

Company Registration No. 05593794 (England and Wales)

M-BIZ GLOBAL COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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M-BIZ GLOBAL COMPANY LIMITED

COMPANY INFORMATION

Directors	Hyong Suk Kim Choi Seong Yong
Secretary	Preiskel & Co LLP
Company number	05593794
Registered office	Suite 10 Millennium House 21 Eden Street Kingston upon Thames KT1 1BL
Accountants	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Auditors	Deloitte LLP Reading, United Kingdom
Bankers	HSBC Bank PLC HBEU Bank House, High Street, Hampton Wick Kingston Upon Thames KT1 4DA United Kingdom
Solicitors	Preiskel & Co LLP 5 Fleet Place London EC4M 7RD United Kingdom

M-BIZ GLOBAL COMPANY LIMITED

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M-BIZ GLOBAL COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2010

Principal activities

M-Biz Global Company Limited is a registered company in England and Wales. The principal activity of the company continues to be the provision of embedded software and mobile content to the mobile phone industry. The company's principal office is located in Kingston Upon Thames, United Kingdom. All management operations take place at this office location. The company has no subsidiary, however, the company has representative office in the following countries

M-Biz Global Rep Office in China 22nd Floor, Hyundai Motor Tower 38 Xiaoyun Road, Chaoyang District Beijing, <u>China</u>	M-Biz Global Rep Office in Egypt Villa #476, North of Showaifat, 5th Settlement Alqahira Algadida Cairo, <u>Egypt</u>
M-Biz Global Rep Office in South Korea B-802 Woolim Blue 9 Business Center 240-21 Yeomchang-dong, Gangseo-gu Seoul, <u>South Korea</u>	M-Biz Global Rep Office in Malaysia W9-25, Menara Malawangi 18, Persiaran Barat, Petaling Jaya Selangor, <u>Malaysia</u>
M-Biz Global Rep Office in Russia Office 238/239, Liter A Bldg 3, 83 Savushkina Str St Petersburg, <u>Russia</u>	M-Biz Global Rep Office in Turkey Ataturk Mahallesi, Atasehir Bulvarı Ata 2/3 Plaza K.8, D 69 Atasehir, Istanbul, <u>Turkey</u>
M-Biz Global Rep Office in Vietnam 10th Floor, Tenimex Building 111-121 Ngo Gia Tu Street, Ward 2, Dist. 10 HoChi Minh City, <u>Vietnam</u>	

Our company representative offices as listed above are mainly focusing in research and development, marketing, quality testing, graphic design and product development.

Business review

We are pleased to report that the company has achieved a great overall performance. We believe that we have delivered strong and improved profit margins for our shareholders, whilst also positioning the company for long term growth.

Our exceptional global coverage and easy friendly solutions combined to generate strong recurring revenue streams. We launched new solutions and upgrades on our current solutions, adding value for our customers at every opportunity. As a result, the company has improved its profitability. M-Biz aspires to be the leading mobile billing solutions in the markets we serve. We intend to become a high performance organisation capable of delivering exceptional value for our customers and shareholders. This has been another year of excellent progress for the company despite tough economic conditions.

M-BIZ GLOBAL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

Risks relating to the business of the Group

The company faces a number of principal risks and uncertainties that could impact the company's performance. The following discussion of principal risk factors and uncertainties identifies the most significant risks that may affect the company's business process.

Competition & Technological/industry standards change

The market for the company's mobile billing solutions in which we are operated are characterised by rapidly changing technology, evolving industry standards, and increasingly customer expectation. Such changes may render the group's existing products obsolete if the group is unable to respond in a timely fashion. We mitigate the risk by maintaining close relationships with our suppliers and by employing a development team whose duties include research, review and procurement of appropriate new technology products for testing prior to release to our customers.

Such changes may render the company's existing products obsolete if the company is unable to respond in a timely fashion. We aim to respond quickly to deliver the best technology that can help our business compete. A competitive edge is core to the success of any business.

Regulatory risk

The different laws and regulations governing telecommunications, together with related government policies, have the potential to negatively impact on the financial position. In each of the service countries in which it provides services, the company takes steps to meet the appropriate local requirements. The company also seeks to comply fully with anti-trust, patent, consumer, pricing, tax, currency exchange, and financial laws. The company believes that it is taking all appropriate measures to respond to such laws, ordinances, and government policies.

