

LIXI LIMITED
A.B.N. 53 095 299 835
DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2006.

Directors

The names of the directors in office at the date of this report are:

Christopher Carn
Erik Fenna
Nicholas Carr
Michael Thanos
Joseph Sirianni
Joanne Mather
Andrew Morrison
John Hearne
Terry Neve
Don Crellin

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The profit of the company for the financial year amounted to \$138,860.

A review of the operations of the company during the financial year and the results of those operations show activity as expected.

No significant changes in the company's state of affairs occurred during the financial year.

The principal activities of the company during the financial year were as a Finance Industry Standard Facilitator.

No significant change in the nature of these activities occurred during the year.

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS) the company's financial report has been prepared in accordance with those statements. In the opinion of the directors there are no material amounts required to be restated.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

LIXI LIMITED

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Information on Directors

John Hearne

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Chairman

PMI Mortgage Insurance

30 years finance industry experience

Head of Information & Knowledge Services

Director since December 2002

Business Sub Committee Member

Erik Fenna

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Xinch Systems

BSc MBA

Director

Technical & Business Sub Committees
Member

Christopher Carn

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Secretary

Pepper Homeloans Pty Ltd

B.Comm (Land Ec.), Master of Professional
Accounting (MPA)

National Sales Manager

Director since November 2001

Business Sub Committee Member

LIXI LIMITED

Joseph Sirianni

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Smartline Homeloans

B.E., Grad Dip in Property

Lending Director

Director since December 2002

Business Sub Committee Member

Nicholas Carr

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Allette Systems Pty Ltd

Nil

General Manager

Foundation Director

Technical Sub Committee Chairman

Andrew Morrison

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

NextGen.Net Limited

CIO

Technical & IP Sub Committees Member

Joanne Mather

Member Company

Qualifications

Occupation

Experience

Special Responsibilities

Mortgage Choice Ltd

BA (Hons), ACMA

Lending Projects Manager

Qualified accountant

Communications Sub Committee Chairman

Business Sub Committee Member

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Terry Neve

Member Company

Westpac Banking Corporation

Qualifications

Diploma in Banking & Finance

Occupation

Senior Manager FSP Consumer & Business Services

Experience

31 years in the banking industry

Special Responsibilities

Communication Sub Committee Member

Michael Thanos

Member Company

Lending Technology Services Pty Ltd

Qualifications

B. Comm., LLB (Hon)

Occupation

CEO

Experience

Director since November 2002

Special Responsibilities

Chairman of Backchannel Working Group and Settlement Working Group

Don Crellin

Member Company

ANZ Banking Group Ltd

Qualifications

B. Comm (Banking/Finance)

Occupation

Executive Manager – Broker Distribution

Experience

Director since September 2004

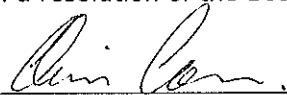
Special Responsibilities

Business Sub Committee Member

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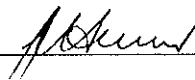
Signed in accordance with a resolution of the Board of Directors:

Director



Christopher Carn

Director



John Hearne

Dated this 23rd Day of October 2006

LIXI LIMITED ABN 53 095 299 835

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO MEMBERS OF LIXI LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30th June 2006 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in 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.

Name of Firm: PETER C NEVILLE
Chartered Accountant



Name of Partner Peter C. Neville
Registration No: 9574
Dated: *25 November 2006*
Address: 11 Bardolph Street, Gen Iris VIC 3146

LIXI LIMITED

LIXI LIMITED ABN 53 095 299 835
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
Revenues from Ordinary Activities		
Membership Fees	333,267	250,477
Other Income	-	5,607
Interest Received	5,965	5,296
	<hr/>	<hr/>
	339,232	261,380
Administration Expense	(88,652)	(154,028)
Promotional & Media Costs	(39,782)	(39,596)
Software Development	(38,619)	(64,917)
Web Hosting	(14,239)	(13,128)
Documentation Costs	(1,500)	(34,317)
Other Expenses from Ordinary Activities	(17,580)	(19,529)
	<hr/>	<hr/>
	(200,372)	(325,515)
Profit/(Loss) from Ordinary Activities		
Before Income Tax Expense	138,860	(64,135)
Income Tax Expense Relating to Ordinary Activities	-	-
	<hr/>	<hr/>
Net Profit from Ordinary Activities after Income Tax Expense Attributable to Members of the Company	138,860	(64,135)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	<hr/> <hr/>	<hr/> <hr/>
	138,860	(64,135)

