

Netinvest Limited

Directors' report and financial statements

For the year ended 31 December 2005

Registered Number: 3202517



Netinvest Limited

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Netinvest Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the Company in the year under review was that of management and investment in internet and related activities.

Directors

The Directors who served during the year and to date were:

K Swayne	(resigned 28 October 2005)
B T Peak	(resigned 28 October 2005)
R D Martin	(appointed 27 October 2005)
P A Templeman	(appointed 27 October 2005)
B T Peak	(resigned 28 October 2005)
S J Leahy	(appointed 28 October 2005)

The Directors holding office at 31 December 2004 did not hold any beneficial interest in the issued share capital of the Company.

The interests of the Company's Directors in the ultimate holding company, Neteller plc as at 31 December 2005, are shown in the accounts of that company.

Auditors

During the year, our Auditors, Moore Stephens LLP resigned and KPMG Audit LLC were appointed. KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 385 of the Companies Act 1985.

By order of the Board



S J Leahy
Secretary

First Point
Buckingham Gate
West Sussex
RH6 0NT

Netinvest Limited

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with that law.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Netinvest Limited

We have audited the financial statements of Netinvest Limited for the year ended 31 December 2005 which comprise the Income Statement, Balance Sheet, the Statement of Changes in Equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities on page 2 the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts 1985. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions and remuneration with the Company is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

**Report of the Independent Auditors, KPMG Audit LLC, to the members
of Netinvest Limited (continued)**

Basis of opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts 1985.

KPMG Audit LLC

*KPMG Audit LLC
Chartered Accountants
Registered Auditor*

24 March 2006

*Heritage Court
41 Athol Street
Douglas
Isle of Man*

Netinvest Limited

Income statement

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(28)	-
Operating (loss)/profit		(28)	-
Group balance waived		-	1,295,625
Interest payable and similar charges		-	-
(Loss)/profit on ordinary activities before taxation	2	(28)	1,295,625
Tax on (loss)/profit on ordinary activities	3	-	-
(Loss)/Profit for the financial year after taxation		(28)	1,295,625
Deficit brought forward		(18,424)	(1,314,049)
Deficit carried forward		(18,452)	(18,424)

In both the current and preceding financial years, there were no recognised gains or losses other than those dealt with in the income statement.

The notes on pages 9 to 11 form part of these financial statements.

Netinvest Limited

Balance sheet

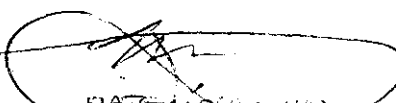
as at 31 December 2005

	Notes	2005 £	2004 £
Non-current assets			
Investments	4	1,500,000	1,500,000
Current assets			
Debtors		98	-
Total assets		<u>1,500,098</u>	<u>1,500,000</u>
Capital and reserves			
Share capital	6	1,000	1,000
Retained earnings		(18,452)	(18,424)
Total equity		<u>(17,452)</u>	<u>(17,424)</u>
Liabilities			
Trade creditors		-	17,424
Amounts owed to group companies	5	1,517,550	1,500,000
Total liabilities		<u>1,517,550</u>	<u>1,517,424</u>
Total equity and liabilities		<u>1,500,098</u>	<u>1,500,000</u>

The notes on pages 9 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 22/3/06 and were signed on their behalf by:


R D Martin
Director


PATEMPLEMAN
DIRECTOR

Netinvest Limited

Statement of Changes in Equity for the year ended 31 December 2005

	Share Capital £	Retained Earnings £	Total £
At 1 January 2004	1,000	(1,314,049)	(1,313,049)
Profit retained for the year	-	1,295,625	1,295,625
	<hr/>	<hr/>	<hr/>
At 31 December 2004	1,000	(18,424)	(17,424)
	<hr/>	<hr/>	<hr/>
At 1 January 2005	1,000	(18,424)	(17,424)
Loss retained for the year	-	(28)	(28)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,000	(18,452)	(17,452)
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 11 form part of these financial statements.