System Failures

The company depends on a communication network system to provide a reliable service to mobile customers. Such system is vulnerable to damage, breakdown or interruption from events which are beyond the company's control. To minimize as much as possible the risk of service outages or interruptions, it takes steps to improve the reliability of its network system. The following incidents could become causes of a service outage:

- Natural disasters such as earthquake, typhoon or flood
- Spread of infectious disease
- War, terrorism, or other unforeseen events
- Power blackouts
- Computer viruses
- Operation system hardware or software failures
- Litigation and Patents

Infringement of Intellectual Property

Litigation stemming from alleged infringement of intellectual property and other rights associated with the company's services and technologies could potentially have a negative impact on our financial position and performance. Our competitors may independently develop similar technologies. In order to avoid the risk of infringement, the company has obtained several patents to protect its proprietary technology. Protection of our proprietary technology is an important part of being able to compete successfully in the market.

Information about the use of financial instruments, significant accounting estimates and the financial risk by the company are discussed in note 19 to the financial statements.

M-BIZ GLOBAL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

Financial Review

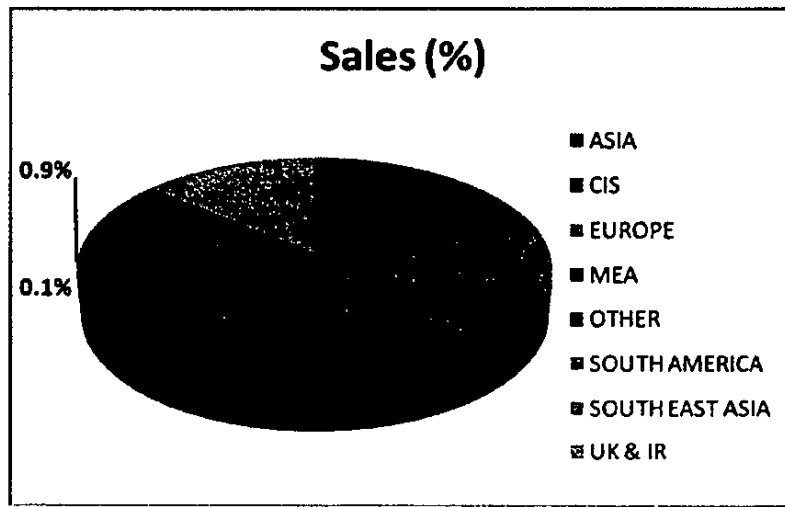
The company has delivered an excellent financial results for the year ended 31 December 2010. Revenue from continuing operations rose by 50.1% to £28,750,398 (2009: £19,153,207). The profit before taxation has increased significantly by 45.3% to £3,312,537 (2009: £2,279,452).

The reasons for the strong growth in our financial performance in 2010 are:

- Significant growth in the following service countries:
 - Italy, Germany, Switzerland, Belgium, Indonesia, Malaysia, Thailand, Vietnam, Taiwan, Turkey, Poland and Romania
- Growth in emerging markets and new development of products
- Growth in market share of our major partner in the handset distribution market
- Penetration into other handset platforms type such as Android and smart phones

In addition, our diverse geographic segments and customers market contributed to our growth and strong financial position.

The pie chart below provides a breakdown of the company's revenue by geographical segment



M-BIZ GLOBAL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

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Focus Areas

We continue to focus our attention on operators market and increase our sales territories. We will also continue to expand our presence in emerging markets and enhance our technologies. In addition, we expect to continue to strengthen our billing solutions in the mobile market and provide more comprehensive solutions to our mobile customers.

Recently, we have successfully built relationship with other handset manufacturers to launch our mobile billing solutions in Taiwan market. We hope to deliver strong sales from this business partnership in the year ahead.

During the year, the company has expanded its continued TnB embedding solutions in Hongkong, South Africa, The Phillippines, Greece, and Ireland.

In 2011, we will continue to expand our mobile billing services in the following territories: Lithuania, Latvia, Estonia, Armenia, Moldova, Georgia, Jordan, Lebanon, Tanzania, Ghana, Kenya, and Nigeria.

Product developments

As mentioned in last year's report we have launched our Try and Buy Extra solution which is a wrapper billing solution for games hosted on web site and WAP Portals. We have launched Try and Buy Extra on our handset manufacturer's portal and billing partner's portal. This service started in December 2010. This downloadable TnB solutions on WAP portal enables games to be downloaded to a mobile device on a Try and Buy basis. This product can be applied for Java and Android market. In the last year's report, we referred to Mover and eMoney. We have not yet launched eMoney product in the market. However, for Mover solution, we have completed and tested the product in the market. We expect the sales to start in early 2011. Mover is the advertisement server of pocket arena. Pocket arena is a service which is used in conjunction with Try and Buy solutions. It provides mobile game customers the opportunity to play the games and compete against other players to take part in a competition with the chance to win prizes. The mobile game participants will view Mover advertisements each time when they submit their game scores to the leaderboard.

