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**LIXI Limited**  
(a company limited by guarantee)  
ABN 53 095 299 835

**Financial Report**  
**Year Ended 30<sup>th</sup> June 2010**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**Directors' Report**

Your directors present this report on the entity for the financial year ended 30 June 2010.

**Directors**

The names of each person who has been a director during the year and to the date of this report are:

Mr John Hearne  
Mr Simon Elwig  
Mr Chris Carn (resigned 18 Nov 2009)  
Mr Mike Thanos  
Mr Nick Carr (resigned 18 Nov 2009)  
Mrs Joanne Mather  
Mr Curtis Brager  
Mr Simon Libbis  
Mr John de la Torre  
Mr Phillip Naylor  
Mr Glenn Lees (appointed 18 Nov 2009)  
Mr Martyn Beer (appointed 18 Nov 2009)

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

**Principal Activities**

The principal activities of the company during the year were the development of standards for financial transactions.

The entity's short term objectives are to:

- Develop standards for financial transactions

The entity's long term objectives are to:

- to facilitate business-to-business exchange of information in the lending industry, with particular reference to mortgage lending;
- to develop and adopt standards relevant to the lending industry and to promote their use by members, and other participants in the lending industry;
- to undertake research in connection with business-to-business exchange of information and its application to the lending industry; and
- to educate members and other participants in the lending industry in the use of standards and related technologies.

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

To achieve these objectives the entity has adopted the following strategies:

- continuing engagement with members through various forums to provide and enhance a collaborative environment for the specification of standards and facilitation and promotion of their adoption;
- developing standards that conform to member requirements;
- undertaking research on relevant subjects for distribution to our members; and
- conducting training on the use of standards and related technology.

**Information on Directors**

Mr John Hearne	Chairman
Qualifications	MBus
Experience	Head of Information & Knowledge Services, QBE
Special Responsibilities	Chairman of the Board, member of the Finance sub-committee, member of the Intellectual Property sub-committee
Mr Simon Elwig	Secretary
Qualifications	Chartered Accountant
Experience	General Manager, Operational Planning, Finance and Support, CBA
Special Responsibilities	Company Secretary and chair of the Finance sub-committee
Mr Mike Thanos	Director
Qualifications	BComm, LLB
Experience	CEO, LTX
Special Responsibilities	Chair of the Intellectual Property sub-committee and member of the Technical sub-committee
Mrs Joanne Mather	Director
Qualifications	BA (Hons) ACMA
Experience	National Lending Operations Manager, Mortgage Choice
Special Responsibilities	Chair of the Communications sub-committee
Mr Curtis Brager	Director
Qualifications	
Experience	Former Commercial Manager, Nextgen.Net
Special Responsibilities	Member of the Technical sub-committee, member of the Finance sub-committee
Mr Simon Libbis	Director
Qualifications	B Jurisprudence, B Laws
Experience	Executive Director, NECO
Special Responsibilities	Member of the Communications sub-committee, member of the Intellectual Property sub-committee

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

Mr John de la Torre	Director
Qualifications	MappFin, BBus, BLegs, Dip Bus, Dip CD
Experience	Managing Director, the Home Loan Centre
Special Responsibilities	Chair of the Technical sub-committee, member of the Finance sub-committee
Mr Phillip Naylor	Director
Qualifications	B Comm
Experience	CEO, MFAA
Special Responsibilities	Member of the Communications sub-committee
Mr Glenn Lees	Director
Qualifications	LLB, BSc
Experience	Principal, Connective OSN
Special Responsibilities	Member of the Technical sub-committee, member of the Communications sub-committee
Mr Martyn Beer	Director
Qualifications	
Experience	Lending Solutions Group Manager, Sandstone
Special Responsibilities	Member of the Technical sub-committee, member of the Finance sub-committee

**Meetings of Directors**

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

<b>Director</b>	<b>Meetings eligible to attend</b>	<b>Meetings attended</b>
John Hearne	12	10
Simon Elwig	12	9
Chris Carn	4	4
Mike Thanos	12	8
Joanne Mather	12	11
Nick Carr	4	4
Curtis Brager	12	12
Simon Libbis	12	7
John de la Torre	12	9
Phillip Naylor	12	6
Glenn Lees	8	7
Martyn Beer	8	3

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FOR THE YEAR ENDED 30 JUNE 2010**

**Guarantee**

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each toward meeting any outstanding obligations of the entity. At 30 June 2010 the collective liability of members was \$880.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 15 of the financial report.

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

Signed: 

Name of Director: Simon ELWIG

Signed: 

Name of Director: SIMON ELLIS

Dated this 21<sup>st</sup> day of October, 2010

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FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME (P&L)  
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	This Year \$	2009 \$
<b>Income</b>			
Membership/Licence Fees		360,591	422,935
Other Income		50,073	40,610
Interest		17,109	18,202
<b>Total Income</b>		<u>427,772</u>	<u>481,746</u>
<b>Expenses</b>			
Audit Fees		2,310	2,310
Business SC		175,390	183,052
Communication SC		67,215	113,744
Intellectual Property SC		14,675	4,375
Technical SC		204,431	122,534
<b>Total Expenses</b>		<u>464,020</u>	<u>426,015</u>
<b>Profit/(Loss) for the year</b>	<b>2</b>	<u>(36,248)</u>	<u>55,731</u>

