitalist with 17 years experience arranging equity finance for Australian businesses and projects.

Ben Grootemaat
Board Member since 1 June 2007. Ben was a co-founder of the Mercury business in 2001 and is a pioneer of mobile telecommunications in Australia. He holds an interest in 10,001,321 shares in Mercury Mobility Limited as at the date of this report.

Company secretary

Stephen Doyle (BCom, CA, GAICD) was appointed company secretary shortly after joining the company as Chief Financial Officer in July 2007. He has over 15 years of domestic and international experience in information, communications and entertainment industries.

Meetings of directors

The number of meetings of directors and of each Board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees					
			Audit		Nomination		Remuneration	
Directors Name	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Mel Brookman	7	7	4	4	-	-	-	-
Alexander Beard	5	7	4	4	-	-	-	-
Ben Loiterton	3	5	3	4	-	-	-	-
Ben Grootemaat	6	7	4	4	-	-	-	-

Mercury Mobility Limited

Directors' Report (continued)

11. Remuneration Report

The information provided in this remuneration report relates to the Group for the year ended 30 June 2009 and has been audited as required by section 308(3C) of the *Corporations Act 2001.*

(a) Principles used to determine the nature and amount of remuneration

The Remuneration Committee has been established by the Board and applies to the Group to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Group, by endeavouring to ensure that the Group policies and practices are consistent with the strategic direction; the Directors and senior management are fairly and appropriately remunerated; and that there is an appropriate balance between the interests of the Company's shareholders and staff motivation.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The framework provides a mix of fixed pay (base salary and compulsory superannuation), short-term incentives, and long-term incentives. This clear alignment between employee and shareholder interests ensuring the Group attracts and retains high calibre employees and executives whose personal rewards are aligned to Group economic profit, cash flow and other non financial metrics which deliver long term profitable growth.

Short-term incentives (STI)

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on the organisation. These STI's normally vary between 0% and 18% of base pay. For the year ended 30 June 2009 the key performance indicators linked to STI plans were based on individual and personal objectives. The KPIs required performance in reducing operating costs, winning new business and growing existing business.

Long-term incentives (LTI)

LTI are provided to non-executive employees via the Mercury Mobility Limited Employee Share Option Plan. Directors and executives are offered options via the Mercury Mobility Limited Directors and Executive Share Option Plan. Refer to the notes to the accounts for further information.

Non-executive directors and directors' fees

There were no fees or payments for services rendered by non-executive directors during the year ended 30 June 2009 (2008: nil).

(b) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and key management personnel of the Group are set out in the following tables. The key management personnel of the Group are the directors of Mercury Mobility Limited and those executives that report directly to the managing director, which were Stephen Doyle (Chief Financial Officer) and Paul Paoliello (Chief Operating Officer) for both the 2008 and 2009 financial years.

	Short-term employee benefits			Post-employment benefits			Share-based payments	
Name	Cash salary & fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long-term benefits $	Termination benefits $	Options $	Total $
Consolidated – 2009								
Non-executive directors								
Mel Brookman, Alexander Beard, and Ben Loiterton* did not receive remuneration during the period								
Executive director								
Ben Grootemaat	194,071	-	-	13,745	8,142	-	-	215,958
Key management personnel								
Stephen Doyle	160,000	-	-	13,745	-	-	44,487	218,232
Paul Paoliello	167,021	-	-	13,745	-	-	44,488	225,254
Total	521,092	-	-	41,235	8,142	-	88,975	659,444

11. Remuneration Report (continued)

***(b) Details of remuneration* (continued)**

Name	Short-term employee benefits			Post-employment benefits			Share-based payments	
	Cash salary & fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long-term benefits $	Termination benefits $	Options $	Total $
Consolidated – 2008								
Non-executive directors								
Mel Brookman, Alexander Beard, and Ben Loiterton* did not receive remuneration during the period								
Executive director								
Ben Grootemaat	218,384	50,000	-	12,654	3,117	-	-	284,155
Key management personnel								
Stephen Doyle**	172,212	20,000	-	13,130	-	-	31,113	236,455
Paul Paoliello***	159,401	20,000	-	12,339	-	-	31,112	222,852
Total	549,997	90,000	-	38,123	3,117	-	62,225	743,462

* Ben Loiterton was appointed a director on 20 March 2008, resigned 27 February 2009.
** Stephen Doyle was appointed as CFO on 2 July 2007.
*** Paul Paoliello commenced employment on 16 July 2007.

There were no other key management personnel or executives in the current or prior year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2009	2008	2009	2008	2009	2008
Executive directors of Mercury Mobility						
Ben Grootemaat	100%	82%	-	18%	-	-
Other key management personnel of the Group						
Stephen Doyle	80%	78%	-	9%	20%	13%
Paul Paoliello	80%	77%	-	9%	20%	14%

(c) Service agreements

The Managing Director, Chief Financial Officer, and Chief Operating Officer have entered into a service agreement with the Group which is approved by the Remuneration Committee. There are no guaranteed base pay increases included in any executives' contracts. Other major provisions of the agreements relating to remuneration are set out below.

Name and position	**Commencement date of on-going service agreement**	**Termination benefit other than for gross misconduct**
Ben Grootemaat (CEO)	1 July 2007	3 months base salary
Stephen Doyle (CFO)	2 July 2007	3 months base salary
Paul Paoliello (COO)	16 July 2007	4 months base salary

11. Remuneration Report (continued)

(d) Share-based compensation – options

Options over shares in the Company are granted under the Mercury Mobility Directors and Executive Share and Option Plan. Under the plan, participants are granted options which only vest if certain performance standards and employment criteria are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted carry no dividend or voting rights or rights to participate in any other share issue of the company or any other entity. When exercisable, each option is convertible into one ordinary share.

The terms and conditions of each grant of options affecting key management personnel remuneration in previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Number of Options	Exercise price (cents)	Value per option at grant date (cents)
12 October 2007	11 October 2008	11 October 2009	300,000	30¢	12.2¢
12 October 2007	11 October 2009	11 October 2010	500,000	40¢	9.8¢
12 October 2007	11 October 2010	11 October 2011	800,000	50¢	8.2¢

All options were granted for no consideration.

During the year ended 30 June 2009 the above 1,600,000 options were cancelled by the Board and as at 30 June 2009 there were no outstanding options.

The assessed fair value per option at grant date on 12 October 2007 is allocated equally over the period from grant date to vesting date; however, upon cancellation the total remaining amounts outstanding were expensed. These amounts are included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Model inputs for options granted during the year are disclosed in note 29 of the financial report.

Options by individual

Name	Options granted during the year		Options cancelled by the Board during the year	
	2009	2008	2009	2008
Directors				
Ben Grootemaat	-	-	-	-
Other key management personnel				
Stephen Doyle	-	800,000	800,000	-
Paul Paoliello	-	800,000	800,000	-

(e) Additional information

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the tables on previous pages, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

11. Remuneration Report (continued)

(e) Additional information (continued)

Name	Cash bonus		Options					
	Paid %	Forfeited %	Year granted	Cancelled by the Board %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Ben Grootemaat	0%	0%	2009	-	-	-	-	-
	100%	0%	2008	-	-	-	-	-
Stephen Doyle	0%	0%	2009	100%	-	-	-	-
			2009	100%	-	-	-	-
			2009	100%	-	-	-	-
	100	0%	2008	-	-	30/06/09	-	27,759
			2008	-	-	30/06/10	-	13,996
			2008	-	-	30/06/11	-	2,733
Paul Paoliello	0%	0%	2009	100%	-	-	-	-
			2009	100%	-	-	-	-
			2009	100%	-	-	-	-
	100	0%	2008	-	-	30/06/09	-	27,758
			2008	-	-	30/06/10	-	13,996
			2008	-	-	30/06/11	-	2,733

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
2009				
Stephen Doyle	20%	-	-	-
Paul Paoliello	20%	-	-	-
2008				
Stephen Doyle	13%	75,600	-	-
Paul Paoliello	14%	75,600	-	-

(A)=the percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year. (B)=the value at grant date calculated in accordance with AASB 2 share-based payment of options granted during the year as part of remuneration. (C)=the value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date. (D)= the value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

12. Shares Under Option

At the date of this report there were no unissued ordinary shares of Mercury Mobility Limited under option.

