

Company registration number: 4260907 (England and Wales)

MONEYBOOKERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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MONEYBOOKERS LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2010

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**MONEYBOOKERS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS:

D G Roe
G W Von Brevern
N Pandya

REGISTERED OFFICE:

Welken House
10 – 11 Charterhouse Square
London
EC1M 6EH

REGISTERED NUMBER:

4260907 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of electronic money transfer services

BUSINESS REVIEW

The results for the year and financial position of the company are as shown in the financial statements

The Company is one of Europe's leading digital money companies, operating one of the world's largest independent e-wallet platforms on the Internet. It has been authorised and regulated by the FSA to operate as an e-money issuer since 2003. This simple eWallet enables any customer to make online payments conveniently and securely without revealing personal financial data, as well as send and receive money transfers cost-effectively simply by using an email address. Moneybookers' worldwide payment platform processes Internet payments through a network of over 80 banks with whom the Company has a business relationship, offering over 100 payment options in more than 200 countries and territories, across 41 currencies and 12 languages. Today more than 80,000 merchants use Moneybookers.

During the year our end users increased by 51% whereas our merchant base increased by 25%.

In February 2010, The Sunday Times Deloitte Buyout Track 100 league table ranked Moneybookers as the Number 1 fastest growing, private equity-backed company in the UK based on profits.

As the economic downturn gained momentum, the focus of the business has been to achieve the right balance between continuing to meet the needs and expectations of our customers, shareholders and other stakeholders while making sufficient profit to support our growth plans, by controlling our costs and managing our cash efficiently.

The Company's full year results show a strong performance, despite the continuing deterioration in the economic environment over the year, which impacted the speed of our revenue and profit growth. Moneybookers has experienced strong and consistent revenue growth in all revenue streams of the business, driven predominantly by significant increases in the number of end-customers and merchants and the number of transactions executed. The growth in total income has been driven by merchant fees, further supported by FX spread income. All other income streams have shown a steady growth as consumers continue to migrate online and e-wallet technology becomes more widespread.

The company has recorded consistently high margins representing one of the highest in the payments industry.

We continue to invest in the business, in line with our strategic objectives.

MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

Key Performance indicators (KPI's)

The board reviews and approves the annual budget. In addition to reviewing performance against budget on a monthly basis, the board has established a number of KPI's as indicated below. The Company relies on different KPI's at an operational level which are specific to the business. Such KPI's are used by management to monitor performance on a regular basis and are reported to the Group's investors.

Key KPI's the Company uses are as follows:

	2010 €'000	2009 €'000	2008 €'000
Turnover	66,363	47,583	33,807
Gross Profit	50,767	36,663	27,724
Gross Profit Margin	76%	77%	82%

The turnover for 2010 noted above includes an amount of €2,120,000 (2009 - €2,270,000) relating to interest income derived from the investment of funds generated from e-money float.

	2010	% Change	2009	% Change	2008
Annual transaction volume (€bn)	8.2	52.0	5.4	37.1	4.0
Merchants					
Number of merchants (thousands)	84.7	24.9	67.8	39.3	48.7
Number of receive money transactions (millions)	16.6	41.9	11.7	77.9	6.6
Average receive money transaction basket size	82.88	6.9	77.54	(19.3)	96.09
Receive money transaction volume (€m)	1,374.3	51.7	905.9	43.6	631.0
Merchant take rate(%)	3.0	(6.0)	3.2	4.3	3.1
End-users					
Number of end-users (millions)	15.7	51.2	10.4	65.6	6.3
Average additional end-users per day (thousands)	14.6	29.2	11.3	72.2	6.6
Active end-users (millions)	4.1	44.1	2.9	92.0	1.5
Revenue per active end-user	1.33	35.7	0.98	(41.0)	1.66
Number of VIPs (thousands)	8.5	56.3	5.4	62.1	3.4
Active VIPs (thousands)	8.0	53.5	5.2	61.1	3.2

Definitions of each of the KPI's are provided below:

• **Annual transaction volume**

Annual transaction volume represents the value of transactions undertaken by the Company during the relevant period. A single customer action can generate a number of transactions for the Company (for example, a customer payment can generate both a payment and a receipt transaction, and possibly other transactions as well) and this key performance indicator therefore may include the value of a single customer payment more than once. Transactions that relate to fees not instigated by a customer (e.g. service fees) are excluded from the calculation.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Key Performance indicators (KPI's) (continued)

• ***Number of merchants***

The number of merchants is a count of merchants registered with the Company whereby the customer has been deemed to be a merchant and has completed the appropriate validation checks by the date of the relevant period end. Where a merchant has more than one account for a given merchant identity, the merchant is counted only once. Once opened, an account is never closed and therefore, this key performance indicator includes inactive merchant accounts.