LIXI LIMITED

LIXI LIMITED ABN 53 095 299 835
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash	3	288,185	128,581
Receivables	4	13,200	29,075
Other	5	27	4,348
TOTAL CURRENT ASSETS		<u>301,412</u>	<u>162,004</u>
TOTAL ASSETS		<u>301,412</u>	<u>162,004</u>
CURRENT LIABILITIES			
Payables	6	(18,701)	(18,153)
TOTAL CURRENT LIABILITIES		<u>(18,701)</u>	<u>(18,153)</u>
TOTAL LIABILITIES		<u>(18,701)</u>	<u>(18,153)</u>
NET ASSETS		<u>282,711</u>	<u>143,851</u>
EQUITY			
Retained Profits	7	282,711	143,851
TOTAL EQUITY		<u>282,711</u>	<u>143,851</u>

LIXI LIMITED

LIXI LIMITED ABN 53 095 299 835
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members		
Trade Debtors	382,443	252,775
Other Income	0	6,168
	382,443	301,259
Other receipts		
Interest Received	5,965	5,297
Payments to suppliers and employees		
	(228,805)	(335,730)
NET CASH PROVIDED BY OPERATING ACTIVITIES	159,603	(71,490)
NET INCREASE (DECREASE) IN CASH HELD	159,603	(71,490)
CASH AT THE BEGINNING OF THE YEAR	128,582	200,071
CASH AT THE END OF THE YEAR	288,185	128,582

LIXI LIMITED

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the company of LIXI LIMITED.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

First Time Adoption of Australian Equivalents to International Reporting Standards

Lixi Limited has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from July 1 2005.

The company has considered the adoption of IFRS and in the Directors' opinion there are no material amounts required to be restated in the financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Income Tax

The Company is designated a non-profit organisation for taxation purposes as it is Limited by Guarantee and the Constitution specifically forbids payment of any income or property to the members of the Company.

b. Cash

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts

c. Revenue

Revenue from membership is recognised during the period of supply (ie Financial Year).

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

d. Goods and Services Tax (GST)

LIXI LIMITED

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

	2006	2005
	\$	\$
NOTE 2 - REVENUE		
Operating Activities		
Interest	5,965	5,296
Rendering of Service	333,267	256,084
TOTAL REVENUE	<u>339,232</u>	<u>261,380</u>
Interest from:		
Other Persons	<u>5,965</u>	<u>5,296</u>
NOTE 3- CASH		
NAB Cheque Account	<u>288,185</u>	<u>128,581</u>

LIX LIMITED

NOTE 4- RECEIVABLES

Current

Trade Debtors	18,700	98,950
Provision for doubtful debts	(5,500)	(69,875)
	<u>13,200</u>	<u>29,075</u>

NOTE 5- OTHER ASSETS

Current

Other Debtors – ATO	-	4,321
TFN Tax Deducted	27	27
	<u>27</u>	<u>4,348</u>

NOTE 6- PAYABLES

Current

Accrued Expenses	15,777	18,153
GST on Supplies	2,924	-
	<u>18,701</u>	<u>18,153</u>

LIXIL LIMITED

NOTE 7 - RETAINED PROFITS

Retained Profits (Accumulated Losses) at the Beginning of the Financial Year	143,852	207,986
Net Profit/(Loss) Attributable to Members of the Company	138,860	(64,135)
Retained Profits (Accumulated Losses) at the End of the Financial Year	282,712	143,851

NOTE 8 - CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit from Ordinary Activities After Income Tax	138,860	(64,135)

Cash flows excluded from profit/(oss) from
ordinary activities attributable to operating
activities

Non-cash flows in profit from ordinary activities

Amortisation	0	0
Depreciation	0	0
(Decrease) Increase in Provisions	(64,375)	69,875

Changes in Assets & Liabilities

(Increase) Decrease in trade debtors	15,875	(22,750)
(Increase) Decrease in other assets	4,321	(2,757)
(Decrease) Increase in trade creditors & accruals	548	18,153
	20,744	7,354

LIXI LIMITED

NOTE 9- COMPANY DETAILS

The registered office of the company is:

LIXI LIMITED

LEVEL 1

321 WHITEHORSE ROAD

BALWYN VIC 3103

The principal activities of the company were Finance Industry Standard Facilitator.

LIXI LIMITED

LIXI LIMITED
A.B.N. 53 095 299 835
DIRECTORS' DECLARATION

The directors of the company declare that:

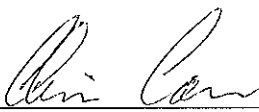
1. the financial statements and notes, as set out on pages 5 to 12
:

(a) comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Act 2001; and

(b) give a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director  Christopher Carn

Director  John Hearne

Dated this 23rd day of October 2006

LIXI LIMITED

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF

LIXI LIMITED

A.B.N. 53 095 299 835

Scope

I have audited the financial report of Lixi Limited for the Year Ended 30th June 2006 as set out on pages 6 to 13. The company's directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedure included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the company's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Lixi Limited as at 30 June 2006, and the results of its operations and its cash flows for the year then ended.



Peter C. Neville
Chartered Accountant
Glen Iris

DATE *22 November 2006*

LIXI LIMITED