

Registered no: 05268437

LINK Group Holdings Limited

Annual report

For the year ended 30 June 2006

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LINK Group Holdings Limited

Annual report for the year ended 30 June 2006

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LINK Group Holdings Limited

Directors & advisers

Directors

P M Gerrard

J T Hardy

P Presland

K Shields (appointed 25/1/06)

Secretary and registered office

A J Wilson

Arundel House

1 Liverpool Gardens

Worthing

West Sussex

BN11 1SL

Registered Auditors

KPMG LLP

1 The Embankment

Neville Street

Leeds

LS1 4DW

Bankers

Yorkshire Bank

21 James Street

Harrogate

HG1 1QU

LINK Group Holdings 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. The comparative figures represent the results of the Company for the year ended 30 June 2005.

Principal activities

The principal activity of the LINK Group Holdings Limited ('the Company') is as a holding company.

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 £37 (2005: loss £9). Both the level of business and the year-end financial position were satisfactory.

Following a group restructure:

- LINK Interchange Network Limited transferred to the Company its 50% share in MONILINK Limited (formerly known as Mobile ATM Limited), a joint venture with Morse Plc, for one paid-up share in the Company;
- the Company acquired 15% of the issued capital of Monitise Limited on 4 October 2005 for the amount of £15;
- the Company acquired 27.5% of PrePay Technologies Limited 23 May 2006 for the amount of £3,561,851.

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:

P M Gerrard
J T Hardy
P Presland
K Shields (appointed 25/1/06)

Directors' interests in shares of the Company

No Director had any interest in the shares of the Company during the year ended 30 June 2006.

Charitable and political contributions

There were no charitable or political donations during the year (2005: £Nil).

LINK Group Holdings 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 judgments 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.

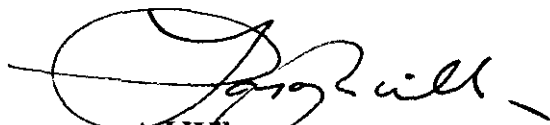
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such 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.

Auditors

A resolution to reappoint KPMG LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the board



A J Wilson

Secretary

13 December 2006

LINK Group Holdings Limited

Report of the independent auditors to the members of LINK Group Holdings Limited

We have audited the financial statements of LINK Group Holdings Limited ('The Company') 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.

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.

LINK Group Holdings Limited

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
13 December 2006

LINK Group Holdings Limited

Profit and loss account for the year ended 30 June 2006

	Notes	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses	3	(37)	(9)
Operating loss		(37)	(9)
Interest receivable		-	-
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation	4	(37)	(9)
Taxation on loss on ordinary activities	5	-	-
Accumulated loss for the financial year		(37)	(9)
Accumulated loss at 1 July		(9)	-
Loss for the year		(37)	(9)
Accumulated loss at 30 June		(46)	(9)

All items dealt with in arriving at losses for 2006 and 2005 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.

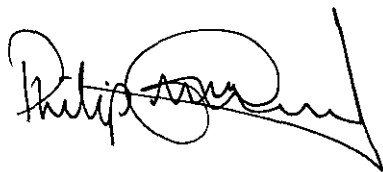
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

LINK Group Holdings Limited

Balance sheet at 30 June 2006

		Year ended 30 June 2006 £	Year ended 30 June 2005 £
Non-Current Assets			
Investments	6	3,571,852	-
Current Assets			
Loan to joint venture	7	1,590,000	-
Debtors: Amounts due from group company		1	1
Cash at bank and in hand		89	41
Total assets		5,161,942	42
Current Liabilities			
Creditors: Amounts due to group company	8	(4,061,986)	(50)
Net assets/(liabilities)		1,099,956	(8)
Capital and reserves			
Called up share capital	9	2	1
Share premium	10	1,100,000	-
Accumulated loss	11	(46)	(9)
		1,099,956	(8)

The financial statements on pages 6 to 11 were approved by the Board of Directors on 13 December 2006 and were signed on its behalf by:



P M Gerrard
Director

LINK Group Holdings Limited

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

1. Principal accounting policies

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.

Investments

Investments are carried at cost less any diminution in value.

Deferred taxation

Deferred tax is accounted for using the full provision method.

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 100% owned subsidiary of LINK Interchange Network Limited.

2. Directors and employees

The Company did not have any employees during the year.

