

Registered no: 4831976

MONILINK Limited

(formerly known as Mobile ATM Limited)

Annual Report

for the year ended 30 June 2006



MONILINK Limited

Annual report for the year ended 30 June 2006

	Pages
Directors & advisers	1
Directors' report	2 - 3
Report of the auditors	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14

MONILINK Limited

Directors & advisers

Directors

L J H Cameron
P M Gerrard
A D Lukies
K A Shields

Secretary and registered office

L J H Cameron
Morse plc
Profile West
950 Great West Road
Brentford
Middlesex
TW8 9EE

Registered Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers

Yorkshire Bank
21 James Street
Harrogate
HG1 1QU

MONILINK Limited

Directors' report for the year ended 30 June 2006

The directors present their report and the audited financial statements for the year ended 30 June 2006.

Principal activities

The principal activity of the Company is the provision of mobile phone initiated transactions.

Review of business and future developments

The results of the Company for the year are set out on page 6 and show a loss after taxation of £499,118 (2005: £818,217 loss). MONILINK Limited has provided mobile initiated transactions from July 2006. The Company did not trade during the year. During the year, the Company sold intellectual property rights and made a profit of £445,000.

The Company changed its name to MONILINK Limited (from Mobile ATM Limited) on 24 October 2006.

Dividends

The directors have not declared a dividend in the year (2005: £Nil).

Directors

The directors of the company who served during the year were:

L J H Cameron
P M Gerrard
A D Lukies
K A Shields

Directors' interests in shares of the company

No director had any interest or right to subscribe to the shares of the Company during the year ended 30 June 2006.

MONILINK 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 they have elected to prepare the Company financial statements in accordance with UK Accounting Standards.

The Company's 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 for the period.

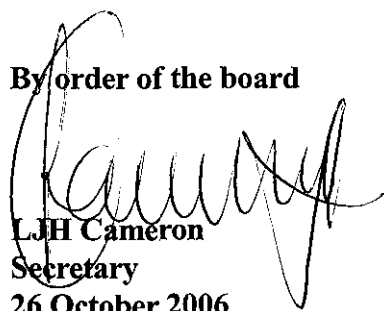
In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



L.J.H. Cameron
Secretary
26 October 2006

MONILINK Limited

Independent auditors' report to the members of MONILINK Limited

We have audited the financial statements of MONILINK Limited ('The Company', formerly known as Mobile ATM Limited) for the year ended 30 June 2006 which comprise the Profit and Loss Account, Balance Sheets 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 Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 Directors' Report is consistent with the financial statements. 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' remuneration and other transactions is not disclosed.

We read the other information contained in the Directors Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

MONILINK Limited

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 UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2006 and of the Company's 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 LLP.

KPMG LLP
Chartered Accountants
Registered Auditors
Leeds LS1 4DW
26 October 2006

MONILINK Limited

Profit and Loss Account for the year ended 30 June 2006

	Notes	Year ended 30 June 2006	Year ended 30 June 2005
		£	£
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses		(1,264,459)	(1,127,828)
Operating loss	2,4	(1,264,459)	(1,127,828)
Interest receivable		16,839	26,720
Exceptional item	5	445,000	-
Loss on ordinary activities before taxation		(802,620)	(1,101,108)
Taxation on loss on ordinary activities	6	303,502	282,891
Accumulated loss for the financial year		(499,118)	(818,217)
Accumulated loss at 1 July		(941,067)	(122,850)
Loss for the year		(499,118)	(818,217)
Accumulated losses at 30 June		(1,440,185)	(941,067)

All items dealt with in arriving at profits for 2006 relate to continuing operations.

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

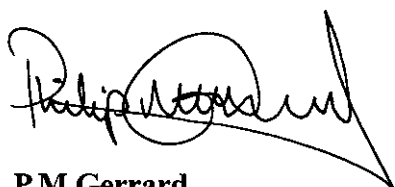
There is no difference between the loss on ordinary activities before taxation and the accumulated loss for the year stated above and their historical cost equivalents.

