



MOBILESOFT LIMITED
ACN 082 901 362

ACTIVITIES STATEMENT AND BALANCE SHEET

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1. ACTIVITIES STATEMENT

1.1 Company Background

Mobilesoft listed on ASX on 2 May 2000 as Pos.it.ive Technologies Limited (**Positive**). Positive was established in 1998 and its business included outsourcing EFTPOS terminals for banks and financial institutions, development of bill payment terminals and mobile payment solutions. Positive acquired Mobilesoft Pty Ltd in July 2002.

The notice of meeting sent to shareholders to seek approval for the acquisition of Mobilesoft Pty Ltd described that company as a "data communications company servicing large enterprises to provide fixed line and wireless wide area networking, wide area business application development, mobile data solutions and automated data capture and processing project services. Successfully trading since 1993, Mobilesoft has a solid forward order book and a record of accomplishment in servicing such blue chip companies as Telstra Corporation Limited, TAB Limited, AMP Limited, CommSec and Brambles Industries Limited."

Following the acquisition of Mobilesoft Pty Ltd, Positive changed its name to Mobilesoft Limited and its ASX ticker code was changed from POT to MSO.

1.2 Administration Overview

On 21 August 2007, Mr Roderick Mackay Sutherland and Mr Sule Arnautovic were appointed as administrators of the Company and Mobilesoft (Aust) pursuant to Section 436C of the Corporations Act. On the same day, the Company's securities were suspended from trading on the official list of ASX.

On 19 October 2007, following a creditors' meeting held on 16 October 2007, the Company and Mobilesoft (Aust) entered into deeds of company arrangement (**DOCAs**) that provided for the payment of funds into the Company, the sale of some of the Company's assets and settlement of creditors' claims.

The DOCAs were terminated on 8 December 2008 following distribution of the administrators' funds to the Company's creditors.

The Directors of the Company then accepted a proposal from Cygnet Capital Pty Ltd (**Cygnet**) to reconstruct and recapitalise the Company in order that Mobilesoft can continue to operate as a going concern and seek reinstatement to trading on ASX (**Proposal**).

1.3 Summary of the Proposal

The Proposal was reflected in a Reconstruction Deed between the Company, Mobilesoft (Aust), the directors of the Company and Cygnet, the material terms of which can be summarised as follows:

- (a) (Consolidation): the Company will undertake a consolidation of its issued capital on a one (1) for sixteen (16) basis;
- (b) (Capital raising): after the consolidation, the Company will undertake the following capital raisings:
 - (i) an issue to Cygnet and/or its nominees of 60,000,000 Shares at an issue price of 0.1 cents each to raise \$60,000;

- (ii) an issue to Cygnet and/or its nominees of 240,000,000 Options exercisable at 1 cent each on or before 30 April 2013; and
- (iii) an issue of up to 500,000,000 Shares at an issue price of not less than 0.5 cents each to raise up to \$2,500,000; and
- (c) (Directors): the current board of directors of the Company will be removed and replaced by nominees of Cygnet; and
- (d) (Settlement): subject to satisfaction or waiver of the certain conditions, on settlement of the Reconstruction Deed Cygnet will make available to the Company \$325,000 to satisfy certain creditors claims.

A Shareholders' meeting was held on 13 May 2009 and approval was obtained for the matters set out above.

ASX has advised the Company that, upon completion of the capital raising contemplated by this Prospectus and the satisfaction of various other conditions, it is likely that the suspension of trading on the Company's shares will be lifted.

1.4 Proposed Business Plan

Prior to entering into administration, Mobilesoft was operating a communications software business which identified and brought to market network appliances that deliver diverse digital data streams, such as video on demand and voice over internet protocol (**VoIP**). Mobilesoft's ADAPT™ technology is a purpose built software product that maximises the use of available bandwidth by consolidating data and managing each transport medium and data stream.