Netinvest Limited

Statement of cash flows for the year ended 31 December 2005

	2005 £	2004 £
Cash flows from operating activities		
Cash receipts from customers	98	1,995,448
Cash paid to suppliers and employees	(98)	(1,995,890)
Net cash from operating activities	-	(442)
Cash flows from investing activities		
Disposal of Subsidiary	-	102
Net cash from investing activities	-	102
Cash flows from financing activities	-	-
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	-	(340)
Cash and cash equivalents at 1 January	-	340
Cash and cash equivalents at 31 December	-	-

The notes on pages 9 to 11 form part of these financial statements.

Netinvest Limited

(forming part of the financial statements for the year ended 31 December 2005)

1 Accounting policies

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). These are the Company's first IFRS financial statements, and IFRS 1 "First time adoption of International Financial Reporting Standards" has been applied.

An explanation of how the transition for IFRSs has affected the reported financial position, financial performance and cash flows of the company is provided in note 10. The note includes reconciliation of equity and profit for the comparative period under UK GAAP to those reported under IFRSs.

b) Basis of accounting.

The financial statements are prepared under the historical cost convention.

The Company meets its day to day working capital requirements through the support of group companies. The Board has received confirmation that the ultimate parent company and all its subsidiaries will give continued support to the activities of the company. Thus the Directors consider it appropriate to prepare the financial statements on the going concern basis.

c) Investments

Fixed asset investments are included at cost less any provision for permanent diminution in value.

d) Cash and cash equivalents

Exemption has been taken from preparing a cash flow statement as all the company's activities are financed through the inter-company account.

e) Basis of Consolidation

Consolidated financial statements have not been prepared due to the inclusion of the results in the financial statements of the ultimate parent company, Neteller plc. Copies of which are publicly available from Standard Bank House, 1 Circular Road, Douglas, Isle of Man.

2 (Loss)/profit on ordinary activities

(Loss)/profit on ordinary activities is stated after charging:

	2005 £	2004 £
Auditors' remuneration	-	-

Auditors remuneration is borne by the subsidiary company.

The company had no employees in 2005 (2004: none).

Notes (continued)

Netinvest Limited

(forming part of the financial statements for the year ended 31 December 2005)

3 Taxation

There is no taxation charge in respect of 2004 due to the availability of group losses and losses brought forward. There is no charge to tax in 2005 due to the losses incurred.

4 Investments

	2005 £	2004 £
Investment in group companies	<u>1,500,000</u>	<u>1,500,000</u>

The Company owns 100% of the issued share capital of NetBanx Limited, a company incorporated in England, involved in internet credit card processing.

5 Amounts owed from/to related parties

	Nature of transaction	Transaction amount 2005 £	Balance outstanding 2005 £	Balance outstanding 2004 £
Related party				
NetBanx Limited	Re-charges	17,550	1,517,550	1,500,000
Transact Group Limited	Re-charges	98	98	-

All amounts between related parties are unsecured, interest free and repayable on demand.

6 Called up share capital

	2005 £	2004 £
Authorised, allotted, issued and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

7 Ultimate control

NETeller plc is the ultimate controlling party.

On 28 October 2005, the entire issued share capital was transferred to Neteller plc, a company incorporated in the Isle of Man. Copies of the consolidated financial statements of that company are available from Standard Bank Building, 1 Circular Road, Douglas, Isle of Man.

9 Contingent liabilities

All guarantees and debentures were repaid during the year and all applicable charges were released.

Notes (continued)

Netinvest Limited

(forming part of the financial statements for the year ended 31 December 2005)

10 Explanation of transition to IFRSs

As stated in note 1(a), these are the Company's first financial statements under IFRSs. The accounting policies in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005 and the preparation of an opening balance sheet at 1 January 2004 (the date of transition).

In preparing its opening IFRS balance sheet, comparative information for the year ended 31 December 2004, the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

There are no amendments to the opening balance sheet.