13. Loans to directors and executives

In accordance with the terms and conditions of the options granted to Ben Grootemaat in June 2007, which were exercised in June 2007, the payment of the exercise price of $250,000 has been treated as a loan which is repayable in August 2010 (two months after the shares are due to be released from escrow). Further information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in the notes to the financial statements.

14. Insurance and indemnification of officers

During the financial year, the Company paid a premium to insure the directors and officers of the Group. The terms of the insurance contract prevent additional disclosure.

The Company is not aware of any liability that arisen under these indemnities as at the date of this report.

15. Non-audit services

Johnston Rorke was appointed auditor of Mercury Mobility Limited on 15 June 2007 and continues in office in accordance with Section 327 of the Corporations Act 2001.

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the auditor for non-audit services provided during the year are set out below. The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

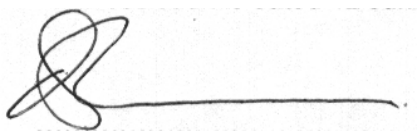
During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity and its related practices:

	Consolidated	
	2009	**2008**
	$	**$**
Taxation services	19,650	16,660
Other services	-	4,125
	19,650	20,785

16. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out following the Directors' report.

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



Mel Brookman
Chairman and Director

31 August 2009

Ben Grootemaat
Managing Director and CEO

31 August 2009

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

Level 30, Central Plaza One
345 Queen Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3222 8300
Website www.jr.com.au
Email jr@jr.com.au

The Directors

Mercury Mobility Limited

59-61 Qantas Drive

EAGLE FARM QLD 4009

Auditor's Independence Declaration

As lead engagement partner for the audit of the financial report of Mercury Mobility Limited and controlled entities for the year ended 30 June 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 audit; and

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

JOHNSTON RORKE

Chartered Accountants

K.A. HAIDUK

Partner

Brisbane, Queensland

31 August 2009

Mercury Mobility Limited

Income Statements

For the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008* $
Revenue					
Sale of goods		5,342,326	6,329,786	-	-
Interest	3	50,384	134,257	21,098	20,605
Management fees – controlled entities		-	-	249,914	1,177,716
		5,392,710	6,464,043	271,012	1,198,321
Other income					
Government grants	3	142,366	-	-	-
Expenses					
Employee benefits		3,197,380	3,395,173	780	-
Share-based payments	29	88,975	86,225	88,975	1,836,225
Royalty, content and hosting costs		1,609,445	2,804,166	-	-
Advertising		30,512	320,928	-	-
Occupancy costs		201,703	355,822	-	-
Financing costs		7,361	17,294	-	-
Professional fees		141,687	233,476	108,178	113,776
Travel		317,641	430,525	6,323	-
Depreciation		87,864	109,844	-	-
Amortisation of intangibles		324,142	671,985	324,142	671,985
Impairment of intangibles	9	1,070,431	-	1,070,431	-
Impairment of investment in subsidiaries	7	-	-	11,331,306	-
Other expenses		110,974	348,703	51,721	271,092
		7,188,115	8,774,141	12,981,856	2,893,078
Profit / (loss) before income tax		(1,653,039)	(2,310,098)	(12,710,844)	(1,694,757)
Income tax benefit/(expense)	4	(1,076,501)	681,969	(1,071,508)	(35,463)
Loss after income tax		(2,729,540)	(1,628,129)	(13,782,352)	(1,730,220)
		Cents	**Cents**		
Basic and diluted earnings per share (loss)	28	(2.6)	(1.6)		

* For the period from incorporation on 1 June 2007 to 30 June 2008.

The above income statements should be read in conjunction with the accompanying notes.

Mercury Mobility Limited

Balance Sheets

As at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Current Assets					
Cash and cash equivalents		1,175,414	1,548,874	-	-
Trade and other receivables	5	802,966	879,831	-	-
Other current assets	6	71,941	78,956	34,026	31,475
Total current assets		2,050,321	2,507,661	34,026	31,475
Non-Current Assets					
Receivables	5	222,578	201,480	809,285	998,526
Other financial assets	7	-	-	4,668,790	16,000,096
Property, plant and equipment	8	135,955	223,190	-	-
Intangible assets	9	-	1,391,573	-	1,391,573
Deferred tax assets	10	-	963,365	-	872,225
Total non-current assets		358,533	2,779,608	5,478,075	19,262,420
Total Assets		2,408,854	5,287,269	5,512,101	19,293,895
Current Liabilities					
Trade and other payables	11	1,311,996	1,567,714	113,988	202,405
Provisions	13	97,271	118,186	-	-
Total current liabilities		1,409,267	1,685,900	113,988	202,405
Non-Current Liabilities					
Provisions	13	62,156	23,373	-	-
Total non-current liabilities		62,156	23,373	-	-
Total liabilities		1,471,423	1,709,273	113,988	202,405
Net Assets		937,431	3,577,996	5,398,113	19,091,490
Equity					
Contributed equity	14	4,863,489	4,863,489	20,759,485	20,759,485
Reserves	15	151,200	62,225	151,200	62,225
Accumulated losses	15	(4,077,258)	(1,347,718)	(15,512,572)	(1,730,220)
Total equity		937,431	3,577,996	5,398,113	19,091,490

The above balance sheets should be read in conjunction with the accompanying notes.

Mercury Mobility Limited

Statement of Changes in Equity

For the year ended 30 June 2009

Consolidated	Contributed equity $	Share-based payment reserve $	Retained earnings/ accumulated Losses $	Total $
Balance at 1 July 2007	2,055,713	-	280,411	2,336,124
Issue of shares – rights issue	3,001,018	-	-	3,001,018
Share issue costs (net of tax)	(238,403)	-	-	(238,403)
Employee share options	-	62,225	-	62,225
Shares issued on acquisition of intangible assets	45,161	-	-	45,161
Loss for the year	-	-	(1,628,129)	(1,628,129)
Balance at 30 June 2008	4,863,489	62,225	(1,347,718)	3,577,996
Balance at 1 July 2008	4,863,489	62,225	(1,347,718)	3,577,996
Employee share options	-	88,975	-	88,975
Loss for the year	-	-	(2,729,540)	(2,729,540)
Balance at 30 June 2009	4,863,489	151,200	(4,077,258)	937,431
Parent entity				
Balance at 1 July 2007	17,951,709	-	-	17,951,709
Issue of shares – rights issue	3,001,018	-	-	3,001,018
Share issue costs (net of tax)	(238,403)	-	-	(238,403)
Employee share options	-	62,225	-	62,225
Shares issued on asset acquisition	45,161	-	-	45,161
Loss for the period	-	-	(1,730,220)	(1,730,220)
Balance at 30 June 2008	20,759,485	62,225	(1,730,220)	19,091,490
Balance at 1 July 2008	20,759,485	62,225	(1,730,220)	19,091,490
Employee share options	-	88,975	-	88,975
Loss for the year	-	-	(13,782,352)	(13,782,352)
Balance at 30 June 2009	20,759,485	151,200	(15,512,572)	5,398,113

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

Mercury Mobility Limited

Cash Flow Statements

For the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008* $
Cash flows from operating activities					
Receipts from customers		5,559,332	7,956,462	249,914	1,227,627
Grant received		142,366	-	-	-
Payments to suppliers and employees		(5,979,160)	(8,049,936)	(257,970)	(256,284)
Income tax paid		(113,136)	(133,126)	(111,626)	-
Interest received		29,286	115,159	-	-
Interest paid		(7,361)	(17,294)	-	-
Net cash (used in) / provided by operating activities	27	(368,673)	(128,735)	(119,682)	971,343
Cash flows from investing activities					
Payments for plant and equipment		(2,746)	(203,269)	-	-
Proceeds from disposal of plant and equipment		959	-	-	-
Loan to subsidiary		-	-	122,682	(2,761,533)
Payments for intangible assets		(3,000)	(846,252)	(3,000)	(846,252)
Net cash (used in) investing activities		(4,787)	(1,049,521)	119,682	(3,607,785)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		-	2,977,018	-	2,977,018
Payment of share issue costs		-	(340,576)	-	(340,576)
Net cash provided by financing activities		-	2,636,442	-	2,636,442
Net increase/(decrease) in cash and cash equivalents		(373,460)	1,458,186	-	-
Cash and cash equivalents at the beginning of the reporting period		1,548,874	90,688	-	-
Cash and cash equivalents at the end of the reporting period		1,175,414	1,548,874	-	-

* For the period from incorporation on 1 June 2007 to 30 June 2008.