For future product developments, we are focusing on developing pocket arena. Pocket arena games can be embedded or uploaded to WAP portals for Java and Android market. We expect that this product will encourage a socially competitive element within our mobile game environment.

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Outlook

We continue to expand our product range to enable us to take a wider share of our customers' spend on mobile games and provide a wider range of products with which to engage new customers. We remain optimistic for future growth in the year ahead.

Results and dividends

The results for the year are set out in the income statement on page 9.

No dividend was paid during the year (2009: £Nil). The directors do not recommend payment of a final dividend (2009: £Nil).

M-BIZ GLOBAL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

Going concern

Having reviewed the company's forecasts, the directors believe that the group is well placed to manage its business risks successfully despite the current challenging economic outlook.

In addition, without external funding, the directors are satisfied with the strong and robust balance sheet. They consider the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Directors

The directors, who served throughout the year and to the date of this report, are as follows:

Hyong Suk Kim
Choi Seong Yong

Charitable donations

During the year the company made the following charitable donations, principally to local charities serving the communities in which the company operates.

	2010 £	2009 £
Charitable donations	<u>2,500</u>	<u>8,836</u>

The recipients of the charitable donations were

Hope Church London £2,000 (2009: £3,000), Junior Citizen Campaign £500 (2009: £Nil), Children in Need £Nil (2009: £2,836) and Frontiers £Nil (2009: £3,000)

Auditors


Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the 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.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board



Hyong Suk Kim
Director
31 March 2011

M-BIZ GLOBAL COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern

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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M-BIZ GLOBAL COMPANY LIMITED

We have audited the financial statements of M-Biz Global Company Limited for the year ended 31 December 2010 which comprise the income statements, the statement of other comprehensive income, the statement of financial position, the statements of changes in equity, the cash flow statements and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement, 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.

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, and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the company financial statements comply with IFRSs as issued by the IASB.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M-BIZ GLOBAL
COMPANY LIMITED (CONTINUED)**

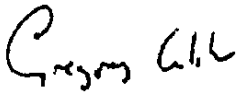
Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, 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.



Gregory Culshaw (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
31 March 2011

M-BIZ GLOBAL COMPANY LIMITED**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Revenue	2	28,750,398	19,153,207
Cost of sales		(23,685,197)	(15,562,496)
Gross profit		5,065,201	3,590,711
Amount written off investment		-	(3,358)
Foreign exchange losses		(103,775)	(141,457)
Other administration expenses		(1,697,087)	(1,311,619)
Total administration expenses		(1,800,862)	(1,453,076)
Operating profit	4	3,264,339	2,134,277
Finance income	5	48,212	33,253
Finance costs	6	(14)	(2,817)
Profit before taxation		3,312,537	2,164,713
Taxation	9	(898,777)	(671,293)
Profit for the year		2,413,760	1,493,420

The profit and loss account has been prepared on the basis that all operations are continuing operations

M-BIZ GLOBAL COMPANY LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2010**

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Profit for the year	2,413,760	1,493,420
	<hr/>	<hr/>
Total comprehensive income	<u>2,413,760</u>	<u>1,493,420</u>
Attributable to:		
Owners of the company	<u>2,413,760</u>	<u>1,493,420</u>

M-BIZ GLOBAL COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
Non-current assets			
Intangible assets	10	41,611	55,481
Property, plant & equipment	11	411,166	376,840
		<u>452,777</u>	<u>432,321</u>
Current assets			
Trade and other receivables	12	13,814,162	7,498,859
Cash and cash equivalents	12	1,624,639	4,260,409
Investment financial assets	13	3,769,106	-
		<u>19,207,907</u>	<u>11,759,268</u>
Total assets		<u>19,660,684</u>	<u>12,191,589</u>
Current liabilities			
Trade and other payables	14	(12,401,704)	(7,496,968)
Current tax liabilities		(445,229)	(298,937)
		<u>(12,846,933)</u>	<u>(7,795,905)</u>
Net current assets		<u>6,360,974</u>	<u>3,963,363</u>
Non-current liabilities			
Deferred tax	15	(9,670)	(5,363)
Total liabilities		<u>(12,856,603)</u>	<u>(7,801,268)</u>
Net assets		<u>6,804,081</u>	<u>4,390,321</u>
Capital and reserves			
Share capital	16	80,000	80,000
Retained earnings	17	6,724,081	4,310,321
Total equity		<u>6,804,081</u>	<u>4,390,321</u>