• ***Number of receive money transactions***

The number of receive money transactions is a count of all successful receive money transactions whereby funds are received by a merchant resulting in a fee payable to the Company.

• ***Average receive money transaction basket size***

Average receive money transaction basket size represents the average value of successful receive money transactions and is calculated by dividing receive money transaction volume by the number of receive money transactions for the same period.

• ***Receive money transaction volume***

Receive money transaction volume represents the value of all successful receive money transactions.

• ***Merchant take rate***

Merchant take rate is calculated by dividing merchant revenue (which excludes interest on funds held by the Company and foreign exchange fees) by merchant receive money transaction volume.

• ***Number of end-users***

The number of end-users is a cumulative count of all end-users that have ever registered with the Company as at the date of the relevant period end.

• ***Average additional end-users per day***

Average additional end-users per day represents the average number of newly registered end-users per day in the 12 months prior to the relevant period end.

• ***Active end-users***

Active end-users is a count of end-users registered with the Company that have undertaken at least one successful transaction with the Company in the 12 months prior to the relevant period end. Unsuccessful transactions or those relating to activities not instigated by an end-user (such as chargebacks where a transaction is rejected, chargeback fees, chargeback reversals, discounts or service fees) are excluded.

• ***Revenue per active end-user***

Revenue per active end-user represents the average revenue per active end-user in the 12 months prior to the relevant period end and is calculated by dividing end-user revenue (which excludes interest on funds held by the Company and foreign exchange fees) by the number of active end-users for the relevant period.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Key Performance Indicators (KPI's) (continued)

• Number of VIPs

Number of VIPs is a count of end-users registered with the Company being granted and retaining VIP status as at the date of the relevant period end. The VIP status of an end-user can be changed at any time at the discretion of the Company.

• Active VIPs

Active VIPs is a count of end-users registered with the Company being granted and retaining VIP status that have undertaken at least one successful transaction with the Company in the 12 months prior to the relevant period end. Unsuccessful transactions or those relating to activities not instigated by a VIP (such as chargebacks where a transaction is rejected, chargeback fees, chargeback reversals, discounts or service fees) are excluded. The VIP status of an end-user can be changed at any time at the discretion of the Company.

These key performance indicators have been derived from information extracted from the Group's reporting database as at 3 January 2011.

The accounts are presented in Euros. All transactions are converted into Euros at the time of recording the transaction. The most significant currencies, other than Euros, in use are the US Dollar and the British Pound. The average rates used in 2010 were €1 = \$1.3213 (2009 - €1 = \$1.3946) and £1 = €1.1671 (2009 - £1 = €1.1230). The year end balances were translated at the following rates: €1 = \$1.3391 (2009 - €1 = \$1.4326) and £1 = €1.1652 (2009 - £1 = €1.1283).

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Regulatory

The Company, being a regulated firm in the UK accepting customers from a large number of countries, always faces some uncertainty with regards to the regulatory requirements of those countries. It also has to comply with money laundering legislation both in and outside of the UK. Furthermore, the Company has to prove itself against competition in and outside of Europe and compete for customers and merchants. The success of the Company also depends on its ability to maintain its relationship with banks and financial institutions and to enhance further its network of payment options. The Company holds large amounts of funds on behalf of its customers and will have to ensure it keeps its high standards of internal checks and balances as well as IT and customer account security. As part of its legal and regulatory compliance the Company faces the challenge of reacting to and implementing legal and regulatory changes quickly. As part of our risk management approach, we continue to monitor regulatory developments in current and target markets and take appropriate measures should the risks in any particular market change significantly. The Company continues to assess the legal and regulatory requirements of jurisdictions in which it operates or targets in the future.