The above cash flow statements should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Mercury Mobility Limited as an individual entity and the consolidated entity consisting of Mercury Mobility Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Mercury Mobility Limited complies with International Financial Reporting Standards (IFRS).

Early adoption of standards

The Group has not elected to apply early adoption of standards to the annual reporting period.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Period of financial report – shorter and longer than one year

The Group has identified a reverse acquisition. This means the legal parent, Mercury Mobility Limited, is not the accounting parent. Under reverse acquisition the accounting parent is deemed to be Mercury Mobility (Australia) Pty Ltd. The legal parent, Mercury Mobility Limited was newly incorporated on 1 June 2007 and therefore the 2008 comparatives are for the period 1 June 2007 to 30 June 2008. The accounting policies and methods of computation adopted are set out below.

(b) Principles of consolidation and reverse acquisition accounting

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mercury Mobility Ltd ("Company" or "parent entity") as at 30 June 2009 and the results of the Company and all subsidiaries for the year then ended. Mercury Mobility Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities controlled by the Group. Control exists when there is power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain the benefits from its activities. The financial information for subsidiaries is included in the consolidated financial information from the date that control commences to the date that control ceases.

The purchase method of accounting is used to account for all business combinations (acquisitions). Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation and reverse acquisition accounting (continued)

For all business combinations an acquirer is identified as the entity that obtains control of the combining entities. The acquirer for accounting purposes need not be the legal parent entity. In situations where a number of existing entities are combined with a new legal parent entity, an existing entity can be the acquirer where the relevant factors include that it has control. This is referred to as a reverse acquisition. The Group has identified a reverse acquisition, such that:

- Mercury Mobility Ltd is the legal parent entity of the Group and presents consolidated financial information; but
- The operating entity, Mercury Mobility (Australia) Pty Ltd, which is a legal subsidiary of Mercury Mobility Ltd, is deemed to be the accounting parent of the Group.

Accordingly, the consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by Mercury Mobility (Australia) Pty Ltd, including Mercury Mobility Ltd (refer note 24 Business Combination and Controlled Entities), and the results of these entities for the periods shown as if the Group were headed by Mercury Mobility (Australia) Pty Ltd. At acquisition date, the assets and liabilities of the entities acquired by Mercury Mobility (Australia) Pty Ltd are recorded at fair value while the assets and liabilities of Mercury Mobility (Australia) Pty Ltd are maintained at their book value.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Mercury Mobility Ltd's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to a translation reserve.

(e) Revenue

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue from goods sold comprises revenue from the sale of mobile phone content. Sales revenue is recognised on an accrual basis in accordance with the substance of agreements with relevant customers. Service revenue is recognised as services are provided in accordance with the relevant service agreement.

1. Summary of significant accounting policies (continued)

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(g) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation legislation

Mercury Mobility Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation from 1 July 2007.

The head entity, Mercury Mobility Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mercury Mobility Limited 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 4.

Any difference between the amounts assumed and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 45 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

1. Summary of significant accounting policies (continued)

(j) Plant and equipment

Plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current period are as follows:

- Plant and equipment 2½ - 10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(k) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and meets the requirements of Accounting Standard AASB 138 “Intangible Assets”. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite.

Intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- Website and system development costs 3 – 5 years
- Content development costs – 2 years

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicated that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

1. Summary of significant accounting policies (continued)

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value of current receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on average 60-day terms.

(p) Borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(r) Employee benefits

Wages, salaries, annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, and are calculated using undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as superannuation, workers compensation insurance and payroll tax.

Long-term service agreements

The net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to Commonwealth Government bonds at the balance sheet date which have maturing dates approximating the terms of the Group's obligations.

(s) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Mercury Mobility 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 (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the balance date but not distributed at balance date.

1. Summary of significant accounting policies (continued)

(v) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Goods and services tax (GST)

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Revenue, expenses and all other assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

(x) New accounting standards and interpretations not effective in current period

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2009, are as follows:

Standard/Interpretation	Application date*	Application date for the Group*
AASB 3 *Business Combinations – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jul 2009	1 Jul 2009
AASB 8 *Operating Segments* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 101 *Presentation of Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 123 *Borrowing Costs – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 127 *Consolidated and Separate Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 Jul 2009	1 Jul 2009
AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*	1 Jan 2009	1 Jul 2009
AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*	1 Jan 2009	1 Jul 2009
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 Jan 2009	1 Jul 2009
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 Jul 2009	1 Jul 2009
AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 Jan 2009	1 Jul 2009
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	*1 Jul 2009*	*1 Jul 2009*
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	*1 Jan 2009*	*1 Jul 2009*
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	*1 Jul 2009*	*1 Jul 2009*

1. Summary of significant accounting policies (continued)

(x) New accounting standards and interpretations not effective in current period (continued)

Standard/Interpretation	Application date*	Application date for the Group*
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	*1 Jan 2010*	*1 Jul 2010*
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	*1 Jan 2010*	*1 Jul 2010*
Interpretation 17 Distributions of Non-cash Assets to Owners	*1 Jul 2009*	*1 Jul 2009*
Interpretation 16 Hedges of a Net Investment in a Foreign Operation	*1 Oct 2008*	*1 Jul 2009*
Interpretation 18 Transfer of Assets from Customers	*1 Jul 2009*	*1 Jul 2009*

* Application date is for annual reporting periods beginning on or after the date shown in the above table.

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

- The revised AASB 3 applies prospectively for all business combinations after it becomes effective. It introduces a number of changes which may have a significant impact on accounting for future business combinations. For example, it allows a choice for measuring non-controlling interests (minority interest) in an acquiree – either fair value or at the proportionate share of the acquiree's net identifiable assets. It also requires acquisition related costs to be accounted for separately from the business combination – which will usually mean they will be expensed. The Directors have not yet assessed the impact the revised standard will have in future periods.
- AASB 8 may impact segment disclosures. It is not expected to impact the amounts included in the financial statements except that it may impact the level at which goodwill, if any, is tested for impairment.
- The revised AASB 101 is only expected to affect the presentation and disclosure of the financial report.
- The revised AASB 123 will require that borrowing costs associated with qualifying assets be capitalised. The Directors do not expect the revised standard will have a material impact as the Group has already adopted the allowed alternative treatment of capitalising borrowing costs attributable to qualifying assets.
- The revised AASB 127 introduces a number of changes including requiring that changes in an ownership interest in a subsidiary that do not result in a loss of control be accounted for as equity transactions and net income being attributed to the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Directors have not yet assessed the impact the revised standard will have in future periods.
- AASB 2008-1 introduces a number of amendments in accounting for share-based payments including clarifying that vesting conditions comprise service conditions and performance conditions only. The Group may have or enter into share-based payment arrangements that could be affected by these amendments. However, the Directors have not yet assessed the impact, if any.
- AASB 2008-2 introduces amendments that allow an entity that issues certain puttable financial instruments to classify them as equity rather than financial liabilities. As the consolidated Group does not have any such financial instruments, these amendments are not expected to have an impact on the financial report in future years.
- AASB 2008-5 and AASB 2008-6 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the further impact of the amendments, if any.
- AASB 2008-7 introduces amendments that result in all dividends from a subsidiary, jointly controlled entity or associate being recognised in the separate financial statements of an investor as income.
- AASB 2009-2 amends AASB 7 to require enhanced disclosures about fair value measurements and liquidity risk. The amendment is only expected to affect disclosure of the financial report in future periods.

1. Summary of significant accounting policies (continued)

(x) New accounting standards and interpretations not effective in current period (continued)

- AASB 2009-4 and AASB 2009-5 – These amendments introduce various changes to IFRSs. The Directors have not yet assessed the further impact of the amendments, if any.
- AASB 2009-8 introduces amendments to incorporate the requirements previously included in Interpretation 8 and Interpretation 11. The amendments require an entity that receives goods and services in share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Directors have not yet assessed the further impact of the amendments, if any.
- Interpretation 16 – This interpretation provides guidance on accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. The Group does not have any investments in foreign operations and therefore the interpretation is not expected to have an impact in future periods.
- Interpretation 17 – This interpretation provides guidance on how an entity should measure distributions of assets other than cash when it pays dividends to owners, except for common control transactions. The Group does not make no distributions of assets and therefore the interpretation is not expected to have an impact in future periods.
- Interpretation 18 – This interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment (or cash to construct or acquire it) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The Group does enter into such agreements and therefore the interpretation is not expected to have an impact in future periods.