The financial statements of M-Biz Global Company Limited, registered number 05593794, were approved by the board of directors and authorised for issue on 31 March 2011. They were signed on its behalf by

Hyong Suk Kim (Director)



M-BIZ GLOBAL COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital £	Retained earnings £	Total equity £
Year ended 31 December 2009			
Balance at 1 January 2009	80,000	2,816,901	2,896,901
Profit for the year	-	1,493,420	1,493,420
	<hr/>	<hr/>	<hr/>
At 31 December 2009	<u>80,000</u>	<u>4,310,321</u>	<u>4,390,321</u>
Year ended 31 December 2010			
Balance at 1 January 2010	80,000	4,310,321	4,390,321
Profit for the year	-	2,413,760	2,413,760
	<hr/>	<hr/>	<hr/>
At 31 December 2010	<u>80,000</u>	<u>6,724,081</u>	<u>6,804,081</u>

M-BIZ GLOBAL COMPANY LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Cash flow from operating activities		
Operating profit	3,264,339	2,137,365
Adjustments for items not requiring an outlay of funds		
Depreciation of property, plant and equipment	37,487	25,029
Amortisation of intangible assets	13,870	13,870
Profit on disposal of property, plant and equipment	(8,529)	-
	<hr/>	<hr/>
Operating profit before changes in working capital	3,307,167	2,176,264
Increase in receivables and prepayments	(6,387,874)	(1,030,904)
Increase in trade and other payables	4,843,953	1,818,495
Foreign exchange differences	103,775	140,510
	<hr/>	<hr/>
Cash generated from operations	1,867,021	3,104,365
Interest received	48,212	33,253
Interest paid	(14)	(2,817)
Tax paid	(748,178)	(719,949)
	<hr/>	<hr/>
Net cash from operating activities	1,167,041	2,414,852
	<hr/>	<hr/>
Investing activities		
Purchase of patents	-	(66,809)
Purchase of property, plant and equipment	(77,282)	(368,895)
Purchase of financial investments	(3,769,106)	-
Sale of financial investments	-	200,143
Sale of property, plant and equipment	13,998	-
	<hr/>	<hr/>
Net cash used in investing activities	(3,832,390)	(235,561)
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(2,665,349)	2,179,291
Cash and cash equivalents at beginning of year	4,260,409	2,145,885
Effect of foreign exchange rate changes	29,579	(64,767)
	<hr/>	<hr/>
Cash and cash equivalents at end of year	1,624,639	4,260,409

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Significant accounting policies

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 1.

1.2 Going concern

Having reviewed the company's forecasts, the directors believe that the company is well placed to manage its business risks successfully despite the current challenging economic outlook.

In addition, without external funding, the directors are satisfied with the strong and robust balance sheet, and they consider the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Revenue recognition

Turnover represents amounts receivable for goods and services net of VAT. The company has the primary responsibility for providing the goods and services to the customer including establishing prices of the related goods and services.

Sales are recognised when the completion of each purchasing process on mobile phone is performed by a customer, the customer has accepted the services and collectively the related receivable is reasonably assured.

Revenue recognised is reduced for an estimate of amounts that will not be collected from end customers where it is not probable that economic benefits will flow to the entity. (See also note 19)

1.4 Intangible assets - patent

Patents are measured initially at purchase cost and are amortised when it is probable that expected future economic benefits will flow to the company, and that the cost of the asset can be measured reliably.

1.5 Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. Provision is made for any impairment.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over this expected useful life, as follows.

Freehold property	Not depreciated
Computer equipment	33 1/3% per annum
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

1. Significant accounting policies (continued)

1.7 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (e.g. property leases). Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease

1.8 Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the company financial statements

The assets and liabilities of the company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the company's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value

1.10 Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company positively intends and is able to hold until maturity. Held-to-maturity investments are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment losses

1.11 Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the income statement

1.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the financial year, which are unpaid. Current liabilities represent those amounts falling due within one year

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

1. Significant accounting policies (continued)

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

1. Significant accounting policies (continued)

1.14 IFRS Standards and interpretations in issue but not yet effective

The IASB and IFRIC have issued new standards and interpretations with an effective date after the date of these financial statements. The company does not anticipate that the adoption of those standards and interpretations that are effective for the financial year ended 31 December 2010 and beyond will have a material effect on its financial statements on initial adoption, the company is evaluating the effect of those standards and interpretations that are effective subsequently. The standards and interpretations to be adopted include:

International Financial Reporting Standards (IFRS)

