

**Wireless Information Network Limited**

**Directors' report and financial  
statements**

Registered number 3212199

31 December 2004



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities

The company's principal activity continues to be the design, management and packaging of information services to users of wireless devices, including mobile phones.

### Business review

The profit for the year is shown on page 5.

### Proposed dividend

The directors do not recommend the payment of a dividend (2003: *£nil*).

### Directors and directors interest

The following directors held office during the period up to the signing of this report.

J Rands	
P L Button	
R W Joyce	
M A Paver	(appointed 14 September 2004)
A Kapur	(resigned 1 June 2004)
R A Sanders	(resigned 12 August 2004)
P M Norman	(resigned 14 September 2004)
M L Charlton	(resigned 14 September 2004)
J Germani	(appointed 1 June 2004, resigned 12 August 2004)

The directors who held office at the beginning and end of the financial year who had interests in the ordinary shares of the company according to the register of directors' interests were as follows:

	Class of share	Interest at end of year	Interest at start of year
P M Norman	Ordinary shares of 1p	-	396,180
P L Button	Ordinary shares of 1p	-	257,517
R W Joyce	Ordinary shares of 1p	-	257,517
J Rands	Ordinary shares of 1p	-	356,562
M L Charlton	Convertible preference B shares of 1p	-	4,798,200

On 29 September 2004, the above Director received shares in WIN plc, the new parent company, in exchange for shares they held in the company.

## Directors' report *(continued)*

### Directors and directors interest *(continued)*

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

#### Number of Ordinary share options during the year

	At start of year or date of appointment	At end of year	Exercise price £
P M Norman	181,475	-	2.06
P L Button	181,475	-	2.06
J Rands	181,475	-	2.06
R Joyce	181,475	-	2.06
M A Paver	22,500	-	1.26

On 29 September 2004 the company completed a share for share exchange with WIN plc, incorporated in Great Britain, which the Directors now consider to be the ultimate parent company.

The interests of the Directors in WIN plc's share capital are disclosed in that company's accounts.

### Auditors

On 6 October 2004 KPMG LLP resigned as auditors and KPMG Audit Plc were appointed as auditors of the company.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



**M A Paver**  
*Finance Director*

1 Cliveden Office Village  
Lancaster Road  
Cressex business Park  
High Wycombe  
Buckinghamshire  
HP12 3YZ

18 MARCH 2005

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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 and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Report of the independent auditors to the members of Wireless Information Network Limited**

We have audited the financial statements on pages 5 to 16.

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 are responsible for preparing the director's report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*18 March,* 2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Turnover</b>	<i>1,2</i>	<b>31,706,214</b>	<b>14,330,081</b>
Cost of sales		<b>(26,140,813)</b>	<b>(10,981,143)</b>
<b>Gross profit</b>		<b>5,565,401</b>	<b>3,348,938</b>
Administrative expenses		<b>(4,269,048)</b>	<b>(3,144,651)</b>
<b>Operating profit</b>		<b>1,296,353</b>	<b>204,287</b>
Interest receivable and similar income	<i>6</i>	<b>126,439</b>	<b>37,752</b>
Interest payable and similar charges	<i>7</i>	<b>(21,614)</b>	<b>(7,703)</b>
<b>Profit on ordinary activities before taxation</b>	<i>3</i>	<b>1,401,178</b>	<b>234,336</b>
Tax on profit on ordinary activities	<i>8</i>	<b>406,968</b>	<b>214,500</b>
<b>Profit for the financial year</b>	<i>16</i>	<b>1,808,146</b>	<b>448,836</b>

A statement of recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the year other than as disclosed in the profit and loss account.

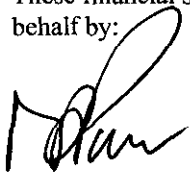
A note on historical cost gains and losses has not been included as part of the financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The results stated above are all derived from continuing operations.