The European Union

Under current EU law, the Electronic Money Directive (Directive 2000/46/EC) requires electronic money issuers in Europe to obtain authorisation from the relevant financial services authority in their home Member State which is responsible for regulating issuers of "e-money". The Company is currently authorised in the EU for the purposes of the Electronic Money Directive, which is authorised by the FSA in the UK.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Principal Risks and Uncertainties (continued)

An entity that is authorised as an e-money issuer in one EU Member State can obtain a passport under the Banking Consolidation Directive (Directive 2006/48/EC) to provide services in other Member States by following a formal notification procedure. The approach of the Company to e-money authorisation under EU law is that services are made available to customers located in other EU Member States by Moneybookers Limited from the UK and that the services are only provided in the UK and not in any other EU Member State.

Consequently, the Company considers that it requires authorisation only in the UK and does not require a passport to provide services in any other EU Member State. While this approach appears to have been accepted by a number of regulators, there is no guarantee that all regulators in the EU will accept this approach, in which case Moneybookers may be required to obtain a passport to provide services into these other Member States.

Money laundering regulations

The Company operates in an industry subject to money laundering regulations. These regulations prohibit, amongst other things, the Company's involvement in transferring the proceeds of criminal activities. Regulations require companies to keep records of identity and to train their staff in the requirements of the relevant money laundering regulations. If the Company were to violate such laws or regulations governing money transmitters or electronic fund transfers, this could result in a requirement for future compliance, fines, other forms of liability and/or force the Company to change business practices or to cease operations altogether. The Company monitors developments in this regard and is not aware of any imminent changes. The Directors believe the Company has appropriate processes in place to comply with money laundering laws and regulations.

Fraud risk.

The Company is vulnerable to the conventional financial threats faced by all businesses. Management is aware of the importance of having robust "Know your client" procedures and ongoing monitoring of suspicious transactions in place. Fraud risk is mitigated by a dedicated anti-fraud /anti-money laundering department utilising highly skilled fraud managers and fraud detection technologies.

Breaches of data security

Data integrity is maintained at multiple levels and with multiple controls across the technology stack. Data security is maintained through data encryption and secure network connections. Access to data is strictly maintained on a need-to-have basis with multiple authentication methods at network and application level. IT policies and practices are regularly maintained via audit by specialist providers.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Principal Risks and Uncertainties (continued)

The facilities which house the Company's servers and data storage could be vulnerable

The availability of the Company's products and services depends on the continuing operation of its information technology and communications systems. The Company's systems may be subject to damage or interruption from floods, fires, power loss, telecommunications failures, computer viruses, terrorist attacks, computer denial of service attacks, or other attempts to harm the systems. The Company's data centres could also be subject to break-ins, sabotage and intentional acts of vandalism and to potential disruptions if the operators of these facilities have financial difficulties. The Company's disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, the closure of a facility or other unanticipated problems at the Company's data centres could result in lengthy interruptions in service. Any damage to or failure of the Company's systems or the facilities at which such systems are stored could result in interruptions in service, which could have a material adverse effect on the Company's results of operations, financial condition and future prospects.

Covenant compliance

Moneybookers Limited is a guarantor of the loan between Skrill Holdings Limited (formerly MB (Holdings) Limited), its immediate parent company and Lloyds TSB plc. Management reviews actual and projected covenant compliance on a monthly basis.

Fluctuations in currency exchange rates

Although the Company's reporting currency is the Euro, a significant proportion of the Company's revenue and costs are generated in non-Euro denominated currencies. The Company currently conducts transactions in over 40 currencies and holds liquid assets, including its e-money float, in multiple currencies, primarily Euros, US Dollars and Pounds Sterling. This exposes the Company to risks arising from movements in foreign currency exchange rates.

• Transactional risks

The Company is generally able to use local funds uploaded by account holders to cover withdrawals in the same currency. If the Company has insufficient funds to cover withdrawals in the local currency, it must purchase the necessary amount of the relevant currency to settle the transaction. Such purchases may be at an exchange rate more or less favourable, and any such foreign currency gains or losses impact the Company's profit and loss account. Any substantial changes in foreign currency exchange rates requiring the Company to purchase a large quantity of currency at a rate less favourable than that set by the Company could have an adverse effect on the Company's results of operations, financial condition and future prospects.

The Company is also exposed to exchange rate fluctuations in connection with credit card and bank-based payments and money uploads where the payment or upload currency differs from the currency of credit.