MONILINK Limited

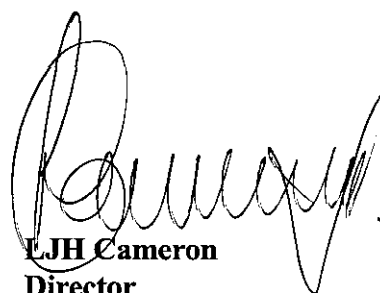
Balance sheet at 30 June 2006

	Notes	30 June 2006	30 June 2005
		£	£
Fixed assets			
Tangible assets	7	<u>1,122,468</u>	698,106
Current assets			
Debtors due within one year	8	800,334	410,549
Cash at bank in hand		37,637	181,500
		<u>837,971</u>	592,049
Creditors: amounts falling due within one year	9	<u>(3,380,624)</u>	(2,211,222)
Net current liabilities		<u>(2,542,653)</u>	(1,619,173)
Net liabilities		<u>(1,420,185)</u>	(921,067)
Share capital and reserves			
Called up share capital	11	20,000	20,000
Profit and loss account		(1,440,185)	(941,067)
Deficit on equity shareholders' funds	12	<u>(1,420,185)</u>	(921,067)

The financial statements on pages 6 to 14 were approved by the board of directors on 26 October 2006 and were signed on its behalf by:



P M Gerrard
Director



L J H Cameron
Director

MONILINK Limited

Notes to the financial statements for the year ended 30 June 2006

1. Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

New Accounting Policies

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after balance sheet date';
- FRS 25 'Financial instruments: disclosure and presentation';
- FRS 28 'Corresponding amounts'.

The implementation of these standards has had no effect on the Company's financial statements.

Tangible fixed assets

Fixed assets are shown at original historical cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:

Computers and similar equipment	3 – 5 years
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Turnover

There was no turnover during the year ended 30 June 2006 (year ended 30 June 2005 £Nil).

Deferred taxation

Deferred tax is accounted for using the full provision method.

MONILINK Limited

Cash flows

The company has taken advantage of the exemption within FRS1 (Revised) allowing it not to present its own cash flow statement as it is a small company, based on companies legislation.

Going concern

The ability of the company to continue as a going concern is dependent upon the continuing financial support of LINK Group Holdings Limited and Monitise Group Holdings Limited and their respective parent companies: LINK Interchange Network Limited and Morse plc. Both parents have confirmed their financial support to the Company to enable it to continue trading and to meet its day to day commitments. The financial statements do not include any adjustments that might be necessary should the company be unable to continue as a going concern on the basis that these companies have indicated that it is their current intention to continue to provide this support. In the opinion of the directors the going concern basis is appropriate for the preparation of these financial statements.

2. Turnover and loss on ordinary activities before taxation

There was no turnover during the year ended 30 June 2006 (year ended 30 June 2005 £Nil). The loss before tax is attributable to the future provision of mobile phone initiated transactions.

3. Directors and employees

The company did not have any employees during the year.

The directors are employed by LINK Interchange Network Ltd ("LINK") and Morse plc and are remunerated by LINK and Morse plc respectively. Their emoluments are dealt with in these financial statements and they received no emoluments from the company in 2006.

4. Loss on ordinary activities before taxation

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit fee	9,500	9,000

MONILINK Limited

5. Exceptional item

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Exceptional item	<u>445,000</u>	<u>-</u>

During the year the Company sold certain intellectual property rights (IPR), which gave rise to a profit of £445,000. The IPR was sold to Monitise Limited (a Monitise Group Limited subsidiary which owns 50% of MONILINK Limited). Monitise Group Limited is a subsidiary of Morse plc.

6. Taxation

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
a) Analysis of charge in year at 30% (2005 – 30%)		
Current tax at 30% (2005 – 30%)	<u>110,002</u>	<u>3,971</u>
Total current tax	<u>110,002</u>	<u>3,971</u>
Deferred tax		
Origination and reversal of timing differences	(379,338)	(287,453)
Adjustment in respect of prior years	(34,166)	591
Total deferred tax	<u>(413,504)</u>	<u>(286,862)</u>
Tax recoverable on ordinary activities	<u>(303,502)</u>	<u>(282,891)</u>
b) Factors affecting current tax charge in year		
Loss on ordinary activities before tax	<u>(802,620)</u>	<u>(1,101,108)</u>
Tax recoverable on ordinary activities at UK standard rate of 30% (2005 - 30%)	(240,786)	(330,332)
Effects of:		
Future benefit of unrealised losses	379,338	287,453
Expenses not deductible for tax purposes	-	50,895
Small companies relief	(28,550)	(4,045)
Current tax charge for year	<u>110,002</u>	<u>3,971</u>

