

Company Registration Number 04630969

MChex Limited

Financial Statements

31 December 2007

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MChex Limited

The Director's Report

Year ended 31 December 2007

The director presents his report and the financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The principal activity of the company during the year was the provision of communication and message services

During the year company handled SMS traffic on behalf of the NetPlay TV Group and a small number of third party clients

On 18 May 2007, the company's agreement with Mobile ATM Limited, for the provision of mobile banking services was terminated. On 20 June 2007 the company ceased trading and all employees were made redundant

Results and dividends

The loss for the year amounted to £143,748. The director has not recommended a dividend

Directors

The directors who served the company during the year were as follows

Mr P J Greene
Mr G R Whyte

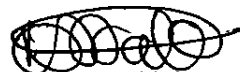
Mr P J Greene resigned as a director on 5 March 2008

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
76 Church Street
Lancaster
LA1 1ET

Signed by order of the director



Nichola Halverson
Company Secretary

Approved by the director on 17 May 2008

MChex Limited

Statement of Director's Responsibilities

Year ended 31 December 2007

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 director is required to

- select suitable accounting policies and then apply them consistently,

- make judgements and 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,

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and

- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

MChex Limited

Independent Auditor's Report to the Shareholders

Year ended 31 December 2007

We have audited the financial statements of MChex Limited for the year ended 31 December 2007 on pages 5 to 14, which have been prepared on the basis of the accounting policies set out on pages 7 to 8

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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 Act 1985. We also report to you whether in our opinion the information given in the Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the 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 judgements made by the director 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.

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.

MChex Limited

Independent Auditor's Report to the Shareholders *(continued)*

Year ended 31 December 2007

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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 Director's Report is consistent with the financial statements

Emphasis of matter - Going concern

Without qualifying our opinion with regard to going concern, we draw attention to Note 17 in the financial statements which indicates that the company incurred a net loss of £143,748 during the period ended 31 December 2007 and, as of that date the company's current liabilities exceeded its total assets by £2,045,527. These conditions, along with other matters as set forth in Note 17, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Fleet House
New Road
Lancaster
LA1 1EZ

17 May 2008

CLB Coopers

CLB Coopers
Chartered Accountants
& Registered Auditors

MChex Limited

Profit and Loss Account

Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover			
Discontinued operations		<u>662,962</u>	<u>2,698,708</u>
		662,962	2,698,708
Cost of sales	1	<u>(644,968)</u>	<u>(2,842,149)</u>
Gross profit/(loss)		<u>17,994</u>	<u>(143,441)</u>
Net operating expenses	1	<u>185,107</u>	<u>357,554</u>
Operating loss:	3		
Discontinued operations		<u>(167,113)</u>	<u>(500,995)</u>
		(167,113)	(500,995)
Loss on disposal of discontinued operations	5	<u>(26,649)</u>	<u>-</u>
Interest payable and similar charges	6	<u>6</u>	<u>38</u>
Loss on ordinary activities before taxation		<u>(193,768)</u>	<u>(501,033)</u>
Tax on loss on ordinary activities	7	<u>(50,020)</u>	<u>(150,292)</u>
Loss for the financial year		<u>(143,748)</u>	<u>(350,741)</u>

The company has no recognised gains or losses other than the results for the year as set out above

The accounting policies and notes on pages 7 to 14 form part of these financial statements.

MChex Limited

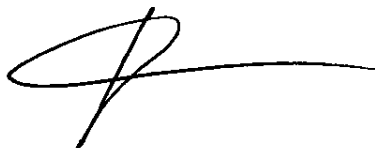
Balance Sheet

31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	8	<u>—</u>	<u>25,416</u>
Current assets			
Debtors	9	2,457,710	2,650,322
Cash at bank		<u>4,562</u>	<u>4,562</u>
		2,462,272	2,654,884
Creditors: Amounts falling due within one year	10	<u>4,507,799</u>	<u>4,582,079</u>
Net current liabilities		<u>(2,045,527)</u>	<u>(1,927,195)</u>
Total assets less current liabilities		<u>(2,045,527)</u>	<u>(1,901,779)</u>
Capital and reserves			
Called-up equity share capital	12	1,200	1,200
Profit and loss account	13	<u>(2,046,727)</u>	<u>(1,902,979)</u>
Deficit	14	<u>(2,045,527)</u>	<u>(1,901,779)</u>

These financial statements were approved and signed by the director and authorised for issue on 17 May 2008

Mr G R Whyte



The accounting policies and notes on pages 7 to 14 form part of these financial statements.

MChex Limited

Accounting Policies

Year ended 31 December 2007

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Cash Flow Statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover is the aggregate amount of revenue derived from the provision of mobile technology services supplied to customers in the ordinary course of business. Revenue is recognised upon delivery of media content.

Where the company provides services as principal, turnover represents the gross revenue in respect of those services. To the extent that the company provides services as a service provider to third parties, in respect of those services turnover represents the company's share of the revenue.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment - 33%

Pension Costs

The company operates a defined contribution pension scheme for its employees. The pension costs charged in the financial statements represent the contributions payable by the company during the period to which they relate.

MChex Limited

Accounting Policies *(continued)*

Year ended 31 December 2007

Deferred Taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest on the assets of the company after deducting all of its liabilities.