The revenue which the Company derives from foreign currency transactions may vary depending on the geographic locations of its customers from time to time, because customers may become more sensitive to the price charged for foreign currency transactions and require that the Company reduces the fee charged which would reduce the revenue which the Company derives from foreign currency transactions. In the event that additional countries join the Eurozone, the number of foreign currency transactions required to be undertaken by the Company may decrease, and the resulting gains and/or losses may diminish.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Principal Risks and Uncertainties (continued)

Better treasury management by the Company's merchant customers may result in such customers reducing the amounts they deposit with the Company, or the time during which such amounts are deposited, resulting in a reduction in the financial revenue capable of being earned by the Company. Any of the foregoing factors could have a material adverse effect on the Company's results of operations, financial condition and future prospects.

• Translational risk

In preparing its consolidated financial statements, the Company converts into Euros its non-Euro denominated assets and liabilities, which principally comprise the Company's non-Euro denominated e-money float, as well as additional liquid funds and investments held by the Company in non-Euro currencies pursuant to its capital requirements in accordance with the ELM. These non-Euro assets and liabilities of the Company are denominated in US Dollars, Pounds Sterling and other currencies. The Company's exposure to this translational currency risk impacts its results of operations (recorded under "administrative expenses" in the profit and loss account), balance sheet and cash flows. Any changes in these exchange rates could have a material adverse effect on the Company's results of operations, financial condition and future prospects.

Interest rate movements

Reductions in interest rates will lower income received through this revenue stream. In order to improve the rate of return on our cash and cash equivalents, regular discussions are held with banks to try and negotiate better rates.

Economic downturn

The Company is competing for a share of the disposable income of its target customers so revenue could be vulnerable to the impact of any economic downturn.

FUTURE OUTLOOK

The Company continues to make significant investments to broaden the functionality offered on its platform and regularly introduces new product features as part of its strategy to enter into adjacent markets using its e-wallet technology and payments network. The external commercial environment is expected to remain competitive in 2011. However, we believe that the Company is well positioned to grow current market share and improve our profitability in the future.

STRATEGIC FOCUS

The board remains committed to the Company's existing strategy and vision and believe that the objectives currently being pursued will lead to improvements in the business performance and results over the medium term. For the time being our focus is clearly on maximising the operational potential of the business and looking for complementary opportunities that will add value to our product. We continue to examine strategic opportunities to support ongoing initiatives.

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

FINANCIAL INSTRUMENTS

The Company's financial instruments at the balance sheet date comprised cash and liquid resources, including sight deposits with credit institutions and investments. The main purpose of these financial instruments is to

- i) meet the Company's regulatory capital requirements,
- ii) provide adequate cover for the Company's e-money float and other liabilities in line with applicable FSA rules and regulations on asset-liability management,
- iii) provide the Company's working capital, and
- iv) generate interest income

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a number of financial risks that include mainly the effect of changes in interest rate risk, liquidity risk and foreign currency risk

Interest rate risk

The Company has policies and procedures that set out the specific guidelines that must be followed to manage the interest rate risk. The Company manages any exposure to interest rate fluctuations by predominantly investing funds in financial instruments with short-term maturities in line with applicable FSA rules and regulations

Liquidity risk

The Company had significant net cash balances as at the balance sheet date. Liquidity risk is monitored on a daily basis and is kept within the FSA requirements for e-money issuers. Management closely monitors the cash position of the Company on a continuous basis to ensure sufficient liquidity exists for business needs. Liquidity risk is mitigated due to positive cashflows from operating activities and cash balances held. The Company balances the flexible use of funding by way of loans to / from group companies

Foreign currency risk

The Company has financial instruments which are denominated mainly in Euros, US Dollars and British Pounds. In total the Company transacts in forty one currencies. The gains and losses arising from the Company's exposure to risk arising from its foreign currency transactions are recognised in the profit and loss account. Foreign currency risk is monitored on a daily basis, sufficient foreign currency positions are held to match customer deposits thereby limiting any adverse foreign currency movements

Financial assets

The Company has no financial assets other than short-term debtors, investments in bonds and cash at bank

Financial liabilities

The Company has no financial liabilities other than those disclosed in the financial statements

Borrowing facilities

The Company has no undrawn committed borrowing facilities

RESULTS AND DIVIDENDS

The Company's profit for the financial year is €13,320,000 (2009 - €16,850,000). No dividends were distributed during the year (2009 - €NIL)