**Balance sheet**  
*at 31 December 2004*

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Tangible assets	9	528,405	237,303
Investment	10	-	-
		<u>528,405</u>	<u>237,303</u>
<b>Current assets</b>			
Debtors	11	8,076,837	4,053,917
Short term investments	12	-	445,901
Cash at bank and in hand (including short term deposits)		2,010,760	601,223
		<u>10,087,597</u>	<u>5,101,041</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,854,420)</u>	<u>(3,435,163)</u>
<b>Net current assets</b>		<u>3,233,177</u>	<u>1,665,878</u>
<b>Total assets less current liabilities</b>		<u>3,761,582</u>	<u>1,903,181</u>
<b>Provisions for liabilities and charges</b>	14	<u>(124,000)</u>	<u>(73,745)</u>
<b>Net assets</b>		<u>3,637,582</u>	<u>1,829,436</u>
<b>Capital and reserves</b>			
Called up share capital	15	71,859	71,859
Share premium account	16	9,494,815	9,494,815
Profit and loss account	16	(5,929,092)	(7,737,238)
		<u>3,637,582</u>	<u>1,829,436</u>
<b>Shareholders' funds</b>			
Equity		-	-
Non-equity		3,637,582	1,829,436
	17	<u>3,637,582</u>	<u>1,829,436</u>

These financial statements were approved by the board of directors on **18 MARCH** 2005 and were signed on its behalf by:



**M A Paver**  
Finance Director



## **Notes** *(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

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

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of WIN plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of WIN plc, within which this company is included, can be obtained from the address given in note 22.

#### ***Tangible fixed assets and depreciation***

Depreciation is calculated to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic life as follows:

Leasehold improvements	-	3 years
Plant and equipment	-	3 years
Computer equipment	-	3 years
Furniture and equipment	-	3 years

#### ***Investments***

Investments are held at cost less any provisions made.

#### ***Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post-retirement benefits*

The company operates a defined contribution stakeholder pension scheme for all employees. The amount charged to the profit and loss account represented the contributions payable to employees' private pension schemes in respect of the accounting period.

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover and Revenue recognition*

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

#### *Information services*

Revenue from the provision of information is accrued on the basis of recorded transactions with the ultimate end user.

#### *Development revenue*

Revenue for development work is recognised at the point of delivery of services to the customer.

### 2 Turnover

The turnover was derived from the company's principal activities.

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2004	2003
<i>Profit on ordinary activities before taxation is stated after charging:</i>	£	£
Depreciation of tangible fixed assets - owned	148,224	255,247
Operating lease rentals		
Land and buildings	259,032	259,032
Equipment hire	1,939	5,817
Auditors' remuneration		
Audit	29,000	21,000
Other services - fees paid to the auditor and its associates	600	-
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2004	2003
	£	£
Directors' emoluments	340,340	301,497
Company contributions to money purchase pension scheme	472	-
	<u>          </u>	<u>          </u>
	340,812	301,497
	<u>          </u>	<u>          </u>

The aggregate of emoluments of the highest paid director was £114,656 (2003: £100,000), and company pension contributions of £472 (2003: £nil) were made to a money purchase scheme on the behalf of another director.

	Number of directors	
	2004	2003
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	-
	<u>          </u>	<u>          </u>

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Management	3	7
Sales and marketing	12	6
Administration	2	-
Operations and development	22	21
	<u>          </u>	<u>          </u>
	39	34
	<u>          </u>	<u>          </u>

**Notes (continued)**

**5 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	2,482,955	1,718,127
Social security costs	274,436	198,010
Other pension costs	24,211	17,931
	<u>2,781,602</u>	<u>1,934,068</u>

**6 Interest receivable and similar income**

	2004 £	2003 £
Bank interest receivable	27,744	21,375
Early settlement discounts	62,452	16,377
Interest receivable on rent deposit	36,243	-
	<u>126,439</u>	<u>37,752</u>

**7 Interest payable and similar charges**

	2004 £	2003 £
Bank interest paid	330	768
Interest paid on financing	21,284	6,935
	<u>21,614</u>	<u>7,703</u>