(y) General

This financial report covers both Mercury Mobility Limited, as an individual entity (parent entity) and the consolidated entity, consisting of Mercury Mobility Limited and its controlled entities.

Mercury Mobility Limited is a publicly listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

51-61 Qantas Drive, Eagle Farm Qld 4009

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are considered to be reasonable under the circumstances. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangibles

During the 2009 financial year the carrying values of intangible assets were considered in terms of their estimated fair value. An impairment charge of $1,070,431 was recognised in the current period.

Ongoing operations

The Group recorded an EBITDA (earnings before interest, tax, depreciation and amortisation) loss for the year ended 30 June 2009 of $213,625 (2008: loss of $1,645,232). At 30 June 2009 consolidated current assets exceeded current liabilities by $641,054. The budget for the 2010 financial year shows a significant improvement in earnings, most of which is forecast to come from an improvement in gross margin. The 2009 financial year represents the efforts of the directors and management to position the business for scale and profitable growth. The directors are confident that, on the basis of contracts currently in hand, the Group will return to profitability within the 2010 financial year and generate ongoing earnings and positive cash flows without the need to raise further working capital.

	Consolidated		Parent entity	
3. Revenue and expenses	**2009**	**2008**	**2009**	**2008***
	$	**$**	**$**	**$**
Loss before income tax includes the following specific items:				
Revenue				
Interest				
Imputed interest on loans to key management personnel (note 5)	21,098	19,098	21,098	20,605
Other	29,286	115,159	-	-
	50,384	134,257	21,098	20,605
Net foreign currency gain	2,017	-	-	-
Other Income				
Government grants**	142,366	-	-	-
Expenses				
Net foreign currency loss	-	64,734	-	-
Rental expense	79,129	188,464	-	-
Superannuation expense	210,669	232,167	-	-
Loss on disposal of fixed assets	1,158	-	-	-
Write-down of plant and equipment	-	96,439	-	7,565

** Export market development grants of $142,366 (2008: nil) were recognised as other income by the Group during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

4. Income tax

Income tax expense				
Current tax	147,186	784,829	59,529	62,266
Deferred tax	316,055	(102,860)	331,128	(97,729)
	463,241	681,969	390,657	(35,463)
Deferred tax not recognised	(1,539,742)	-	(1,462,165)	-
Income tax (expense)/benefit	(1,076,501)	681,969	(1,071,508)	(35,463)

* For the period from incorporation on 1 June 2007 to 30 June 2008.

4. Income tax (continued)

	Consolidated		Parent entity	
	2009	**2008**	**2009**	**2008***
	$	**$**	**$**	**$**
Numerical recollection of income tax expense to prima facie tax payable				
Loss from operations before income tax expense	(1,653,039)	(2,310,098)	(12,710,844)	(1,694,757)
Tax at the Australian tax rate of 30% (2008: 30%)	495,912	693,029	3,813,253	508,429
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share based payments	(26,693)	(18,667)	(26,693)	(543,669)
Research and development	13,247	20,530	-	-
Impairment of investment in subsidiary	-	-	(3,399,392)	-
Other	(19,225)	(12,923)	3,489	(223)
Income tax (expense)/benefit	463,241	681,969	390,657	(35,463)
Prior period net deferred tax assets written off	(963,365)	-	(872,225)	-
Current net deferred tax assets written off	(576,377)	-	(589,940)	-
Income tax (expense)/benefit	(1,076,501)	681,969	(1,071,508)	(35,463)
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – credited directly to equity (note 10)	-	102,173	-	122,911
Tax Losses				
Tax losses for which no deferred tax asset has been recognised	4,192,183	-	4,170,157	-
Tax benefit at 30%	1,257,655	-	1,251,047	-
Unrecognised temporary differences				
Unrecognised temporary differences for which no net deferred tax asset has been recognised attributable to:				
Amortisation of share issue expense	87,164	-	74,910	-
Employee benefits	47,828	-	-	-
Accruals	16,532	-	9,600	-
Sundry items	2,412	-	4,508	-
Intangible assets	128,152	-	122,100	-
Net temporary differences not recognised	282,088	-	211,118	-

* For the period from incorporation on 1 June 2007 to 30 June 2008.

4. Income tax (continued)

Tax consolidation legislation

The utilisation of the deferred tax asset is dependent on future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These in turn depend on estimates of future sales volumes, operating costs, capital expenditure and other capital management transactions.

Further to commentary within note 2, given the current state of the economy a conservative approach has been taken in order to ascertain whether the future taxable profits are more than likely to be recoupable.

Management has determined that due to the uncertainty of the future taxable profits the net deferred tax asset of $1,539,742 (2008: nil) has not been recognised for the Consolidated Group and $1,462,165 (2008: nil) for the Parent Entity.

5. Trade and other receivables

	Consolidated		Parent entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Non-current				
Trade debtors	114,923	366,363	-	-
Unbilled income	688,043	513,468	-	-
	802,966	879,831	-	-
Non-current				
Loans to key management personnel	222,578	201,480	222,578	201,480
Amounts receivable from subsidiaries	-	-	586,707	797,046
	222,578	201,480	809,285	998,526

At 30 June 2009 no trade debtors or unbilled income was assessed as impaired. Trade debtors of $17,726 (2008: $168,559) were past due but not impaired. These relate to a number of customers with no recent history of default. The Group does not hold any collateral in relation to these receivables.

The ageing analysis of these trade debtors past due is as follows:

1 month	14,682	92,475	-	-
2 months	2,973	30,040	-	-
3 months and greater	71	46,044	-	-
	17,726	168,559	-	-

Loans to key management personnel

In accordance with the terms and conditions of the grant of 10 million options to 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 cost less an imputed interest amount of $69,125 – refer to note 19 for further information.

Amounts receivable from subsidiaries

The recoverable amount of the loan to subsidiaries is considered to approximate the fair value of the subsidiaries.

Refer to note 23 for further information.

5. Trade and other receivables (continued)

Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk in relation to trade and other receivables is provided in note 17.

Fair value and credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 17 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

6. Other current assets

Prepayments	71,941	78,956	34,026	31,475

7. Other financial assets

Shares in subsidiaries – at cost	-	-	16,000,096	16,000,096
Provision for impairment	-	-	(11,331,306)	-
	-	-	4,668,790	16,000,096

Refer to note 25 for information on subsidiaries.

The parent entity has recognised a provision for impairment of $11,331,306 (2008: nil) in relation to its investment in Mercury Mobility (Australia) Pty Ltd. The recoverable amount of the investment in the subsidiary was determined using the value-in-use calculations based on the present value of cash flow projections of Mercury Mobility (Australia) Pty Ltd over 10 years. In preparing the projections, management used the 2010 to 2012 budgets and a growth rate thereafter of 8% per annum and a post-tax discount rate of 15%.

Provision for impairment

Balance at beginning of year	-	-	-	-
Provision for impairment recognised during the year	-	-	11,331,306	-
Balance at end of year	-	-	11,331,306	-

8. Property, plant and equipment

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Plant and equipment – at cost	342,988	343,295	-	-
Accumulated depreciation	(207,033)	(120,105)	-	-
	135,955	223,190	-	-
Movements in the carrying amounts of plant and equipment are set out below:				
Balance at beginning of year	223,190	218,639	-	-
Additions	2,746	203,269	-	-
Disposals/write down in value	(2,117)	(88,874)	-	-
Depreciation	(87,864)	(109,844)	-	-
Balance at end of year	135,955	223,190	-	-