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS

The directors during the year and up to the date of signing of the financial statements under review were

N Riesenkampff (resigned 24 August 2010)
H B Gacem (resigned 24 August 2010)
A Lien (resigned 28 February 2011)
M Ott (resigned 24 August 2010)
G W Von Brevem (appointed 24 August 2010)
D G Roe (appointed 24 August 2010)
N Pandya (appointed 28 February 2011)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting 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 confirm they have complied with the above requirements

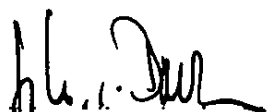
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**MONEYBOOKERS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors are aware, there is no relevant audit information (as defined by Section 418 (1) to (4) of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

ON BEHALF OF THE BOARD:



G. W. Von Brevern

Director

Date 31st March 2011

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MONEYBOOKERS LIMITED**

We have audited the financial statements of Moneybookers Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MONEYBOOKERS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nigel Reynolds (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 April 2011

Company Registration Number: 4260907

MONEYBOOKERS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 €'000	2010 €'000	2010 €'000	2009 €'000
		Pre- exceptional items	Exceptional items	Total	Total
TURNOVER	3	66,363	-	66,363	47,583
Cost of sales		<u>(15,596)</u>	<u>-</u>	<u>(15,596)</u>	<u>(10,920)</u>
GROSS PROFIT		50,767	-	50,767	36,663
Administrative expenses		<u>(30,334)</u>	<u>(2,017)</u>	<u>(32,351)</u>	<u>(15,628)</u>
OPERATING PROFIT	4	20,433	(2,017)	18,416	21,035
Interest receivable and similar income	7	225	-	225	137
Interest payable and similar charges	8	<u>(194)</u>	<u>-</u>	<u>(194)</u>	<u>(221)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>20,464</u>	<u>(2,017)</u>	18,447	20,951
Tax on profit on ordinary activities	9			<u>(5,127)</u>	<u>(4,101)</u>
PROFIT FOR THE FINANCIAL YEAR	19			<u>13,320</u>	<u>16,850</u>

The administrative expenses for 2009 include exceptional items of €1,373,000

None of the Company's activities were acquired or discontinued during the current year or the previous year

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial years stated above and their historical equivalents

The Company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented

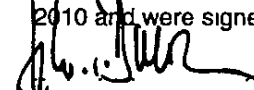
The notes form part of these financial statements

MONEYBOOKERS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

		2010	2009
	Note	€'000	€'000
FIXED ASSETS			
Intangible assets	10	52	-
Tangible assets	11	<u>3,886</u>	<u>2,739</u>
		3,938	2,739
CURRENT ASSETS			
Stock	12	64	104
Debtors	13	56,815	33,597
Investments	14	6,301	14,934
Cash at bank and in hand	15	<u>198,405</u>	<u>123,369</u>
		261,585	172,004
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(214,125)</u>	<u>(136,694)</u>
NET CURRENT ASSETS		<u>47,460</u>	<u>35,310</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,398	38,049
Provisions for liabilities and charges	17	<u>(163)</u>	<u>(134)</u>
NET ASSETS		<u>51,235</u>	<u>37,915</u>
Called up share capital	18	496	496
Share premium	19	1,210	1,210
Profit and loss account	19	<u>49,529</u>	<u>36,209</u>
TOTAL SHAREHOLDERS' FUNDS	20	<u>51,235</u>	<u>37,915</u>

The financial statements were approved by the Board of Directors on 31st March 2010 and were signed on its behalf by


G. W. Von Brevem - Director

The notes form part of these financial statements

**MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared on the going concern basis, under the historical cost convention and are in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated

Going concern

These accounts have been prepared on a going concern basis since there are sufficient funds available in the Company to enable the Company to trade for a period of at least 12 months from the date of approval of these financial statements

Turnover

Turnover, from transaction processing services, includes merchant and end user fees as well as FX spread income (fees from inter-currency transactions) which are generated from online activities

Turnover from transaction processing services are recognised at the time the customer transactions are fulfilled. End user fees are calculated as a percentage of funds processed and/or as a charge per transaction. Merchant fees are calculated as a percentage of funds processed plus a fixed charge per transaction on behalf of merchants

Included within revenues is interest income which is derived from the investment of the e-money float held

Turnover is net of rebates. Rebates are recognised based on the specific terms outlined in customer contracts