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

1. Analysis of cost of sales and net operating expenses

	Discontinued operations £	Total £
Year ended 31 December 2007		
Cost of sales	<u>644,968</u>	<u>644,968</u>
Administrative expenses	<u>185,107</u>	<u>185,107</u>
Net operating expenses	<u>185,107</u>	<u>185,107</u>
Year ended 31 December 2006		
Turnover	2,698,708	2,698,708
Cost of sales	<u>2,842,149</u>	<u>2,842,149</u>
Gross	<u>(143,441)</u>	<u>(143,441)</u>
Administrative expenses	<u>357,554</u>	<u>357,554</u>
Net operating expenses	<u>357,554</u>	<u>357,554</u>
Operating loss	<u>(500,995)</u>	<u>(500,995)</u>

2. Segmental information

The turnover of the company for the year has been derived solely from its principal activity arising in the United Kingdom

3. Operating loss

Operating loss is stated after charging

	2007 £	2006 £
Director's emoluments	—	—
Depreciation of owned fixed assets	<u>5,445</u>	17,323
Loss on disposal of fixed assets	<u>7,613</u>	—
Net loss on foreign currency translation	<u>171</u>	<u>544</u>

Auditors' remuneration for the period amounting to £2,000 (2006 - £2,000) in respect of audit services was paid by NetPlay TV plc, on behalf of the company

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2007 No	2006 No
Number of management and administration staff	1	3
Number of sales and technical staff	2	3
	<u>3</u>	<u>6</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	60,907	106,289
Social security costs	6,811	11,893
Other pension costs	1,583	—
	<u>69,301</u>	<u>118,182</u>

On 20 June 2007 the company ceased trading and all employees were made redundant

5. Loss on disposal of discontinued operations

	2007 £	2006 £
Termination of discontinued operations		
Loss on termination of operation	<u>26,649</u>	<u>—</u>

6. Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank borrowing	<u>6</u>	<u>38</u>

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
Corporation tax	-	-
Over/under provision in prior year	-	(11,570)
Receipt for group relief surrendered	(111,161)	(169,578)
Total current tax	(111,161)	(181,148)
Deferred tax		
Origination and reversal of timing differences	61,141	30,856
Tax on loss on ordinary activities	(50,020)	(150,292)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Loss on ordinary activities before taxation	(193,768)	(501,033)
Loss on ordinary activities by rate of tax	(58,130)	(150,298)
Adjustment in respect of prior years	-	(11,570)
Capital allowances in excess of depreciation	(61,248)	(19,280)
Expenditure disallowable for tax purposes	19	-
Unrelieved loss	8,198	-
Total current tax (note 7(a))	(111,161)	(181,148)

(c) Factors that may affect future tax charges

A deferred tax asset of £Nil (2006 - £61,141) in respect of excess capital allowances has been recognised and a potential deferred tax asset of £223,304 (2006 - £225,106) in respect of tax losses has not been recognised

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

8. Tangible fixed assets

	Equipment £
Cost	
At 1 January 2007	519,703
Disposals	(519,703)
At 31 December 2007	-
Depreciation	
At 1 January 2007	494,287
Charge for the year	5,445
On disposals	(499,732)
At 31 December 2007	-
Net book value	
At 31 December 2007	-
At 31 December 2006	25,416

9 Debtors

	2007 £	2006 £
Trade debtors	23,080	290,078
Amounts owed by group undertakings	2,432,217	1,858,278
Corporation tax repayable	-	169,578
VAT recoverable	2,413	106,803
Other debtors	-	61,141
Prepayments and accrued income	-	164,444
	2,457,710	2,650,322

10. Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	76,843	59,209
Amounts owed to group undertakings	4,427,583	4,317,583
Other creditors	-	154,827
Accruals and deferred income	3,373	50,460
	4,507,799	4,582,079

11. Related party transactions

The company is a wholly owned subsidiary of NetPlay TV plc and has taken advantage of the exemption contained in the Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

12. Share capital

Authorised share capital.

	2007 £	2006 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>

13. Profit and loss account

	2007 £	2006 £
Balance brought forward	(1,902,979)	(1,552,238)
Loss for the financial year	<u>(143,748)</u>	<u>(350,741)</u>
Balance carried forward	<u>(2,046,727)</u>	<u>(1,902,979)</u>

14. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(143,748)	(350,741)
Opening shareholders' deficit	<u>(1,901,779)</u>	<u>(1,551,038)</u>
Closing shareholders' deficit	<u>(2,045,527)</u>	<u>(1,901,779)</u>

15. Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independent trustee administered funds. The pension costs charge for the year amounted to £1,583 (2006 - £Nil). All contributions were paid during the year.

16. Ultimate parent company

The company's immediate parent company is MChex Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is NetPlay TV plc, a company incorporated in England and Wales and listed on the Alternative Investment Market.

There is no ultimate controlling party.

Copies of the consolidated financial statements are available to the public and may be obtained from 76 Church Street, Lancaster LA1 1ET.

MChex Limited

Notes to the Financial Statements

Year ended 31 December 2007

17. Going concern

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because the company made a loss in the year of £143,748 and the company's liabilities exceeded its assets at the year end by £2,045,527.

The company is reliant on support from the parent company, NetPlay TV plc, who has given assurances that it will continue to support the company for the foreseeable future. On this basis the opinion of the directors the financial statements should be prepared on the going concern basis.