IFRS 1 (amended)	Limited exemption from Comparative IFRS 7 disclosures for First time Adopters
IFRS 9	Financial instruments – classification and measurement
IAS 12	Income taxes – limited scope amendment (recovery of underlying assets)
IAS 24 (revised 2010)	Related Party Disclosures – revised definition of related parties
IAS 32 (revised 2009)	Financial instruments – amendments relating to classification of right issues

Amendments resulting from May 2010 - Annual improvements to IFRSs

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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1.15 Critical accounting judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Specifically on revenue recognition, management considered the detailed criteria for the recognition of revenue from the sale of goods and services set out in IAS 18 Revenue, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods and services. Following the receipt of all confirmation statements from the customers, the directors are satisfied that the significant risks and rewards have been transferred and that the recognition of the revenue in the current year is appropriate.

During the year, management also considered the recoverability of its trade receivable balances. Detailed analysis has been carried out and management is confident that the balances will be recovered in full. The balance will continue to be closely monitored, and adjustments will be made as appropriate in the future periods.

Management believe that there are no further areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

2. Revenue

The company continually develops and provides Try and Buy embedding solutions which are innovative and user friendly to our mobile customers. For the past 4 years, our main solution has been the embedded Try and Buy solutions for the Java platform. In 2010, we have expanded our embedding solution for the Android platform. Furthermore, we have extended our product range through downloadable Try and Buy solutions. These M-Biz solutions enable games to be downloaded to a mobile device on a Try and Buy basis for example WAP, Android market and On Device Client (ODC).

In 2010 the sales revenue of M-Biz Global is mainly generated from the games sold via the embedded Try and Buy solution in 40 countries. The company has ongoing research and development to provide better and a wider variety of solutions to our mobile customers. This development process will enable the company to compete in the mobile industry and attract further business.

An analysis of the company's revenue is as follows:

	2010 £	2009 £
Revenue generated by the rendering of services	28,750,398	19,153,207
Finance income	48,212	33,253
	<hr/>	<hr/>
Total revenue as defined in IAS 18	<u>28,798,610</u>	<u>19,186,460</u>

3. Operating segments

Factors that management used to identify the company's reportable segments

Specific asset or overhead costs are allocated to each operating segment. All the administrative expenses and assets are reported on a combined basis for the entire operating segment.

Management regularly reviewed the operating results of these countries by categorising them into 10 regions:

- Asia
- Southeast Asia
- Commonwealth Independent States (CIS)*
- UK & Ireland
- West Europe
- East Europe
- North Europe
- Middle East & Africa (MEA)
- South America
- Others**

*CIS region includes countries such as Russia, Ukraine, Kazakhstan and Belarus

**Other region includes International customers and Greece

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

3. Business and geographical segments (continued)

Factors that management used to identify the company's reportable segments (continued)

Management believe that the countries within these regions have similar economic characteristics, consumer behaviours, and other similar criteria which are distinct for each region and are important for decision making. These regions therefore form the reportable geographical segments of the company.

The operating performance of these regions is regularly assessed by the management to optimize the investment returns with the available resources, seek further development opportunities and explore potential markets.

There is no single major customer for which the revenue exceeded 10 percent of the total revenues of the company in both the current year and the prior year.

Geographical segments

The following table provides the segment information on TryandBuy service, the only reportable business segment provided by the company in the current and the prior year, by geographical market:

Year Ended 31 December 2010	Asia (£)	South-east Asia (£)	CIS Region (£)	UK & Ireland (£)	West. Europe (£)	East. Europe (£)	North. Europe (£)	MEA (£)	South America (£)	Others (£)	Total (£)
Total revenue											
External Sales	2,409,068	3,529,637	4,086,015	3,915,163	9,123,186	820,782	612,388	3,976,460	260,391	17,308	28,750,398
There are no inter-segment sales											
Gross profit											
Segment result	430,854	585,922	827,617	1,148,575	1,309,935	73,357	130,793	528,769	25,656	3,723	5,065,201
Depreciation and amortisation											(51,357)
Foreign exchange loss											(103,775)
Other unallocated corporate expenses											(1,645,730)
Operating profit											3,264,339
Finance income											48,212
Finance costs											(14)
Profit before tax											3,312,537
Taxation											(898,777)
Profit after tax											2,413,760

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

3. Business and geographical segments (continued)

Year Ended 31 December 2009	Asia (£)	South- east Asia (£)	CIS Region (£)	UK & Ireland (£)	West. Europe (£)	East. Europe (£)	North Europe (£)	MEA (£)	Others (£)	Total (£)
Total revenue										
External Sales	905,631	2,047,369	4,699,856	3,942,364	5,419,307	248,323	382,048	1,488,379	19,930	19,153,207