In previous accounting policies, rebates were included in turnover. However, in the current year, the accounting policy regarding rebates was changed. These are now netted off against revenues. The amount of rebates that were netted off against revenues was €876,000 (2009 €475,000)

Interest

Interest is recognised in the profit and loss account as incurred and on all interest bearing financial instruments on an accruals basis. This includes amortised costs relating to debt securities

Intangible assets and depreciation

Domain name

Intangible assets are capitalised based on the cost incurred to acquire the domain name. These are amortised over their estimated useful life of three years

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES (continued)

Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided in order to write off each asset over its expected useful life and is calculated at the following rates per annum:

Computer Equipment	3 – 5 years straight line
Website and Software Development	5 years straight line
Fixtures, fittings and equipment	3 – 5 years straight line

Stock

Stocks, which relate to security tokens, are stated at their initial cost, less any provision for impairment.

Taxation

The tax charge comprises current tax payable and deferred tax.

The current tax is based on the taxable profit for the year. Taxable profit differs from the profit before taxation as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible and excludes items that are never taxable or deductible. The liability for the current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Where tax laws permit, it is the Group's policy to recognise the value of any losses incurred by other related companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured at the average tax rates expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non – discounted basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the date of transaction. All exchange differences are taken to profit and loss account.

Current asset investments

Current asset investments represent debt securities bought by the Company and are recorded at cost. Where a current asset investment's net realisable value is lower than its costs, an amount is provided in the profit and loss account for the diminution in value.

Operating leases and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES (continued)

Exceptional Items

Exceptional income and charges are those items that are individually or in aggregate one-off in nature, non-recurring and material and are therefore reported separately in the profit and loss account. The separate reporting of exceptional items helps provide an indication of the Company's underlying business performance. The cost in the year relates mainly to strategy changes that are not regular running costs of the underlying business.

2 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The Company is a wholly-owned subsidiary of MB Acquisitions Limited and is included in the consolidated financial statements of MB Acquisitions Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the MB Acquisitions Limited group.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below.

	2010	2009
	€'000	€'000
United Kingdom	4,746	3,200
Rest of Europe	34,325	23,391
North and South America	4,424	2,887
Rest of the world	4,233	2,813
Other		
FX spread income	17,391	13,497
Interest Income from e-money float	2,120	2,270
Rebates	(876)	(475)
	66,363	47,583

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

4. OPERATING PROFIT

	2010	2009
	€'000	€'000
Operating profit is stated after charging		
Depreciation of tangible assets - owned assets	1,092	620
Gains / (losses) on disposal of current asset investments	(18)	20
Exceptional items	2,017	1,373
Services provided by the Company's auditor		
- fees payable for the audit	149	92
- fees payable for other services	39	23
Rent – operating leases (other) and related costs	537	224

The exceptional cost in the year mainly relates to strategy changes that are not regular running costs of the underlying business. Of the total amount, €1,700,000 (2009 €1,373,000) relates to the market support payments made to other group undertakings in establishing new business opportunities. Other costs are one off non-recurring charges incurred during the year.

5. STAFF COSTS

	2010	2009
	€'000	€'000
Wages and salaries	5,918	4,007
Social security costs	751	520
	<u>6,669</u>	<u>4,527</u>

The average monthly number of employees during the year was as follows

	2010	2009
Management	6	4
Finance	14	12
Customer services, sales and marketing	38	41
Administration	3	2
Compliance and risk	4	4
Human resources	2	2
Information technology	8	2
	<u>75</u>	<u>67</u>

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

6. DIRECTORS' EMOLUMENTS

	2010	2009
	€'000	€'000
Directors' emoluments consist of		
Remuneration	673	745
Directors' fees	159	31
	<u>832</u>	<u>776</u>
Emoluments of highest paid director	<u>295</u>	<u>459</u>

As at the year end the Company had three directors (2009 - four). During the year three directors resigned and two new directors were appointed. During the year the consultancy fees of €140,000 included in directors' fees were paid to Alex Lien.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	€'000	€'000
Bank and other interest	<u>225</u>	<u>137</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	€'000	€'000
Interest paid	<u>194</u>	<u>221</u>

The interest payable amount relates to the net premium paid on bonds purchased.