MONILINK Limited

7. Tangible fixed assets

	Computers and similar equipment £
Cost	
At 1 July 2005	698,106
Additions	424,362
At 30 June 2006	<u>1,122,468</u>
Depreciation	
At 1 July 2005	-
Charge for the period	-
At 30 June 2006	<u>-</u>
Net book value	
At 30 June 2006	<u>1,122,468</u>
At 30 June 2005	<u>698,106</u>

8. Debtors

	30 June 2006 £	30 June 2005 £
Amounts receivable within one year:		
Prepayments	22,173	10,766
Other debtors	25,145	-
Other taxation and social security	-	60,271
Deferred tax (Note 10)	753,016	339,512
	<u>800,334</u>	<u>410,549</u>

MONILINK Limited

9. Creditors

Amounts falling due within one year:

	30 June 2006 £	30 June 2005 £
Trade creditors	149,424	80,768
Accruals and deferred income	382,384	346,483
Loans from joint venture parties	2,657,125	1,780,000
Corporation tax	113,973	3,971
Other Taxation	77,718	-
	<u>3,380,624</u>	<u>2,211,222</u>

Further details on 'Loans from joint venture parties' are provided in note 13.

10. Deferred tax

The amounts recognised as a deferred tax asset in the financial statements as an item in debtors are as follows:

	30 June 2006 £	30 June 2005 £
Future benefit of unrealised losses (Note 8)	<u>753,016</u>	<u>339,512</u>

The movement on the deferred tax asset is as follows:

	30 June 2006 £	30 June 2005 £
At 1 July	339,512	52,650
Profit and loss account (Note 6)	413,504	286,862
At 30 June	<u>753,016</u>	<u>339,512</u>

MONILINK Limited

11. Called up share capital

	30 June 2006 £	30 June 2005 £
Authorised		
10,000 'A' ordinary shares of £1 each	10,000	10,000
10,000 'B' ordinary shares of £1 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
10,000 'A' ordinary shares of £1 each	10,000	10,000
10,000 'B' ordinary shares of £1 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>

The 'A' and 'B' shares rank pari passu.

12. Reconciliation of movements in shareholders' funds

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Opening shareholders' funds	(921,067)	(102,850)
Loss for the year	(499,118)	(818,217)
Closing shareholders' funds	<u>(1,420,185)</u>	<u>(921,067)</u>

13. Related party disclosures

MONILINK Limited is jointly owned by LINK Group Holdings Limited (a subsidiary of LINK Interchange Network Limited) and Monitise Group Limited (a subsidiary of Morse plc).

Loans from joint venture parties (see note 9) comprise £1,590,000 from LINK Group Holdings Limited (2005: £890,000) and £1,067,125 from Monitise Group Limited (2005: £890,000). These loans are repayable on demand, but it is the intention of the shareholders that these loans represent long term funding.

During the year the Company sold certain intellectual property rights (IPR), which gave rise to a profit of £445,000. The IPR was sold to Monitise Limited (a Monitise

MONILINK Limited

Group Limited subsidiary which owns 50% of MONILINK Limited). Monitise Group Limited is a subsidiary of Morse plc.

Monitise Limited and Morse plc supplied product development and technical support services, to MONILINK Limited, of £896,166 (2005: £805,802). LINK Interchange Network Limited supplied technical development and support services, to MONILINK Limited, of £234,237 (2005: £102,752).

14. Contingent liability

MONILINK Limited obtained an initial ruling from HM Revenue & Customs on its supplies and has recovered VAT of £42,978 (2005: £120,000) on a 'without prejudice' basis. This ruling is being reviewed and should the ruling change the recovered VAT may be repayable to HM Revenue & Customs. The directors believe the current ruling is valid and have not made a provision for any change in the initial ruling.

15. Post balance sheet event

The Company changed its name to MONILINK Limited (from Mobile ATM Limited) on 24 October 2006.