There are no inter-segment sales

Gross profit										
Segment result	221,539	333,665	804,216	939,526	948,586	27,312	64,353	246,319	5,195	3,590,711
Depreciation and amortisation										(38,899)
Foreign exchange loss										(141,457)
Other unallocated corporate expenses										(1,276,078)
Operating profit										2,134,277
Finance income										33,253
Finance costs										(2,817)
Profit before tax										2,164,713
Taxation										(671,293)
Profit after tax										1,493,420

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

3. Business and geographical segments (continued)

Balance Sheet as at 31 December 2010	Asia (£)	South- east Asia (£)	CIS Region (£)	UK & Ireland (£)	West. Europe (£)	East. Europe (£)	North Europe (£)	MEA (£)	South America (£)	Others (£)	Total (£)
Assets											
Segment assets	1,413,980	1,664,647	1,074,634	6,371,056	4,227,264	494,219	337,219	3,079,707	260,716	4,286	18,927,728
Non-current assets											452,777
Other unallocated corporate assets											280,179
Total assets											19,660,684
Other information											
Capital additions											77,282
Liabilities											
Segment liabilities	1,269,137	1,558,016	1,000,102	965,805	3,751,730	488,173	266,425	2,758,638	234,960	5,801	12,298,787
Unallocated corporate liabilities											557,816
Total liabilities											12,856,603

Balance Sheet as at 31 December 2009	Asia (£)	South- east Asia (£)	CIS Region (£)	UK & Ireland (£)	West. Europe (£)	East. Europe (£)	North. Europe (£)	MEA (£)	Others (£)	Total (£)
Assets										
Segment assets	342,155	897,855	1,191,432	5,430,644	2,604,375	143,225	146,216	888,768	1,800	11,646,470
Non-current assets										432,321
Other unallocated corporate assets										112,798
Total assets										12,191,589
Other information										
Capital additions										368,895
Liabilities										
Segment liabilities	381,754	898,535	1,245,565	1,302,073	2,484,959	144,401	177,275	779,793	5,596	7,419,951
Unallocated corporate liabilities										381,317
Total liabilities										7,801,268

M-BIZ GLOBAL COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010**

4. Operating profit	2010	2009
	£	£
Operating profit has been arrived at after charging		
Depreciation of property, plant and equipments	37,487	25,029
Amortisation of intangible fixed assets	13,870	13,870
Staff costs (note 8)	928,434	609,890
Rentals under operating leases – land and buildings	108,261	54,287
Loss on foreign exchange	103,775	140,510
Research and development expenditure	40,989	79,828
Auditors' remuneration - Audit fees	53,618	20,000

Fees payable to the company's auditor in respect of other services are £Nil (2009. £8,000)

5. Finance income	2010	2009
	£	£
Bank interest	47,773	31,400
Other interest	439	1,853
	<u>48,212</u>	<u>33,253</u>

6. Finance costs	2010	2009
	£	£
On overdue tax	14	2,817

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

7. Directors' emoluments	2010	2009
	£	£
Emoluments for qualifying services	<u>84,462</u>	<u>80,375</u>

8. Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010	2009
	Number	Number
Directors	2	2
Administration	71	44
	<u>73</u>	<u>46</u>

Employment costs

	£	£
Wages and salaries	865,524	568,616
Social security costs	47,962	34,927
Other pension costs	14,948	6,347
	<u>928,434</u>	<u>609,890</u>

M-BIZ GLOBAL COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. Taxation	2010 £	2009 £
Corporation tax – current year	920,528	667,951
Adjustment in prior years	(26,058)	(399)
	<hr/>	<hr/>
Current tax charge	894,470	667,552
 Deferred tax	 4,307	 3,741
	<hr/>	<hr/>
Total taxation charge for the year	898,777	671,293
	<hr/>	<hr/>
The effective tax rate differs from the statutory rate as a result of the differences shown below		
Profit before taxation	3,312,537	2,164,713
	<hr/>	<hr/>
Corporation tax calculated at 28% (2009: 28%)	927,510	606,120
Effects of:		
Expenses not deductible for tax purposes	6,290	65,424
Adjustments in respect prior periods	(26,058)	(399)
Rate adjustments	(358)	148
Other allowances	(8,607)	
	<hr/>	<hr/>
Total taxation charge for the year	898,777	671,293
	<hr/>	<hr/>