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010	2009
	€'000	€'000
Current tax:		
UK corporation tax	4,948	5,062
Adjustment relating to current and prior periods	150	(1,145)
Total current tax	<u>5,098</u>	<u>3,917</u>
Deferred tax:		
Origination and reversal of timing differences	29	58
Adjustment relating to prior periods	-	126
Total deferred tax (note 17)	<u>29</u>	<u>184</u>
 Tax on profit on ordinary activities	 <u>5,127</u>	 <u>4,101</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax
The differences are explained below

	2010	2009
	€'000	€'000
Profit on ordinary activities before taxation	18,447	20,951
Profit on ordinary activities before taxation multiplied by the effective rate of UK Corporation tax of 28% (2009 28%)	5,165	5,866
Effects of		
Accelerated capital allowances	(29)	(58)
Non deductible expenses	1,149	8
Group relief	(1,337)	(754)
Adjustments relating to current and prior periods	150	(1,145)
Current tax charge	<u>5,098</u>	<u>3,917</u>

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

10. INTANGIBLE ASSETS

	Domain Name €'000
COST	
At 1 January 2010	-
Additions	<u>52</u>
At 31 December 2010	<u>52</u>
 ACCUMULATED DEPRECIATION	
At 1 January 2010	-
Charge for year	<u>-</u>
At 31 December 2010	<u>-</u>
 NET BOOK AMOUNT	
At 31 December 2010	<u>52</u>
At 31 December 2009	<u>-</u>

11 TANGIBLE ASSETS

	Computer Equipment €'000	Software/ Website Development €'000	Fixtures, Fittings and Equipment €'000	Total €'000
COST				
At 1 January 2010	1,323	2,678	166	4,167
Additions	<u>549</u>	<u>1,408</u>	<u>282</u>	<u>2,239</u>
At 31 December 2010	<u>1,872</u>	<u>4,086</u>	<u>448</u>	<u>6,406</u>
 ACCUMULATED DEPRECIATION				
At 1 January 2010	404	949	75	1,428
Charge for year	<u>290</u>	<u>753</u>	<u>49</u>	<u>1,092</u>
At 31 December 2010	<u>694</u>	<u>1,702</u>	<u>124</u>	<u>2,520</u>
 NET BOOK AMOUNT				
At 31 December 2010	<u>1,178</u>	<u>2,384</u>	<u>324</u>	<u>3,886</u>
At 31 December 2009	<u>919</u>	<u>1,729</u>	<u>91</u>	<u>2,739</u>

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

12. STOCK

These include stocks for security tokens and are expensed when the Company issues them to the end users

13. DEBTORS

	2010	2009
	€'000	€'000
Trade debtors	11,537	7,491
Amounts owed by group undertakings	43,111	22,917
Other debtors	601	2,123
Prepayments and accrued income	1,566	1,066
	<u>56,815</u>	<u>33,597</u>

Included in amounts owed by group undertakings were €16,753,211 (2009 €10,562,556) due from Skrill Holdings Limited, the immediate parent company, €23,965,106 (2009 €11,363,861) due from MB Acquisitions Limited, the immediate parent of Skrill Holdings Limited, €467,543 (2009 €450,384) due from MB Bulgaria EOOD, a related company, €nil (2009 32,701) due from Moneybookers USA, Inc a related company incorporated in the USA, and €1,924,858 (2009 507,262) due from Next Generation Payments, a related company incorporated in the UK

The amounts owed to group undertakings are either interest free and have no fixed date of repayment or interest is charged at the rate of the aggregate of the applicable margin (3%) and Euribor rate

14. INVESTMENTS

	2010	2009
	€'000	€'000
Current asset investments	<u>6,301</u>	<u>14,934</u>

The market value of the current asset investments held is not materially different from their carrying amount

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

15. CASH

The cash balances include an amount of €1,678,000 (2009 €841,000) relating to restricted cash

Moneybookers Limited, a FSA regulated entity, is required at all times to have qualifying liquid assets (comprising cash and cash equivalents and investments) in excess of the e-money float. A minimum amount of capital, of Moneybookers Limited, is required by the FSA. The FSA's regulatory requirement is, at any time, for Moneybookers Limited to have initial capital in excess of €1m, hold regulatory own funds which are 2% of the higher of the e-money outstanding at the month end, and the average of its daily e-money outstanding amount for the 6 month period ending in that month end.