**Notes (continued)**

**8 Taxation**

	2004 £	2003 £
<i>UK Corporation Tax</i>		
Tax on Interest Received in prior period	3,917	-
Total current tax	3,917	-
Deferred tax	(410,885)	(214,500)
Tax on profit on ordinary activities	(406,968)	(214,500)
<i>Current tax reconciliation</i>		
	2004 £	2003 £
Profit on ordinary activities before tax	1,401,178	234,336
Current tax at 30% (2003: 30%)	420,353	70,301
<i>Effects of:</i>		
Expenses not deductible for tax purposes	28,072	3,476
Depreciation in excess of capital allowances	(19,039)	42,403
Utilisation of current year group losses	(31,724)	-
Decrease in losses carried forward	(397,662)	(116,180)
Tax on Interest Received in prior period	3,917	-
Total current tax charge	3,917	-
<i>The elements of deferred taxation are as follows:</i>		
	2004 £	2003 £
Difference between accumulated depreciation and capital allowances	22,302	41,341
Company tax losses	815,381	1,213,043
Deferred tax asset (see note 11)	625,385	214,500

*Factors that may affect future tax charges*

The company has tax losses at the year end of £2.72m. (2003: £4.04m) The deferred tax asset has been recognised to the extent that the recovery of tax losses is regarded as more likely than not.

## Notes (continued)

### 9 Tangible fixed assets

Company	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	233,734	114,409	653,500	115,206	1,116,849
Additions	7,404	94,900	337,022	-	439,326
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	241,138	209,309	990,522	115,206	1,556,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At beginning of year	220,882	113,919	434,430	110,315	879,546
Charged in year	7,157	11,033	127,752	2,282	148,224
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	228,039	124,952	562,182	112,597	1,027,770
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2004	13,099	84,357	428,340	2,609	528,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	12,852	490	219,070	4,891	237,303
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 10 Fixed asset investments

Company	Shares in group undertaking £
<b>Cost</b>	
At beginning and end of year	1,905,000
	<hr/>
<b>Provisions</b>	
At beginning and end of year	1,905,000
	<hr/>
<b>Net book value</b>	
At 31 December 2004 and 31 December 2003	-
	<hr/>

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
WIN Financial Limited	England & Wales	Data systems and services	Ordinary 100%
WIN Mobile Limited	England & Wales	Dormant	Ordinary 100%
Bellboy Limited *	England & Wales	Dormant	Ordinary 100%
Wireless Information Network Inc*	USA	Dormant	Ordinary 100%

\* These companies are held indirectly through WIN Financial Limited.

The results of WIN Financial Limited are included in the consolidated financial statements of WIN plc.

## Notes (continued)

### 11 Debtors

	2004 £	2003 £
Trade debtors	3,058,275	1,802,182
Amounts owed by group undertakings	125,348	-
Other debtors	129,516	259,032
Net deferred tax assets	625,385	214,500
Prepayments and accrued income	4,138,313	1,778,203
	<hr/>	<hr/>
	8,076,837	4,053,917
	<hr/>	<hr/>

Other debtors include £129,516 (2003: £259,032) due after more than one year.

### 12 Short term investments

The short term investment of £nil (2003: £445,901) represented amounts receivable from Cattles Invoice Finance Oxford Limited under an invoice discounting facility and is included in the companies liquid resources.

### 13 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	2,673,886	1,421,259
Taxation and social security	579,255	249,357
Other creditors	134,445	-
Accruals and deferred income	3,466,834	1,764,547
	<hr/>	<hr/>
	6,854,420	3,435,163
	<hr/>	<hr/>

### 14 Provisions for liabilities and charges

	Other provisions £
At beginning of year	73,745
Charge to the profit and loss for the year	50,255
	<hr/>
At end of year	124,000
	<hr/>

The above provision relates to an empty property leased by the business but no longer in use and is made in accordance with FRS 12. The increase in the provision in the year relates to a revision of the estimate as further information became available during the year. The remaining period of the lease is 6 years and the provision is for the onerous element.