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

10. Intangible assets

	Patents £
Cost	
At 1 January and 31 December 2010	69,351
Amortisation	
At 1 January 2010	13,870
Charge for the year	13,870
At 31 December 2010	27,740
Net book value	
At 31 December 2010	41,611
At 31 December 2009	55,481
Cost	
At 1 January 2009	2,542
Additions	66,809
At 31 December 2009	69,351
Net book value	
At 31 December 2009	55,481
At 31 December 2008	2,542

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

11. Property, plant and equipment

	Freeholds Property £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2010	335,684	35,966	36,740	21,878	430,268
Additions	-	14,271	31,676	31,334	77,281
Disposals	-	-	-	(21,878)	(21,878)
At 31 December 2010	335,684	50,237	68,416	31,334	485,671
Depreciation					
At 1 January 2010	-	22,792	14,226	16,410	53,428
Charge for the year	-	12,549	17,104	7,834	37,487
On disposals	-	-	-	(16,410)	(16,410)
At 31 December 2010	-	35,341	31,330	7,834	74,505
Net book value					
At 31 December 2010	335,684	14,896	37,086	23,500	411,166
At 31 December 2009	335,684	13,174	22,514	5,468	376,840
Cost					
At 1 January 2009	-	19,820	19,675	21,878	61,373
Additions	335,684	16,146	17,065	-	368,895
At 31 December 2009	335,684	35,966	36,740	21,878	430,268
Depreciation					
At 1 January 2009	-	12,418	5,041	10,940	28,399
Charge for the year	-	10,374	9,185	5,470	25,029
At 31 December 2009	-	22,792	14,226	16,410	53,428
Net book value					
At 31 December 2009	335,684	13,174	22,514	5,468	376,840
At 31 December 2008	-	7,402	14,634	10,938	32,974

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

12. Trade and other receivables	2010 £	2009 £
Trade receivables	4,422,331	2,592,991
Owed by parent company	96,271	-
Other receivables	138,359	107,038
Prepayments and accrued income	9,157,201	4,798,830
	<u>13,814,162</u>	<u>7,498,859</u>

Trade receivables

The average credit period taken on sales of goods is 56 days (2009: 51 days). No interest is charged on the receivables from the date of the invoice. There are no receivables for which the company has provided fully

Included in the company's trade receivable balance are debtors with a carrying amount of £163,412 (2009: £1,154,402) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts, on which no interest is accrued, are still considered recoverable. The company does not hold any collateral or other credit enhancements over these balances nor has the legal right of offset with any amounts owed by the company to the receivables counterparty

Ageing of past due but not impaired receivables

	2010 £	2009 £
30-60 days	21,946	1,096,509
60-90 days	-	5,619
90-120 days	-	52,274
>120 days	141,466	-
Total	<u>163,412</u>	<u>1,154,402</u>

There is no allowance for doubtful debts provided for the current and previous year. Prior year receivables were collected in full.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

13. Investment Financial Assets	2010 £	2009 £
Held to maturity Investments	3,769,106	-

Held to maturity investments represent a UK based, fixed interest rate bonds and are detailed as follows.

Amount in base currency	Term (days)	% Interest	Amount in GBP	Maturity Date
GBP £226,800	92	1.00	226,800	28/01/2011
USD \$1,500,000	272	0.90	969,556	20/06/2011
EUR €2,000,000	182	1.50	1,713,062	19/04/2011
EUR €500,000	273	1.60	428,266	11/08/2011
EUR €503,685	182	1.45	431,422	24/06/2011

The fair value of these held to maturity assets approximates their carrying value. The maximum exposure to credit risk at 31 December 2010 is the carrying amount of the held to maturity assets.

14. Trade and other payables	2010 £	2009 £
Trade payables	2,866,180	2,179,171
Taxes and social security	25,017	14,252
Other payables	4,061	3,323
Accruals and deferred income	9,506,446	5,300,222
	<u>12,401,704</u>	<u>7,496,968</u>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2009: 35 days). The carrying amount of trade payables approximates to their fair value.

15. Deferred tax

	31 December 2010 £	31 December 2009 £
Balance at 1 January	5,363	1,622
Profit and loss account	4,307	3,741
Closing balance	<u>9,670</u>	<u>5,363</u>

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

16. Share capital

	2010 £	2009 £
Authorised		
80,000 Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>
Called up, allotted and fully paid		
80,000 Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

17. Retained earnings

	£
Balance at 1 January 2009	2,702,162
Profit for the year	<u>1,608,159</u>
Balance at 1 January 2010	4,310,321
Profit for the year	<u>2,413,760</u>
Balance at 31 December 2010	<u>6,724,081</u>

18. Operating lease commitments

At 31 December 2010, the company was committed to making the following making the following future minimum lease payments under non-cancellable operating leases as follows