The FSA regulatory capital requirements and the Company's regulatory own funds at the year ends are as follows

	2010 €000	2009 €'000
FSA regulatory capital requirements	3,908	2,611
Regulatory own funds	51,183	37,915

Moneybookers Limited, an FSA regulated entity, is required at all times to have qualifying liquid assets in excess of the e-money float. The balances are as per the table below. Qualifying liquid assets of Moneybookers Limited are made up of cash and cash equivalents and investments. Moneybookers Limited was in compliance with the requirement for the years ended 31 December 2010, 31 December 2009 and 31 December 2008.

	2010 €000	2009 €'000
Qualifying liquid assets	204,706	138,303
E-money float	195,379	130,542

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 €'000	2009 €'000
Trade creditors	842	328
Amounts owed to group undertakings	1,302	-
E - money float	195,379	130,542
Corporation tax	1,949	2,592
Other creditors and accruals	14,653	3,232
	<u>214,125</u>	<u>136,694</u>

Included in amounts owed to group undertakings is an amount of €1,302,000 (2009 €nil) due to Moneybookers USA, Inc. a related company.

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax €'000
Deferred tax liability as at 1 January 2010	134
Charged to the profit and loss account during the year	29
	<u>163</u>
Deferred tax liability as at 31 December 2010	<u>163</u>

The deferred tax liability consists solely of accelerated capital allowances

18. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
350,000 ordinary shares of £1 each	<u>350</u>	<u>350</u>

	2010 €'000	2009 €'000
Allotted and fully paid		
320,665 ordinary shares of £1 (€1 547) each	<u>496</u>	<u>496</u>

19. RESERVES

	Profit and loss account €'000	Share Premium account €'000	Total €'000
At 1 January 2010	36,209	1,210	37,419
Profit for the financial year	13,320	-	13,320
	<u>49,529</u>	<u>1,210</u>	<u>50,739</u>
At 31 December 2010			

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	€'000	€'000
Profit for the financial year	13,320	16,850
Dividends	<u>-</u>	<u>-</u>
Net addition to shareholders' funds	13,320	16,850
Opening shareholders' funds	37,915	21,065
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>51,235</u>	<u>37,915</u>

21. OPERATING LEASE COMMITMENTS

At 31 December 2010, the Company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Land and buildings	
	2010	2009
	€'000	€'000
Operating leases which expire		
in less than one year	-	-
Between two to five years	-	371
After five years	<u>286</u>	<u>-</u>

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Skril Holdings Limited (formerly MB (Holdings) Limited), itself a subsidiary of MB Acquisitions Limited. Both companies are registered in England and Wales. MB Acquisitions Limited is an intermediate parent undertaking of the smallest and largest group to consolidate these financial statements.

The ultimate parent undertaking and controlling party is Investcorp Technology Ventures II LP, a company registered in The Cayman Islands.

Copies of MB Acquisitions Limited consolidated financial statements are available from Welken House, 10 -11 Charterhouse Square, London, EC1M 6EH.

MONEYBOOKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

23. CONTINGENT LIABILITIES

The Company is a participant in a group banking arrangement for bank facilities advanced to group companies. The Company is a guarantor in respect of bank borrowings by the immediate parent company, Skrill Holdings Limited.

On 21 September 2009, the Company entered into an agreement with Lloyds TSB bank to provide an indemnity line to cover bonds, indemnities and guarantees ("BIGs") issued by the bank or its correspondents on Moneybookers Limited's behalf. The total value of the BIGs that may be outstanding at any one time may not exceed the limit of US\$ 5,334,000. The facilities may be cancelled by the bank at any time, but it is the bank's present intention to keep the facilities in place until 01 December 2011 (or such later date as may from time to time be advised in writing by the bank) although such liability in respect of any utilisation may extend beyond such a date. The facilities are currently unsecured. This facility will be drawn down by Moneybookers USA, Inc. As at 31 December 2009 and 31 December 2010, letters of credit to the value of US\$4,032,600 and US\$4,157,600 were already issued.

24. SUBSEQUENT EVENTS

On 25 February 2011, the entire share capital of MB Acquisitions Limited was acquired by Skrill Group plc. On 28 February 2011, the Company's immediate parent undertaking, Skrill Holdings Limited, announced the intention of the Group, by virtue of an application to be made by Skrill Group plc, to list on the London Stock Exchange.