9. Intangible assets

Website development – at cost	432,260	432,260	432,260	432,260
Accumulated amortisation and impairment	(432,260)	(274,596)	(432,260)	(274,596)
	-	157,664	-	157,664
Systems development – at cost	1,380,640	1,380,640	1,380,640	1,380,640
Accumulated amortisation and impairment	(1,380,640)	(367,437)	(1,380,640)	(367,437)
	-	1,013,203	-	1,013,203
Content – at cost	894,978	894,978	894,978	894,978
Accumulated amortisation and impairment	(894,978)	(674,272)	(894,978)	(674,272)
	-	220,706	-	220,706
Movements in intangible assets during the year were as follows:				
Website development				
Balance at beginning of year	157,664	150,590	157,664	-
Additions	-	109,902	-	109,902
Transfer from subsidiary *	-	-	-	150,590
Amortisation	(49,036)	(102,828)	(49,036)	(102,828)
Impairment	(108,628)	-	(108,628)	-
Balance at end of year	-	157,664	-	157,664
Systems development				
Balance at beginning of year	1,013,203	690,205	1,013,203	-
Additions	-	509,629	-	509,629
Transfer from subsidiary *	-	-	-	690,205
Disposals	-	(7,565)	-	(7,565)
Amortisation	(216,265)	(179,066)	(216,265)	(179,066)
Impairment	(796,938)	-	(796,938)	-
Balance at end of year	-	1,013,203	-	1,013,203

9. Intangible assets (continued)

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Content				
Balance at beginning of year	220,706	338,915	220,706	-
Additions	3,000	271,882	3,000	271,882
Transfer from subsidiary *	-	-	-	338,915
Amortisation	(58,841)	(390,091)	(58,841)	(390,091)
Impairment	(164,865)	-	(164,865)	-
Balance at end of year	-	220,706	-	220,706

* On 1 July 2007 ownership of the intangible assets was assigned to the parent entity, consideration being the written down value at that date.

Impairment

Intangible assets are reviewed for impairment where there are indicators that the carrying amount may not be recoverable. The consolidated entity recorded a loss for the period ended 31 December 2008 indicating that the carrying amounts of the intangible assets may have been impaired. At 31 December 2008 the directors considered the recoverable amounts of intangible assets in terms of their fair value. Given the state of the economy, a conservative approach was taken and the directors wrote down the carrying value of the intangible assets by $1,070,431 to nil.

10. Deferred tax assets

The balance comprises temporary differences attributable to:				
Amortisation of share issue expense	-	118,261	-	99,878
Employee benefits	-	42,467	-	-
Accruals	-	35,543	-	10,350
Sundry items	-	14,556	-	14,556
Tax losses	-	997,332	-	992,235
Total deferred tax assets	-	1,208,159	-	1,117,019
Set-off of deferred tax liabilities pursuant to set-off provisions (note 12)	-	(244,794)	-	(244,794)
Net deferred tax assets	-	963,365	-	872,225
Movements in carrying value:				
At beginning of period	1,208,159	184,776	1,117,019	-
Credited/(charged)to the income statement	(1,208,159)	788,084	(1,117,019)	64,139
Credited directly to equity	-	102,173	-	122,911
Tax withheld by customers	-	133,126	-	929,969
Transfer from subsidiary	-	-	-	-
At end of year	-	1,208,159	-	1,117,019

11. Trade and other payables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Trade and other payables	1,311,996	1,567,714	113,988	202,405

Trade and other payables are generally unsecured, non-interest bearing and paid in cash within 30-60 days of recognition.

Information about the Group's and parent entity's exposure to foreign exchange risk is provided in note 17.

12. Deferred tax liability

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Deferred tax liability	-	-	-	-
The balance comprises temporary differences attributable to:				
Intangible assets	-	244,794	-	244,794
Total deferred tax liabilities	-	244,794	-	244,794
Set off of deferred tax assets pursuant to set-off provisions (note 10)	-	(244,794)	-	(244,794)
Net deferred tax liabilities	-	-	-	-
Movements in carrying value:				
At beginning of period	244,794	148,355	244,794	-
(Credited)/charged to the income statement	(244,794)	96,439	(244,794)	-
Credited directly to equity	-	-	-	99,605
Transfer from subsidiary	-	-	-	145,189
At end of year	-	244,794	-	244,794

13. Provisions

Current				
Employee benefits	97,271	118,186	-	-
Non-current				
Employee benefits	62,156	23,373	-	-

14. Contributed equity

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Share capital				
105,326,482 (2008: 105,326,482) fully paid ordinary shares	4,863,489	4,863,489	20,759,485	20,759,485

Effective 1 July 1998 the corporation's legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the parent entity does not have authorised capital nor par value in respect of its issued shares.

The movement in fully paid ordinary shares for 2008 and 2009 is reconciled as follows:

Details	Notes	No. of Shares	Consolidated entity $	Parent entity $
Balance as at 1 July 2007		90,000,479	2,055,713	17,951,709
Shares issued under rights issue	(a)	14,885,089	2,977,018	2,977,018
Share issue costs (net of tax)	(a)	-	(238,403)	(238,403)
Shares issued under ESOP:				
- July 2007	(b)	115,000	23,000	23,000
- April 2008	(b)	3,333	1,000	1,000
Shares issued on acquisition of intellectual property	(c)	322,581	45,161	45,161
Balance as at 30 June 2008		105,326,482	4,863,489	20,759,485
Balance as at 30 June 2009		105,326,482	4,863,489	20,759,485

There were no movements in share capital in the year ended 30 June 2009. For the year ended 30 June 2008 the movements were:

(a) On 27 July 2007 the parent entity issued 14,885,089 ordinary shares at 20 cents per share pursuant to a 3 for 16 rights issue to raise $2,977,018 cash.

(b) On 27 July 2007 and 7 April 2008 the parent entity issued 115,000 and 3,333 ordinary shares to employees for no consideration under the Employee Share and Option Plan. The assessed fair value of these shares of $23,000 (20 cents per share) and $1,000 (30 cents per share) were expensed during the year.

(c) On 9 May 2008 322,581 shares were issued as part consideration for the acquisition of intellectual property. The assessed fair value of these shares of $45,161 (14 cents per share) is included in the cost of the intangible asset.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options

As at balance date the number of options to purchase ordinary shares in the parent entity was as follows:

No. of Options			
2009	2008	Exercise Price	Expiry Date
-	300,000	30 cents	11 October 2009
-	500,000	40 cents	11 October 2010
-	800,000	50 cents	11 October 2011

The options were issued to employees under the Employee Share and Option Plan. During the year ended 30 June 2009 the options were cancelled by the Board.

15. Reserves and retained profits/(accumulated losses)

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Retained profits/(accumulated losses)				
Balance at beginning of year	(1,347,718)	280,411	(1,730,220)	-
Loss for the period	(2,729,540)	(1,628,129)	(13,782,352)	(1,730,220)
Balance at the end of year	(4,077,258)	(1,347,718)	(15,512,572)	(1,730,220)
Share-based payments reserve				
Balance at beginning of year	62,225	-	62,225	-
Options granted during the year	-	62,225	-	1,812,225
Options cancelled during the year	88,975	-	88,975	-
Transfer from reserve to contributed equity	-	-	-	(1,750,000)
Balance at end of year	151,200	62,225	151,200	62,225

The share-based payments reserve is used to recognise the fair value of the options issued to employees but not exercised.

16. Segment Reporting

The primary reporting segment of the Group is the business segment. The Group operates in one business segment being the provision of mobile phone content services. The Group is organised into geographical regions and is reported on that basis. The Group operates in Australia (head office), New Zealand, Canada and UK. There were no intersegment transfers in the reporting period.

Secondary reporting format – geographical segments

	Segment revenues/other income		Segment assets	
	2009	2008	2009	2008
	$	$	$	$
Australia	2,691,162	3,718,176	1,913,228	3,752,832
New Zealand	1,218,710	1,479,482	193,188	256,837
Canada	1,556,629	1,057,244	300,722	288,037
UK	18,191	74,884	1,716	26,198
Total	5,484,692	6,329,786	2,408,854	4,323,904
Unallocated assets			-	963,365
Total assets			2,408,854	5,287,269

Acquisition of non-current assets, comprising plant and equipment and intangible assets, were acquired in Australia.