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FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	This Year \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	479,942	524,568
Trade and other Receivables	4	945	7,100
<b>TOTAL CURRENT ASSETS</b>		<b>480,887</b>	<b>531,668</b>
<b>TOTAL ASSETS</b>		<b>480,887</b>	<b>531,668</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	797	16,036
<b>TOTAL CURRENT LIABILITIES</b>		<b>797</b>	<b>16,036</b>
<b>TOTAL LIABILITIES</b>		<b>797</b>	<b>16,036</b>
<b>NET ASSETS</b>		<b>480,090</b>	<b>516,338</b>
<b>EQUITY</b>			
Retained earnings	6	480,090	516,338
<b>TOTAL EQUITY</b>		<b>480,090</b>	<b>516,338</b>

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FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN MEMBER'S FUNDS  
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	This Year \$	2009 \$
Total member's funds at the beginning of the year		516,338	460,607
Profit/(Loss) for the year		(36,248)	55,731
Other comprehensive income		-	-
Total comprehensive income for the year		(36,248)	55,731
Total member's funds at the end of the financial year		480,090	516,338

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FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	This Year \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		458,191	463,544
Payments to suppliers (inclusive of GST)		(519,926)	(434,829)
Interest received		17,109	18,202
<b>Net cash provided by (used in) operating activities</b>	<b>7</b>	<u>(44,626)</u>	<u>46,917</u>
Net increase (decrease) in cash held		(44,626)	46,917
Cash at beginning of year		524,568	477,651
Cash at end of year		<u>479,942</u>	<u>524,568</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**1 Statement of Significant Accounting Policies**

The company has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning 1 July 2009.

This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AAS 5: Materiality

No other applicable Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

**Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expenses to profit or loss immediately.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**Revenue**

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

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

**Goods and Services Tax (GST)**

Revenue, expenses and assets are recognized 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 recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown exclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

**2 Profit**

	This Year \$	2009 \$
<b>Expenses</b>		
Audit Fees	2,310	2,310

**3 Cash and Cash Equivalents**

	This Year \$	2009 \$
<b>Current</b>		
Cash at Bank	31,594	12,142
NAB Investment Account	11,443	172,426
Macquarie Bank Term Deposit	436,905	340,000
	479,942	524,568

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at Bank	31,594	12,142
NAB Investment Account	11,443	172,426
Macquarie Bank Term Deposit	436,905	340,000
	479,942	524,568

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**4 Trade and Other Receivables**

	This Year \$	2009 \$
<b>Current</b>		
Trade Debtors	800	7,100
GST Outstandings	145	706
	945	7,806

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

**5 Trade and other payables**

<b>Current</b>		
Trade Creditors	797	16,036
Financial liabilities at amortised cost classified as trade And other payables		
Trade and other payables:		
- Total current	797	16,036
Financial liabilities as trade and other payables	797	16,036

**6 Retained Earnings**

	This Year \$	2009 \$
Retained earnings at the beginning of the financial year	516,338	460,607
Net profit/(loss) attributable to members of the company	(36,248)	55,731
Retained earnings at the end of the financial year	480,090	516,338

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010

7 Cash Flow Information

	<u>This Year \$</u>	<u>2009 \$</u>
<b>Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax</b>		
Profit/(Loss) after income tax	(36,248)	55,731
<b>Changes in assets and liabilities, net of the effects of any purchase and disposal of subsidiaries</b>		
(Increase)/decrease in trade and other receivables	6,300	(7,100)
Increase/(decrease) in trade and other payables	(15,239)	1,505
Increase/(decrease) in tax liabilities	561	(3,219)
	<u>(44,626)</u>	<u>46,917</u>

8 Company Details

LIXI LIMITED is a company limited by shares, incorporated and domiciled in Australia.

**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 13 present fairly the company's financial position as at 30 June 2010 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
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.

Signed:



Name of Director:

SIMON LIBOIS

Date:

21ST OCTOBER 2010

Signed:



Name of Director:

MICHAEL THANOS

Date:

27TH OCTOBER 2010

**MEAGHER, HOWARD & WRIGHT**  
CERTIFIED PRACTISING ACCOUNTANTS  
ABN 42 664 097 441

PARTNERS

K.J. WRIGHT J.P. M.COMM. F.C.P.A.  
G. MIDDLETON B.COMM. ACA

FINANCIAL PLANNING

MARK MAYCOCK

ASSOCIATE

L.J. HOWARD O.A.M. J.P. B.Ec. F.C.P.A.

Suite 505

Level 5 / 55 Grafton Street  
BONDI JUNCTION NSW 2022  
PO Box 653  
BONDI JUNCTION NSW 1355

Phone: 02 9387 8988

Fax: 02 9387 8388

[greg@mhww.net.au](mailto:greg@mhww.net.au)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LIXI LIMITED  
53 095 299 835**

## Scope

### The Financial Report and Director's Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the director's declaration for LIXI Limited, for the year ended 30 June 2010.

The director of the company is responsible for the preparation and true and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirement of the company's constitution and are appropriate to meet the needs of members. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the director's financial reporting requirements under the Company's Constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

### Audit Approach

I conducted an independent audit in order to express an opinion to the members of the company. My audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the accounting policies as described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate for the needs of the members.

I formed my audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

assessing the appropriateness of the accounting policies and disclosures used and the -reasonableness of significant accounting estimates made by the director.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, my audit was not designed to provide assurance on internal controls.

#### **Independence**

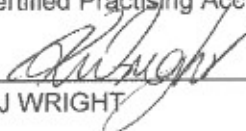
In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

#### **Audit Opinion**

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of LIXI Limited as at 30 June 2010 and the results of its operations and its cash flows for the year then ended.

**Name of Firm:** Meagher Howard & Wright  
Certified Practising Accountants

**Name of Partner:**

  
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K J WRIGHT

**Address:** Suite 505, 55 Grafton Street BONDI JUNCTION NSW 2022

**Dated this day of**