The Directors are employed by LINK Interchange Network Limited ("LINK") and are remunerated by LINK in respect of their services to the Group as a whole. Their emoluments are dealt with in the consolidated financial statements and they received no emoluments from the Company in either 2006 or 2005.

3. Administration Expenses

Audit fees for the Company were borne by LINK Interchange Network Limited (the parent company).

LINK Group Holdings Limited

4. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation for the year ended 30 June 2006 is stated after charging bank charges of £37 (2005: £9).

5. Taxation

There is no corporation tax payable at the end of 2006 (2005: £nil) and no deferred tax has been recognised.

6. Investments

	MONILINK Limited	PrePay Technologies Limited	Monitise Limited	Total
At 1 July 2005	-	-	-	-
Intra Group Transfer	10,001	-	-	10,001
Additions	-	3,561,836	15	3,561,851
At 30 June 2006	10,001	3,561,836	15	3,571,852

Name of undertaking	Description of shares held	Business activity	Country of incorporation
MONILINK Limited	10,000 £1 ordinary shares	Mobile banking services	United Kingdom
Monitise Limited	15 £1 ordinary shares	Mobile banking services	United Kingdom
PrePay Technologies Limited	1,551,381 £1 preferred ordinary shares	Stored value and prepaid services	United Kingdom

On 9 January 2006, LINK Interchange Network Limited transferred its holding in MONILINK Limited (an equally owned joint venture with Monitise Group Limited, a subsidiary of Morse plc) to the Company. MONILINK Limited was formerly known as Mobile ATM Limited. This transaction was effected by:

- the receipt of £10,000 for the 10,000 B ordinary shares of £1 each in the capital of MONILINK Limited;
- the assignment to the Company of the £1,090,000 loan originally advanced from LINK Interchange Network Limited to MONILINK Limited (see Note 6); and
- the receipt of other assets of £1.

In consideration for this transfer totalling £1,100,001 the Company issued a share of £1 to LINK Interchange Network Limited thereby generating a share premium of £1,100,000.

On 23 May 2006, the Company acquired 27.5% of PrePay Technologies Limited by means of funding of £3,561,851 provided by LINK Interchange Network Limited (see Note 7). PrePay Technologies Limited has a financial year-end of 30 September.

LINK Group Holdings Limited

On 4 October 2006, the Company acquired 15% of the issued capital of Monitise Limited in exchange for cash.

7. Loan to joint venture

	30 June 2006 £	30 June 2005 £
Loan to joint venture	<u>1,590,000</u>	-

The loan to joint venture of £1,590,000 comprises:

- £1,090,000 initially advanced by LINK Interchange Network Limited to the joint venture (as detailed in Note 6 above); and
- £500,000 additionally advanced to MONILINK Limited funded by LINK Interchange Network Limited (see Note 8).

8. Creditors: Amounts due to group companies

Amounts falling due within one year:

	30 June 2006 £	30 June 2005 £
Amount due to parent undertaking	<u>4,061,986</u>	50

During the year ended 30 June 2006, the increase in the amount due to parent undertaking was due to the following transactions:

- £3,561,836 provided for the acquisition of PrePay Technologies Limited (see Note 6); and
- £500,000 of additional loan funding to MONILINK Limited (see Note 7).

LINK Group Holdings Limited

9. Called up share capital

	30 June 2006 £	30 June 2005 £
Authorised		
1000 shares of £1 each	<u>1,000</u>	<u>1000</u>
Allotted, called up and fully paid		
2 shares of £1 each (2005: 1 share of £1)	<u>2</u>	<u>1</u>

See details provided in Note 6 relating to the issue of a new share as at 30 June 2006.

10. Share premium

See details provided in Note 6.

11. Reconciliation of movements in shareholders' funds

	Year ended 30 June 2006 £	Year ended 30 June 2005 £
Opening shareholders' funds	(9)	-
Loss for the year	(37)	(9)
Closing shareholders' funds	<u>(46)</u>	<u>(9)</u>

12. Ultimate parent undertaking

At 30 June 2006 the Company's ultimate parent undertaking is LINK Interchange Network Limited, a company registered in England. A copy of that company's financial statements can be obtained from The Secretary, Arundel House, 1 Liverpool Gardens, Worthing, West Sussex, BN11 1SL.

13. Related party disclosures

The Company has taken advantage of the exemptions under Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose full details of transactions with other group companies as the consolidated financial statements of LINK Interchange Network Limited are publicly available.