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

17. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Market risk

The Group is not exposed to equity nor commodity security price risks. The Group does not have borrowings and therefore the Group's exposure to interest rate risk primarily concerns interest received on cash deposits held at call. The Group operates internationally and is exposed to foreign exchange risk arising primarily from the New Zealand and Canadian currency fluctuations. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The carrying amounts of the Group's financial assets and liabilities are denominated in Australian dollars. The risk is measured using cash flow forecasting. The parent is not exposed to foreign currency risk. The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2009					**30 June 2008**				
	NZD $	CAN $	UKP £	EUR €	USD $	NZD $	CAN $	UKP £	EUR €	USD $
Deposits held at call	-	-	-	-	-	-	-	21,452	-	-
Trade and other receivables	240,104	279,533	72	898	-	106,422	271,853	9,797	-	-
Trade payables	(76,889)	(43)	-	-	(10,077)	(26,439)	(280)	(2,056)	-	(2,801)

Group sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against other currencies with all other variables held constant, the Group's post-tax profit for the year would have shown negligible movements for each of the reporting periods.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. The Group banking is with National Australia Bank. All of the Group's cash balances are held with National Australia Bank.

The Group's customers mostly comprise major telecommunication carriers who also make up the material accounts receivable balances. Since commencing business in 2007, accounts receivable collection has been without impairment.

No independent rating of the above organisations has been undertaken, however as part of Group risk review processes, the credit quality of the customer, taking into account its financial position, past experience and other factors, is continually assessed and monitored by management.

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecasted cash flow. The Group had approximately $1.175 million of cash and cash equivalents at 30 June 2009 and no borrowings and has not sought access to undrawn debt facilities. The Group's net working capital position at that date, measured in terms of current assets less current liabilities, was approximately $0.641 million.

Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

18. Dividends

No other dividends have been paid or declared during the period (2008: nil).

Franking credits	**Parent entity**	
Franking credits available for subsequent	**2009**	**2008**
financial years based on a tax rate of 30%	**$**	**$**
	-	-

These amounts represent the balance of the franking account as at the end of the year, adjusted for:

i. Franking credits that will arise from the payment of the amount of the provision for income tax;

ii. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

iii. Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

19. Key management personnel disclosures

Directors

The following persons were directors of Mercury Mobility Limited during the financial period

(1 July 2008 to 30 June 2009):

- Mel Brookman (Chairman – non-executive)
- Alexander Beard (Director – non-executive)
- Ben Loiterton (Director – non-executive, resigned 27 February 2009)
- Ben Grootemaat (Director – executive)

Other key management personnel

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

Name	*Position*	*Employer*
Stephen Doyle	Chief Financial Officer	Mercury Mobility (Australia) Pty Ltd
Paul Paoliello	Chief Operating Officer	Mercury Mobility (Australia) Pty Ltd

Key management personnel compensation	**Consolidated**		**Parent entity**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Short-term employee benefits	521,092	639,997	-	-
Post-employment benefits	41,235	38,123	-	-
Long-term benefits	8,142	3,117	-	-
Termination benefits	-	-	-	-
Share-based payments	88,975	62,225	88,975	1,812,225
	659,444	743,462	88,975	1,812,225

The company has transferred the detailed remuneration disclosures to the directors' report.

19. Key management personnel disclosures (continued)

Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in Section 11 of the directors' report.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Mercury Mobility Limited and other key management personnel of the Group, including their personally related parties, is set out below.

2009 Name	Balance at the start of the year	Options granted	Options exercised	Options cancelled	Balance at the end of the year
Directors					
Mel Brookman	-	-	-	-	-
Alexander Beard	-	-	-	-	-
Ben Grootemaat	-	-	-	-	-
Ben Loiterton	-	-	-	-	-
Other key management personnel					
Stephen Doyle	800,000	-	-	(800,000)	-
Paul Paoliello	800,000	-	-	(800,000)	-

2008 Name	Balance at the start of the period (1 June 2007)	Options granted	Options exercised	Options cancelled	Balance at the end of the period (30 June 2008)
Directors					
Mel Brookman	-	-	-	-	-
Alexander Beard	-	-	-	-	-
Ben Grootemaat	-	10,000,000	(10,000,000)	-	-
Ben Loiterton	-	-	-	-	-
Other key management personnel					
Stephen Doyle	-	800,000	-	-	800,000
Paul Paoliello	-	800,000	-	-	800,000

None of the options outstanding at 30 June 2008 were vested or exercisable.

Share holdings

The numbers of shares in the Company held during the financial period by each director of Mercury Mobility Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009 Name	Balance at the start of the year	Options exercised	Balance at resignation	Other changes	Balance at the end of the year
Directors					
Mel Brookman	7,786,109	-	-	-	7,786,109
Alexander Beard	150,000	-	-	-	150,000
Ben Loiterton	20,000	-	(20,000)	-	-
Ben Grootemaat	10,001,321	-	-	-	10,001,321
Other key management personnel					
Stephen Doyle	-	-	-	-	-
Paul Paoliello	-	-	-	-	-

19. Key management personnel disclosures (continued)

Share holdings (continued)

2008 Name	Balance at the start of the period (1 June 2007)	Shares issued during the period: Options exercised	Rights issue	Other changes	Balance at the end of the period (30 June 2008)
Directors					
Mel Brookman	-	-	1,229,385	6,556,724	7,786,109
Alexander Beard	-	-	-	150,000	150,000
Ben Loiterton	-	-	-	20,000	20,000
Ben Grootemaat	-	10,000,000	-	1,321	10,001,321
Other key management personnel					
Stephen Doyle	-	-	-	-	-
Paul Paoliello	-	-	-	-	-

The rights issue was pursuant to a non-renounceable pro-rata offer under a prospectus date of 25 June 2007. Other changes in 2008 include 6,556,724 shares in the Company issued to Mel Brookman as a shareholder of Cellnet Limited on the demerger of Mercury Mobility Limited.

The company listed as a publically traded entity on 2 August 2007.

Loans to key management personnel

A loan of $250,000 was provided to Ben Grootemaat on 28 June 2007 on exercise of the 10 million options (at 2.5 cents per share) in accordance with the terms and conditions when the options were granted. The loan is due to be repaid in August 2010 at the same time as the corresponding shares are released from escrow or earlier if circumstances arise. No interest has been charged in respect of the loan as interest is only payable to the amount of any dividends paid during the term of the loan in respect to these shares. The loan is unsecured although the company is entitled to sell the shares and apply the proceeds against the loan if the loan is not repaid on the due date.

The loan was recorded at cost less an imputed interest amount of $69,125 – refer to note 5. The imputed interest is being recognised as revenue over the term of the loan – see note 3.

Other transactions with key management personnel

The wife of Ben Grootemaat is an employee of Mercury Mobility (Australia) Pty Ltd and is employed on normal commercial terms and conditions.

A director, Alexander (Sandy) Beard, is the Managing Director of CVC Limited. Mercury Mobility Limited entered into a contract with CVC Limited during the year for the provision of professional services. During the 2009 financial year the Group paid $25,709 to CVC Limited in respect of professional services (2008: nil). Transactions with key management personnel are based on normal commercial terms and conditions.

20. Remuneration of auditors

Johnston Rorke was appointed auditor of Mercury Mobility Limited on 15 June 2007. The following fees were paid or payable for the following services:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Audit services				
Audit and review of financial reports	51,000	49,000	51,000	49,000
Non-audit services				
Taxation services	19,650	16,660	9,600	16,660
Other services	-	4,125	-	4,125
Total remuneration for non-audit related services	19,650	20,785	9,600	20,785

21. Contingent asset and liabilities

The Group does not have any significant contingent assets or liabilities.

22. Commitments

	Consolidated		Parent entity	
	2009	2008	2009	2008
Remuneration commitments	$	$	$	$
Commitments for payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable	148,000	142,000	-	-

Remuneration commitments comprise the minimum amounts payable to B Grootemaat, S Doyle and P Paoliello upon termination under their service agreements.

The Group and the parent entity do not have any other significant commitments.

23. Related party transactions

Parent entities and controlled entities

The parent entity of the Group is Mercury Mobility Limited. The subsidiaries and controlled entities are set out in note 25.

Transactions between Mercury Mobility Limited and its subsidiaries during the year include the following:

1. Transfer of intangible assets from Mercury Mobility (Australia) Pty Ltd to Mercury Mobility Limited on 1 July 2007 at written down value – see note 9.
2. Loans advanced to subsidiaries during the period (refer to cash flow statement and note 5). Inter-group balances are interest free, unsecured with no set repayment terms and are repayable in cash.
3. Transactions between the Company and its wholly-owned controlled entities in accordance with the tax funding agreement.
4. Management fees received by the Company for accounting, administrative services, and use of assets.

During 2009 the parent entity recognised a provision for impairment of $11,331,306 against the carrying value of its investments in subsidiaries. Refer to note 7 for further details.