	Land and buildings	
	2010 £	2009 £
Operating leases which expire:		
Within one year	87,426	28,870
Between two and five years	<u>106,911</u>	<u>1,780</u>
	<u>194,337</u>	<u>30,650</u>

Operating lease payments represent the rental payable by the company for its premises in the UK and overseas representative offices. The lease in the UK is for a term of 3 years from February 2008 at a fixed rate of £13,000 per annum. This lease for Suite 10 has been renewed for another 2 years from February 2011 to January 2013 at a fixed rate of £13,000. On 12 January 2010, the office space was extended. The company rented Suite 11 Millennium House for a term of 5 years from January 2010 to January 2015. The remaining leases represent the overseas representative offices, whose lease terms are renewable annually at market rate.

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

19. Financial instruments

The company holds the following financial instruments:

	2010 £	2009 £
Financial assets		
Cash assets	1,624,639	4,260,409
Receivables	13,814,162	7,498,859
Financial assets	3,769,106	-
	<u>19,207,907</u>	<u>11,759,268</u>
Financial liabilities		
Payables	<u>12,846,933</u>	<u>7,795,905</u>

Financial risk management objectives

The company has dealings with domestic and international markets, hence it is exposed to a variety of financial risks which include currency risk, interest rate risk and credit risk. The company has determined the guidelines in managing the financial risks and seeks to minimise potential adverse effects on the financial performance of the company. As described below, the company constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.

The following section provides both qualitative and quantitative disclosures on the effect that these risks may have upon the company. Disclosures relate solely to the company as the subsidiary is not significant.

Capital risk management

The company manages its capital to ensure that entities in the company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16 to 17.

Externally imposed capital requirement

The company is not subject to externally imposed capital requirements.

Significant accounting policies and estimates

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Revenue recognition The company recognises revenue based on its estimate of the fair value of services provided. As there is often a long time lag between game download and statements from billing agents and as billing agent statements reduce the amount payable to the company for downloads which are not collectable from the end customer, this involves a degree of estimation based on historic experience of the billing, territory or similar territories.

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

19. Financial instruments (continued)

Foreign currency risk

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the company's foreign currency denominated monetary assets (including cash deposits placement) and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2010	2009	2010	2009
	£	£	£	£
Euro	8,899,787	4,436,334	9,068,882	6,855,217
US dollar	2,432,182	1,821,871	3,393,151	2,772,860

The company is mainly exposed to the currency fluctuations of the US dollar and the EURO.

The following table details the company's sensitivity to a 5 per cent increase and decrease in Sterling against the Euro and the US Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5 per cent change in foreign currency rates.

Change in currency rate (+/- 5%)	Euro		US dollar	
	currency impact	currency impact	currency impact	currency impact
	2010	2009	2010	2009
	£	£	£	£
Profit or loss	8,900	127,310	50,577	50,052
Other equity in other comprehensive income	8,900	127,310	50,577	50,052

The company's overall sensitivity to foreign currency has decreased during the current year mainly due to the levels of foreign currency denominated receivables and payables being more equivalent in this year in contrast to the previous periods.

Interest rate risk

The company has no significant interest rate risk as entities in the company placed funds at fixed interest rates. The risk is managed by the company by maintaining fixed rate deposits placement.

At 31 December 2010 the company had US Dollar cash deposits of a Sterling equivalent of £969,556 (2009: £1,064,238), and Euro cash deposits of a Sterling equivalent of £2,572,750 (2009 £1,400,376).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 December 2010, the company held cash and cash equivalents of £1,624,639 (2009 £4,260,409).

M-BIZ GLOBAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

19. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available; the company uses other publicly available financial information and its own trading records to rate its major customers.

The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the directors regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company's principal financial assets are receivables and cash at bank.

20. Related party transactions

As at the balance sheet, the company was owed £96,271 by M-Biz Global Solutions plc, its parent company.

The company purchased a residential property, including the fixtures and furniture, in May 2009, at 15 Mill Place Kingston Upon Thames KT1 2RS, for £349,256. The property is occupied by Mr Hyong Suk Kim, the company director and Juhee Lee, management of the company. This property also serves as employee accommodation for foreign employees coming to United Kingdom for business trips. Additional maintenance cost, in respect of the residential property, was £814 (2009: £25,762).

The company also purchased a motor vehicle in September 2010, for the use of Mr Hyong Suk Kim, the company director, for £19,610.

21. Controlling party

The company is 100% owned by M-Biz Global Solutions plc, a company registered in the United Kingdom.

The directors consider there is no single ultimate controlling party (2009: same).