The proposed new board directors of Mobilesoft (**New Board**) intends to undertake an operational review of the Mobilesoft business and assets with a view to continue to operate it as a going concern. This may involve some or all of the following activities:

- (a) retailing hardware and software solutions derived from the ADAPT™ technology to customers in the wagering, gaming and services sector;
- (b) supply of consulting services to support wide area transaction systems for clients in the wagering and utilities sector;
- (c) supply of help desk and maintenance services to customers in the financial services sector; and
- (d) supply of software development services to deliver Linux based embedded applications for the gaming, wagering and financial services sector.

The New Board also intends to investigate whether there is an opportunity to continue the development and commercialisation of new network appliances, with the potential aim of entering into distribution arrangements with major partners. New network appliances may include:

- (a) Internet protocol television set top box (**IPTV STB**): Mobilesoft's IPTV STB is a home consumer network which allows delivery of video on demand and VoIP together with a wide variety of further interactive services to the home television set.

- (b) Home media centre (**HMC**): Mobilesoft's HMC is a unique device supporting multi-channel place-shift and time-shift viewing capabilities with state of the art H.264 compression technology. The HMC uses government approved hardware and software anti-tampering protection to meet the requirements of studios and also supports video content storage and management and provides for a range of external functions, such as USB, WiFi and Bluetooth.
- (c) Mobile time and recording system (**MTAR**): Mobilesoft's MTAR is an economical wireless device providing real-time registration and authentication for on-arrival and on-departure times for field workers where validation is required in order to facilitate payment for services.

Underpinning Mobilesoft's business is its ADAPT™ software, which seeks to maximise the use of available network bandwidth by using advanced compression techniques and eliminating unnecessary transmission overheads. This allows services such as Video on Demand (VOD), internet protocol television (IPTV), VoIP and data to be transmitted concurrently.

Mobilesoft has potential to draw revenue from a number of different streams. These different revenue opportunities include the sales of IT hardware and software licensing, service and support. Mobilesoft has also invested in the development of market ready new network appliance platforms as a part of a strategy to broaden its product and customer sets. Such appliances include an internet protocol television set top box, a home media centre and a mobile time and recording system.

1.5 Licence

The Company has entered into a licence agreement with a third party under which the Company has granted a non-exclusive, royalty free licence to use and exploit the ADAPT™ software (and associated intellectual property). The licence prohibits the third party from sub licensing to any third parties and also does not restrict the Company from using and developing the Adapt software for its own purposes.

The Company has also agreed to transfer the "Hogben" patent to the parties to whom the licence is granted.

1.6 Other Opportunities

In addition to the above, the new board of directors of the Company will be actively reviewing new transactions (that may or may not be in the same sector) with the objective of creating Shareholder value. As at the date of this Prospectus, a number of opportunities have been presented to the Board.

The Board does not intend to progress or pursue any of these opportunities until after the capital raising contemplated by this Prospectus is complete.

1.7 Compliance with the ASX Listing Rules

The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, ASX Listing Rules 3.1.

2. PROFORMA BALANCE SHEET

Set out below is

- (a) an unaudited balance sheet of the Company as at 19 June 2009; and
- (b) an unaudited pro forma balance sheet incorporating the effect of the the recent capital raising by the Company (\$2,000,000 less costs of \$70,000).

Consolidated Balance Sheet and Pro Forma Balance Sheet as at 19 June 2009 (unaudited)

	19-Jun-09 Actual \$	19-Jun-09 Pro-forma \$
CURRENT ASSETS		
Cash and cash equivalents	551,112	2,481,112
TOTAL CURRENT ASSETS	551,112	2,481,112
NON-CURRENT ASSETS		
Intangible assets	325,000	325,000
TOTAL NON-CURRENT ASSETS	325,000	325,000
TOTAL ASSETS	876,112	2,806,112
CURRENT LIABILITIES		
Trade and other payables	52,236	52,236
Financial liabilities	226,855	226,855
Current tax liabilities	66,910	66,910
Short term provisions	7,823	7,823
TOTAL CURRENT LIABILITIES	353,824	353,824
TOTAL LIABILITIES	353,824	353,824
NET ASSETS	522,288	2,452,288
EQUITY		
Issued capital	15,204,000	17,204,000
Reserves	3,000	3,000
Accumulated Losses	(14,684,712)	(14,754,712)
TOTAL EQUITY	522,288	2,452,288

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