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Loans to/from related parties

In June 2007 the Company granted a loan to the Managing Director. Details of the loan are shown in notes 5 and 19.

24. Business Combination and Controlled Entities

On 7 June 2007 the Company acquired all the shares in the following subsidiaries from Cellnet Limited:

- Mercury Mobility (Australia) Pty Ltd
- Mercury Mobility Canada Incorporated
- Mercury Mobility Europe Limited
- Jatek Pty Ltd

The consideration for the acquisition of the above companies was the issue of 80,000,479 ordinary shares in the Company to Cellnet Limited. For the purpose of recognition of the investment by the Company, the fair value of the shares issued was determined to be 20 cents per share (totalling $16,000,096) which equated to the value per share issued by the Company pursuant to the rights issue (prospectus dated 25 June 2007). The Company was incorporated specifically for the purpose of this transaction. As detailed in Note 1(a), the transaction was identified as a reverse acquisition. At that time all other entities within the Group were not operating and, as such, the fair value of these entities, and the cost of the combination for Mercury Mobility (Australia) Pty Ltd was assessed at $nil.

25. Subsidiaries

The consolidated financial statements include the financial statements of Mercury Mobility Limited and the subsidiaries listed in the following table, in accordance with the accounting policy described in note 1(b).

	Notes	Country of Incorporation	Equity Holding 2009 %	Equity Holding 2008 %
Mercury Mobility (Australia) Pty Ltd		Australia	100%	100%
Mercury Mobility Canada Incorporated		Canada	100%	100%
Mercury Mobility Europe Limited		United Kingdom	100%	100%
Mercury Mobility New Zealand Limited	(a)	New Zealand	n/a	100%
Jatek Pty Ltd	(b)	Australia	n/a	100%

(a) Mercury Mobility New Zealand Limited was incorporated on 7th August 2007 and deregistered on 27th March 2009. Mercury Mobility New Zealand Limited was a 100% wholly owned subsidiary of Mercury Mobility (Australia) Pty Ltd.

(b) Jatek Pty Ltd was deregistered on 14th December 2008.

26. Subsequent Events

No matter or circumstance has arisen since 30 June 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.

27. Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Loss for the year	(2,729,540)	(1,628,129)	(13,782,352)	(1,730,220)
Depreciation and amortisation	412,006	781,829	324,142	671,985
Non-cash employee benefits expense-share-based payments	88,975	86,225	88,975	1,836,225
Non-cash interest accrued	(21,098)	(19,098)	(21,098)	(20,605)
Impairment of intangibles	1,070,431	-	1,070,431	-
Impairment of investment in subsidiary	-	-	11,331,306	-
Disposal of fixed assets	2,117	-	-	-
(Gain)/loss on disposal of fixed assets	(959)	96,439	-	7,565
(Increase)/decrease in trade and other debtors	76,865	1,342,555	87,657	784,777
(Increase)/decrease in deferred tax *	963,365	(824,771)	872,225	(749,314)
(Increase)/decrease in prepayments	7,015	140,182	(2,551)	(31,475)
Increase/(decrease) in trade creditors	(255,718)	(75,454)	(88,417)	202,405
Increase/(decrease) in provisions	17,868	(28,513)	-	-
Net cash inflow (outflow) from operating activities	(368,673)	(128,735)	(119,682)	971,343

* net of transactions recorded directly in equity.

27. Cash flow information (continued)

Non-cash investing and financing activities

	Consolidated		Parent entity	
	2009	2008	2009	2008
	$	$	$	$
Acquisition of intellectual property by means of Mercury Mobility Limited share issue – see note 14 (c)	-	45,161	-	45,161
Options issued to key management personnel	88,975	62,225	88,975	1,812,225
Shares issued to employees	-	24,000	-	24,000
Shares issued to acquire subsidiaries	-	-	-	16,000,096

28. Earnings per share

Basic earnings (loss) per share	(2.6)¢	(1.6)¢
Diluted earnings (loss) per share	(2.6)¢	(1.6)¢
Reconciliation of earnings used in calculating earnings per share		
Profit/(loss) after tax used in the calculation of basic and diluted earnings per share	$(2,729,540)	$(1,628,129)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted earnings per share	105,326,482	103,936,803

The denominator used in determining the basic and diluted earnings per share for the comparative period represents the number of ordinary shares issued by the parent entity to effect the reverse acquisition up to the date of demerger and then all relevant transactions after that date.

Options are considered potential ordinary shares for the purposes of diluted earnings per share. There were no dilutive options at 30 June 2009 (2008: nil).

29. Share-based payments

Directors and Executive Option Plan

The establishment of the Mercury Mobility Directors and Executive Share and Option Plan was approved by a resolution of directors on 25 June 2007. Employees eligible to participate in the plan are generally those in an executive position (including executive Directors) who are designated by Directors.

Options are granted under the plan for no consideration. The exercise price which is payable in cash will be the amount specified by Directors at the time of issue. The exercise period is the period specified by the Directors at the time of issue. The options vest based on service or performance criteria as specified by Directors. Options issued under the plan may not exceed 5% of the total number of issued shares of the Company at the date of issue.

Subject to the Board's discretion and the specific terms and conditions of grant, an option not exercised will lapse on the earliest of:

- the date 10 years from the date the option was granted or if special circumstances have arisen, 12 months after the date those special circumstances arose (the last exercise date);
- a determination of the Board that the participant has, in the Board's opinion, been dismissed or removed from office for a reason which entitles a company in the Group to dismiss the Participant without notice or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of the company (whether or not charged with an offence); or done any act which brings the Group into disrepute;

29. Share-based payments (continued)

- the date on which the participant ceases to be employed by an member of the Group (other than due to the occurrence of a special circumstance); or
- the receipt by the Company of notice from the participant (after a special circumstance has arise with respect to the participant) that the participant has elected to surrender the option.

The Board may in its discretion allow a participant to exercise all or any of their option, whether or not the exercise conditions have been satisfied and whether or not the options would otherwise have lapsed, provided that no options will be capable of exercise later than the last exercise date.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary shares of Mercury Mobility Limited. Amounts receivable on the exercise of options are recognised as share capital.

Share options

The following table summarises options granted and exercised under the plan.

Grant Date	Expiry Date	Exercise price (cents)	Balance at start of the year	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	Balance at end of the year
Consolidated and parent entity– 2009								
12 Oct 07	11 Oct 09	30¢	300,000	-	-	(300,000)	-	-
12 Oct 07	11 Oct 10	40¢	500,000	-	-	(500,000)	-	-
12 Oct 07	11 Oct 11	50¢	800,000	-	-	(800,000)	-	-
			1,600,000	-	-	(1,600,000)	-	-
Weighted average exercise price (cents)			43¢	-	-	43¢	-	-
Consolidated and parent entity– 2008								
12 Oct 07	11 Oct 09	30¢	-	450,000	-	-	(150,000)	300,000
12 Oct 07	11 Oct 10	40¢	-	750,000	-	-	(250,000)	500,000
12 Oct 07	11 Oct 11	50¢	-	1,200,000	-	-	(400,000)	800,000
14 Mar 08	13 Jan 10	31¢	-	150,000	-	-	(150,000)	-
14 Mar 08	13 Jan 11	40¢	-	250,000	-	-	(250,000)	-
14 Mar 08	13 Jan 12	50¢	-	400,000	-	-	(400,000)	-
			-	3,200,000	-		(1,600,000)	1,600,000
Weighted average exercise price (cents)			-	43¢	-		43¢	43¢

No options expired during the periods covered by the above tables. In 2009 all remaining unexercised options were cancelled (2008: nil). The weighted average remaining contractual life of share options outstanding 30 June 2009 was nil (2008: 2.59 years). At 30 June 2009 no options were exercisable and no options outstanding had vested (2008: nil).

The assessed fair value per option at grant date is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the 2008 financial year were as follows:

Share price at grant date: 20 to 30 cents
Expected price volatility of the Company's shares: 50% to 80%
Expected dividend yield: 0%
Risk free interest rate: 6.46% to 6.5%

29. Share-based payments (continued)

Employee share

The Mercury Mobility Employee Share Plan is a general employee share plan adopted by resolution of the Board on 25 July 2007.

