

Netinvest Limited

Directors' report and financial statements

For the year ended 31 December 2006

Registered Number: 3202517

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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 2006.

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:

R D Martin
P A Templeman (resigned 31 October 2006)
D R Gagie (appointed 31 October 2006)
A J Matthews (appointed 31 October 2006)

No Director has or had at any time during the year any interest in the shares of the Company (2005: None).

R D Martin held 10,000 shares (2005: 5,000 shares) in the ultimate holding company, Neteller plc at the year end.

The Directors who held office at the year end had the following interests in share options in the parent company:

	At 1 January 2006	Granted during the year	Exercised during the year	At 31 December 2006	Exercise price
D R Gagie	-	200,000	-	200,000	£6.88
	-	200,000	-	200,000	£1.38
R D Martin	200,000	-	-	200,000	£5.55
	-	300,000	-	300,000	£8.06
	-	600,000	-	600,000	£1.38
A J Matthews	10,000	-	-	10,000	£7.15
	-	10,000	-	10,000	£8.06
	-	30,000	-	30,000	£1.38

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Netinvest Limited

Directors' report (continued)

Post balance sheet events relating to Neteller plc, parent company to NetBanx Ltd

On 15 January 2007, two former directors and founder shareholders of Neteller plc were arrested on allegations of conspiring to transfer funds with the intent to promote illegal gambling. Neither individual was ever a director or officer of NetBanx Ltd. On 16 January 2007, Neteller plc took steps to have its shares suspended from the London Stock Exchange Alternative Investment Market pending clarification of the situation surrounding the detention of its two former directors.

On 18 July 2007, Neteller plc entered into a deferred prosecution agreement (DPA) with the United States Attorney's Office (USAO). The USAO agreed to defer the prosecution of any federal charges and, as a consequence, Neteller plc will not be convicted of a federal crime as long as it fulfils the conditions of the DPA during the two year term of the agreement. At the conclusion of the two year term, the deferred prosecution will be dismissed.

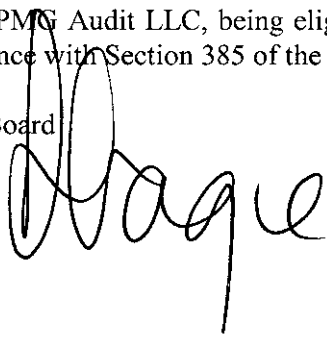
As part of the DPA, Neteller plc also agreed to forfeit \$136 million to the United States as disgorgement of profits received by the Company from the activities described in the DPA. The Suspension of Neteller plc's shares was lifted on 25 July 2007.

Auditors

Our Auditors, 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

D R Gagie
Director



Mount Pleasant House
Mount Pleasant
Cambridge

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.



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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 2006 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable company law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 4.

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

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 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 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit LLC

29 October 2007

KPMG Audit LLC
Chartered Accountants
Registered Auditor

Netinvest Limited

Income statement

for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
Turnover		-	-
Cost of sales		-	-
		-----	-----
Gross profit		-	-
Administrative expenses		(133)	(28)
		-----	-----
Operating loss	2	(133)	(28)
Tax on loss on ordinary activities	3	-	-
		-----	-----
Loss for the financial year after taxation		(133)	(28)
Deficit brought forward		(18,452)	(18,424)
		-----	-----
Deficit carried forward		(18,585)	(18,452)
		-----	-----

The Directors consider the Company's activities to be continuing.

The notes on pages 10 to 12 form part of these financial statements.

Netinvest Limited

Balance sheet

as at 31 December 2006

	Notes	2006 £	2005 £
Non-current assets			
Investments	4	1,500,000	1,500,000
Current assets			
Debtors		-	98
Total assets		1,500,000	1,500,098
Capital and reserves			
Share capital	6	1,000	1,000
Retained earnings		(18,585)	(18,452)
Total equity		(17,585)	(17,452)
Liabilities			
Amounts owed to group companies	5	1,517,585	1,517,550
Total liabilities		1,517,585	1,517,550
Total equity and liabilities		1,500,000	1,500,098

The notes on pages 10 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 31/10/07 and were signed on their behalf by:


A J Matthews
Director

Netinvest Limited

Statement of Changes in Equity for the year ended 31 December 2006

	Share Capital £	Retained Earnings £	Total £
At 1 January 2005	1,000	(18,424)	(17,424)
Loss retained for the year	-	(28)	(28)
	-----	-----	-----
At 31 December 2005	1,000	(18,452)	(17,452)
At 1 January 2006	1,000	(18,452)	(17,452)
Loss retained for the year	-	(133)	(133)
	-----	-----	-----
At 31 December 2006	1,000	(18,585)	(17,585)
	-----	-----	-----

The notes on pages 10 to 12 form part of these financial statements.

Netinvest Limited

Notes

(forming part of the financial statements for the year ended 31 December 2006)

1 Accounting policies

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (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.

2 Operating loss

Operating loss is stated after charging:

	2006 £	2005 £
Auditors' remuneration	-	-

Auditors remuneration is borne by the subsidiary company.

The company had no employees in 2006 (2005: none).

3 Taxation

There is no taxation charge in respect of 2005 due to the availability of group losses and losses brought forward. There is no charge to tax in 2006 due to the losses incurred.

Netinvest Limited

Notes (continued)

(forming part of the financial statements for the year ended 31 December 2006)

4 Investments

	2006 £	2005 £
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 2006 £	Balance outstanding 2006 £	Transaction amount 2006 £	Balance outstanding 2005 £
Related party					
NetBanx Limited	Re-charges	35	1,517,585	17,550	1,517,550
Transact Group Limited	Loan write off	98	-	98	98

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

6 Called up share capital

	2006 £	2005 £
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. Neteller plc is incorporated in the Isle of Man. Copies of the consolidated financial statements of that company are available from Bourne House, 97 Woodbourne Road, Douglas, Isle of Man, IM2 3AW.

Netinvest Limited

Notes (continued)

forming part of the financial statements for the year ended 31 December 2006)

8 Post balance sheet events

Post balance sheet events relating to Neteller plc, parent company to NetBanx Ltd

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