

Company Registration Number 4692177

ACTION ENGINE EUROPE LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2005

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ACTION ENGINE EUROPE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

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ACTION ENGINE EUROPE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Director	S G Silk
Company secretary	Taylor Wessing Secretaries Limited
Registered office	Carmelite 50 Victoria Embankment London EC4Y 0DX
Auditors	Blick Rothenberg Chartered Accountants and Registered Auditors 12 York Gate Regent's Park London, NW1 4QS

ACTION ENGINE EUROPE LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2005

The director presents his report and the audited financial statements of the company for the year ended 31 December 2005.

Principal activity

The principal activity of the company during the year was that of specialising in wireless data services.

Review of the business and future developments

The results for the year and the financial position at the year end are considered satisfactory by the director who expects continuing growth in the foreseeable future.

Results and dividends

The results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The director does not recommend a dividend.

It is proposed to transfer the retained profit for the year of £55,902 to reserves.

Director and his interests

The director who served the company during the year was as follows:

W D Burns

None of the directors had an interest in the share capital of the company, at the beginning and end of the year.

S G Silk was appointed as a director on 31 August 2006.

W D Burns resigned as a director on 31 August 2006.

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director 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 the year then ended.

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.

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

ACTION ENGINE EUROPE LIMITED

DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

Director's responsibilities *(continued)*

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 386 of the Companies Act 1985, the company has passed a written resolution dispensing with the annual appointment of auditors.

Signed by

S G Silk
Director

19TH OCTOBER 2006 .

ACTION ENGINE EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Action Engine Europe Limited for the year ended 31 December 2005 on pages 6 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

ACTION ENGINE EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2005

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



12 York Gate
Regent's Park
London, NW1 4QS

BLICK ROTHENBERG
Chartered Accountants and
Registered Auditors

20 October 2006

ACTION ENGINE EUROPE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
Turnover	2	796,322	674,436
Administrative expenses		<u>(723,928)</u>	<u>(613,114)</u>
Operating profit	3	72,394	61,322
Interest payable and similar charges	5	—	(10)
Profit on ordinary activities before taxation		<u>72,394</u>	<u>61,312</u>
Tax on profit on ordinary activities	6	(16,492)	(11,811)
Retained profit for the financial year		<u>55,902</u>	<u>49,501</u>

All of the activities of the company are classed as continuing.

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

ACTION ENGINE EUROPE LIMITED

BALANCE SHEET

31 DECEMBER 2005

	Note	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	7		4,190		4,894
Current assets					
Debtors	8	249,098		121,725	
Cash at bank		38,307		13,987	
		287,405		135,712	
Creditors: Amounts falling due within one year	9	(172,625)		(77,538)	
Net current assets			114,780		58,174
Total assets less current liabilities			118,970		63,068
Capital and reserves					
Called-up share capital	12		1,000		1,000
Profit and loss account	13		117,970		62,068
Shareholders' funds - equity	14		118,970		63,068

These financial statements were approved and signed by the director on 19th October 2006.

S G Silk
Director



ACTION ENGINE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. Accounting policies

1.1 Basis of accounting

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

1.2 Turnover

Turnover represents amounts receivable for services, net of VAT and trade discounts.

1.3 Depreciation

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

Computer equipment - 33% straight line

1.4 Leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term.

1.5 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. Turnover

The turnover and profit before tax are attributable to the principal activity of the company.

A geographical analysis of turnover is given below:

	2005	2004
	£	£
Rest of the world	<u>796,322</u>	<u>674,436</u>

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

3. Operating profit

Operating profit is stated after charging:

	2005 £	2004 £
Director's emoluments	—	—
Depreciation of tangible fixed assets	2,550	1,043
Auditors' remuneration:		
- audit services	3,600	2,500
- non audit services	—	5,183
	<u> </u>	<u> </u>

4. Particulars of employees

The average number of staff, including the director, employed by the company during the financial year was:

	2005 Number	2004 Number
Sales	4	3
Administration	1	1
	<u>5</u>	<u>4</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	382,826	369,217
Social security costs	73,945	43,364
	<u>456,771</u>	<u>412,581</u>

5. Interest payable and similar charges

	2005 £	2004 £
Other similar charges	—	10
	<u> </u>	<u> </u>

6. Taxation on ordinary activities

	2005 £	2004 £
Current tax:		
UK corporation tax based on the results for the year at 19% (2004: 19%)	16,492	11,811
	<u> </u>	<u> </u>

ACTION ENGINE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6. Taxation on ordinary activities (continued)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2004: 19%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>72,394</u>	<u>61,312</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of tax in the UK	13,755	11,649
Disallowable expenses	2,500	393
Capital allowances in excess of depreciation	<u>237</u>	<u>(231)</u>
Total current tax	<u>16,492</u>	<u>11,811</u>

7. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2005	6,020
Additions	<u>1,846</u>
At 31 December 2005	<u>7,866</u>
Depreciation	
At 1 January 2005	1,126
Charge for the year	<u>2,550</u>
At 31 December 2005	<u>3,676</u>
Net book value	
At 31 December 2005	<u>4,190</u>
At 31 December 2004	<u>4,894</u>

8. Debtors

	2005 £	2004 £
Amounts owed by group undertakings	—	102,611
Other debtors	12,573	16,294
Prepayments and accrued income	<u>236,525</u>	<u>2,820</u>
	<u>249,098</u>	<u>121,725</u>

ACTION ENGINE EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	3,814	24,131
Amounts owed to group undertakings	118,329	—
Corporation tax	9,231	11,811
Other taxation and social security	21,284	16,532
Accruals and deferred income	19,967	25,064
	<u>172,625</u>	<u>77,538</u>

10. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings 2005 £	2004 £
Operating leases which expire: Within one year	<u>11,835</u>	<u>48,255</u>

11. Related party transactions and controlling party

In the opinion of the directors the immediate controlling party is Action Engine Corporation, there is no ultimate controlling party.

Transactions with related parties are as follows:

Name (Relationship) Transaction		Amount due (to)/from related parties			
		2005 £	2004 £	2005 £	2004 £
Action Engine Corporation	Loan	222,861	(575,000)	(120,250)	102,611
(Parent company)	Turnover	796,322	674,436	—	—

12. Share capital

	2005		2004	
	Number	£	Number	£
Authorised share capital:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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13. Reserves

	Profit and loss account £
Balance brought forward	62,068
Profit for the year	<u>55,902</u>
Balance carried forward	<u>117,970</u>

14. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	55,902	49,501
Opening shareholders' funds	<u>63,068</u>	<u>13,567</u>
Closing shareholders' funds	<u>118,970</u>	<u>63,068</u>

15. Parent undertaking

The immediate and ultimate parent undertaking is Action Engine Corporation, a company incorporated in the United States of America. Group financial statements are prepared but not available to the public.