- The Board may at any time invite employees to participate in the plan, by specifying the total number of shares being made available to the employee or the method for calculating that number, the closing date for applications and the last date for acceptances by the Company, the issue price payable on acceptance of the application by the Company and issue of the shares and any other specific terms and conditions of issue of the shares. The Board has the discretion to determine the specific terms and conditions applying to each offer, and has the right to reject any application by an employee without having to give reasons.
- The Company must not issue any shares under the plan if an issue of shares under the plan would result in a participant owning (legally or beneficially) or controlling the exercise of voting power attached to 5% or more of all shares then on issue.
- Shares issued under the Plan will rank equally with all shares.
- Unless otherwise determined by the Board, participants who receive shares under the plan will not be entitled to sell, transfer, assign, encumber, dispose of or otherwise deal with in any way those shares until the earlier of the end of three years from the date of acquisition of the shares or the time at which that person ceases to be an employee of a Group company. The Company will implement such arrangements as it determines are necessary to enforce this restriction.
- In accordance with current Australia tax legislation, shares acquired under the plan must be held for a minimum of three years (or earlier cessation of employment), during which the time the shares are subject to a disposal restriction such that the participant cannot deal in (i.e. sell or transfer) the shares.

No shares were issued to participants in 2009.

In 2008 each participant of the Employee Share Scheme was issued with shares at a value of $1,000 based on the weighted average market price being 20 cents as at 27 July 2007 and 33 cents on 7 April 2008. A total number of 118,333 shares were issued during 2008 at a cost of $24,000.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008*
	$	$	$	$
Options issued to managing director	-	-	-	1,750,000
Options issued under employee option plan	88,975	62,225	88,975	62,225
Shares issued under employee share scheme	-	24,000	-	24,000
	88,975	86,225	88,975	1,836,225

* For the period from incorporation on 1 June 2007 to 30 June 2008.

Mercury Mobility Limited

Directors' Declaration

For the year ended 30 June 2009

In the Directors' opinion

(a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including

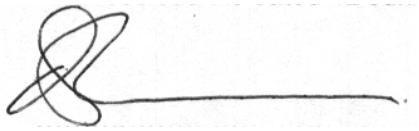
(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) 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 by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009 required by section 295A of the *Corporations Act 2001.*

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



Mel Brookman
Chairman and Director

31 August 2009

Ben Grootemaat
Managing Director

31 August 2009

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURY MOBILITY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mercury Mobility Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, and other explanatory notes and the directors' declaration of the consolidated entity comprising 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 and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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*.

Auditor's Opinion

In our opinion:

(a) the financial report of Mercury Mobility Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in Section 11 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Mercury Mobility Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE

Chartered Accountants

K.A. HAIDUK

Partner

Brisbane, Queensland

31 August 2009

Chairman and Chief Executive Officer (CEO)

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives.

The CEO is responsible for implementing Group strategies and policies. The Board charter specifies that these are separate roles to be undertaken by separate people.

Conflict of interests

There were no conflicts of interest declared during the period.

Independent professional advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Group's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Corporate reporting

The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the nomination (Mr Mel Brookman and Mr Alexander Beard), remuneration (Mr Mel Brookman and Mr Alexander Beard), and audit committees (Mr Mel Brookman, Mr Alexander Beard, and Mr Ben Grootemaat).

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

Nomination committee

The nomination committee was established on 4 April 2008. The nomination committee operates in accordance with its charter which is available on the company website. The main responsibilities of the committee are assessing the skills required by the Board; the extent to which the required skills are represented on the Board, the establishing processes for the review of the individual Directors and the Board as a whole, the establishing processes for identification of suitable candidates for appointment to the Board as additional members or to succeed existing members, and making recommendations to the Board on Directors' appointments or Board and Committee structure.

Remuneration committee

The remuneration committee operates in accordance with its charter. The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Committee members receive regular briefings from an external remuneration expert on recent developments on remuneration and related matters. Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee. Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration Report".

Audit committee

The audit committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates. The audit committee operates in accordance with a charter which is available on the company website. The main responsibilities of the committee are to monitor the Group's exposure to significant risks, and make recommendations to the Board in respect of such findings, including strategic and operational improvements.

Risk assessment and management

In summary, the Group's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

External auditors

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The environment

The Group recognises the importance of responsible environmental management and as a result the Group has undertaken projects in an effort to reduce our environmental impact.

Code of Conduct

The Group has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities. A copy of the Code and trading policy are available on the company's website.

Continuous disclosure and shareholder communication

The Group has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the company's website.

ASX Principles of Good Governance and Best Practice Recommendations

The Board considers that the Group generally complies with the ASX Principles and, where the Group does not comply, this is primarily due to the current relative size of the Group and scale and nature of its current operations. The Board considers that independence is about whether a director is independent of management and free of outside influences which could materially interfere with the independent and objective judgement of the director. On this basis, the Board considers that the committee compositions are independent.

Comments on departures are set out below.

Best Practice Recommendations	Comment
2.1 - A majority of the Board should be independent directors.	None of the directors are independent in terms of the ASX Principles.
2.2 - The chairperson should be an independent director.	See paragraph 2.1.
2.4 - The Board should establish a nomination committee. 9.2 - The Board should establish a remuneration committee.	Whilst the ASX Principles suggest a committee be established comprising at least 3 independent directors, they recognise that for smaller Boards the same efficiencies may not be obtained through establishing a separate committee.
4.3 - Structure the audit committee so that it consists of only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the Board; and at least three members.	The audit committee comprises non-executive directors, but they are not independent in terms of the ASX Principles; and the committee chairman is not independent in terms of the ASX Principles. See above comments regarding director independence.
8.1 - Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	The policy for the performance of the Board and its members is available on the Company's website. However, no formal performance evaluation of the board, its committees and individual directors and key executives was undertaken in the reporting period.

Mercury Mobility Limited

Shareholder Information

The shareholder information set out below was applicable as at 28 August 2009.

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Class of equity security Ordinary shares	
		Holders	**Shares**
1 -	1,000	331	155,810
1,001 -	5,000	1,063	2,756,505
5,001 -	10,000	481	3,470,418
10,001 -	100,000	450	10,693,961
100,001 -	and over	46	88,249,788
		2,371	105,326,482

There were 1,868 holders of less than a marketable parcel of ordinary shares.

Equity securities holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Name	Ordinary Shares Number held	Percentage of Issued shares
1	CVC Limited	25,467,307	24.18%
2	Mr Ben Grootemaat	10,001,321	9.49%
3	Stinoc Pty Ltd	8,155,807	7.74%
4	Melambrook Pty Ltd	7,786,109	7.39%
5	Trojan Equity Limited	5,836,454	5.54%
6	Bywater Investments Limited	4,293,867	4.08%
7	Wenola Pty Limited <Pension Fund A/C>	4,071,188	3.87%
8	Hesley Consultants Limited	3,578,222	3.40%
9	Starrison Pty Ltd	3,154,235	2.99%
10	Chemical Trustee Ltd	2,325,844	2.21%
11	Tup Pty Ltd <J Gibbs S/F A/C>	1,587,740	1.51%
12	Yardley Holdings Limited	1,476,017	1.40%
13	Mr Shaun Edward-Smith	1,028,722	0.98%
14	Citicorp Nominees Pty Limited	1,014,781	0.96%
15	North Balwyn Pty Ltd <Tobin Property A/C>	940,802	0.89%
16	Philadelphia Investments Pty Ltd	715,644	0.68%
17	Perpetual Custodians Limited	641,475	0.61%
18	Loratron Pty Ltd	536,734	0.51%
19	The Corporation of the Trustees of the Order of the Sisters of the Presentation	536,733	0.51%
20	Adalora Pty Limited <Briandra P/L Super Fund A/C>	447,277	0.43%
	Total percentage of issued shares	83,596,279	79.37%

Mercury Mobility Limited

Shareholder Information (continued)

Unquoted equity securities	**Number on issue**	**Number of holders**
Options issued under the Mercury Emoloyee Option Plan to take up ordinary shares	-	-

Substantial holders in the company are set out below:

	Number held	**Percentage**
CVC Limited	25,467,307	24.18%
Ben Grootemaat	10,001,321	9.50%
Stinoc Pty Ltd	8,155,807	7.74%
Melambrook Pty Ltd	7,786,109	7.39%
Trojan Equity Limited	5,836,454	5.54%

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) 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.

(b) Options

No voting rights.

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