**Notes (continued)**

**15 Called up share capital**

<i>Authorised</i>	2004		2003	
	Number	Value £	Number	Value £
Ordinary shares of 1p each	94,091,882	940,919	94,091,882	940,919
Convertible redeemable preference A shares of 1p each	8,118	81	8,118	81
Convertible redeemable preference B shares of 1p each	5,098,200	50,982	5,098,200	50,982
Non-voting deferred shares of 1p each	-	-	811,800	8,118
Non voting deferred shares of £8,118	1	8,118	-	-
	<u>100,010,000</u>	<u>10,001,000</u>	<u>100,010,000</u>	<u>1,000,100</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 1p each	1,267,776	12,678	1,267,776	12,678
Convertible redeemable preference A shares of 1p	8,118	81	8,118	81
Convertible redeemable preference B shares of 1p	5,098,200	50,982	5,098,200	50,982
Non-voting deferred shares of 1p each	-	-	811,800	8,118
Non voting deferred shares of £8,118	1	8,118	-	-
	<u>7,185,894</u>	<u>71,859</u>	<u>7,185,894</u>	<u>71,859</u>

On 21 September 2004, the 811,800 non voting deferred shares of 1p each were consolidated into 1 deferred share of £8,118.

All shares except the non-voting deferred shares rank equally for dividends. The convertible redeemable preference A and B shares rank for voting rights as if they had been converted into ordinary shares immediately prior to the meeting. Each convertible redeemable preference A and B share is convertible into 732.03992 and 0.1398777 ordinary shares respectively. The convertible redeemable preference A and B shares are redeemable at any date at the option of the company based on a price agreed either by tender or private treaty. From 4 May 2005 the holders of the A convertible redeemable preference shares may elect to redeem some or all of their shares at the aggregate of the nominal amount and any premium paid on subscription for shares of the holder or the amount payable on a winding up.

In the event of a winding up funds up to £6,725,591 will be distributed 91% to A convertible redeemable preference shareholders and 9% to B convertible redeemable preference shareholders. Funds up to £16,000,000 will be distributed 9% to B convertible redeemable preference shareholders and A convertible redeemable preference shareholders will receive in aggregate between 75% and 91%. Additional funds in excess of £16,000,000 will be distributed to all shareholders equally, excluding the non-voting deferred shares.

The non-voting deferred shares have the right to a return of capital equal to the amounts paid up on the shares, following the repayment of the ordinary and the convertible redeemable preference shares and the payment of a further amount of £1,000,000 in respect of each ordinary share.



## Notes (continued)

### 16 Reserves

Company	Share premium account £	Profit and loss account £
At beginning of year	9,494,815	(7,737,238)
Profit for the year	-	1,808,146
At end of year	<u>9,494,815</u>	<u>5,929,092</u>

### 17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	1,808,146	448,836
New share capital subscribed	-	8,778
Net increase in shareholders' funds	<u>1,808,146</u>	<u>457,614</u>
Opening shareholders' funds	1,829,436	1,371,822
Closing shareholders' funds	<u>3,637,582</u>	<u>1,829,436</u>

### 18 Contingent liabilities

Wireless Information Network Limited have given a fixed charge over all book and other debts present and future and the benefit of all contracts and policies of insurance and by way of floating charge the undertaking and all property assets and rights of the company present and future in exchange for an invoice discounting facility. At the 31 December 2004 this facility had been closed and no monies were drawn down.

### 19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	1,939	-	1,943
Over five years	259,032	-	259,032	-
	<u>259,032</u>	<u>1,939</u>	<u>259,032</u>	<u>1,943</u>

**Notes** *(continued)*

**20 Pension scheme**

The company operates a defined contribution stakeholder pension scheme. The pension charge for the period represents contributions payable to employees' private pension schemes and amounted to £24,211 (2003: £10,225).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

**21 Related party disclosures**

The company is controlled by WIN plc, the parent company. The directors consider there to be no ultimate controlling party.

**22 Ultimate parent company and parent undertaking of a larger group of which the company is a member**

On 29 September 2004 a share for share exchange took place and the company as a result is now a wholly owned subsidiary undertaking of WIN plc, incorporated in Great Britain.

The group in which the results of the company are consolidated is that headed by WIN plc, incorporated in Great Britain. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.