

MONEYSWITCH LIMITED

ABN 49 103 575 042

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

MONEYSWITCH LIMITED

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

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MONEYSWITCH LIMITED

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DIRECTORS' REPORT

The directors present their report for the year ended 30 June, 2004 and the auditor's report thereon.

DIRECTORS

The names of directors at any time during or since the end of the year are:

Name	Appointed	Resigned
Richard Freemantle	20/06/2003	
Paul Wood	3/02/2003	
Peter Haig	3/02/2003	
William Bartlett	14/04/2004	
Denis Calvert	14/04/2004	
Andrew Rothwell	3/02/2003	14/04/2004

Richard Freemantle - Non-Executive Chairman

Richard has been involved in establishing and growing data communications companies for more than twenty years. Starting in the early 1980s he created Network Solutions, which grew under his leadership to become Australia's largest and most successful network integration company.

In 1990 Richard established the first international subsidiary for Cisco Systems in Australia. As this grew into one of Cisco's key international markets, he was promoted to establish Cisco's operations in Europe and then promoted to Senior Vice President and member of Cisco's senior management team. He returned to Australia to establish the Cisco Asia Pacific headquarters, growing the business to more than 4000 staff and \$US3 Billion in revenue.

Since retiring from Cisco, Richard has been involved in Board positions on a number of technology start up companies including (as Chairman) the successful public float of Eserv Global in 2002.

Paul Wood - Chief Executive Officer

Paul has been in the network technology business throughout his career, most recently at Cisco Systems in a business development role. He was the co-founder and Chief Executive Officer of Metaplex, a United States networking software business that was sold to Cisco Systems in 1996. Metaplex developed products that allowed IBM networking systems to use Internet protocols. It was a key contributor to Data Link Switch (DLSw) that is in service in most banks worldwide today.

Earlier, Paul was the founder and Chief Executive Officer of Netlink, a United States and Australian venture capital based data communications company that developed products in the mainframe networking area. Netlink was sold to Cabletron Systems, a United States public company. Paul's initial experience was in networking technical and product management roles at IBM.

Peter Haig - Director and Vice President, Engineering

Most recently Peter was the Chief Information Officer at the University Co-op Bookshop, a chain of 40 retail bookshops specialising in the education book market. Prior to the Co-op he consulted to Worldschoo, an internet start-up specialising in online education. Peter's roles at Worldschoo included Development Manager for outsourced applications development, before moving to the marketing department as a Marketing Analyst. He was a development manager at Cisco Systems responsible for the Australian development organisation as well as for project teams in the United States. He was co-founder of Metaplex Australia in the United States and Managing Director of Metaplex Australia, and Director of Engineering at Netlink in the United States and Australia. His earliest roles were in IT applications and systems in the real estate, airlines, building and insurance industries.

William Bartlet - Non-Executive Director

Bill has banking, financial and risk management skills, having been the partner at Ernst & Young responsible for audit of banking and insurance businesses. He has been signing partner on a number of Australian insurance companies, as well as Chairman of the firm's worldwide insurance practice. Bill has been a member of the Life Insurance Actuarial Standards Board under the aegis of The Australian Prudential Regulatory Authority (APRA) since 1994. He is currently a director of Suncorp Metway, Reinsurance Group of America, and of the St James Ethics Centre.

Denis Calvert - Non- Executive Director

Denis has EFTPOS and acquiring skills, having been Executive Vice President for Global Sales and Marketing of Verifone Inc, a major United States EFTPOS supplier. He was Division Head of Retail and Merchant Services for Citibank NA, responsible for the integration of all global merchant services operations. He was Chief Executive Office of Tasq Technology Inc. which provides outsourced EFTPOS technology and logistical support to more than 1.4 million retail merchants in the United States. Denis is currently an advisor to several EFTPOS manufacturers and payment processors.

PRINCIPAL ACTIVITIES

MoneySwitch is entering the market for the provision of credit and debit card services to merchants. As such, the company is developing the necessary policies, procedures, systems, relationships and approvals for financial transaction processing, clearing and settlement.

REVIEW AND RESULTS OF OPERATIONS

The loss of the company after providing for income tax amounted to \$270,672 (\$2003 loss of \$66,124). This was in line with expectations given that the company is in the development stage of its lifecycle.

DIVIDENDS

No dividends have been declared or paid since the date of incorporation.

STATE OF AFFAIRS

Two additional directors have joined the board during the year, bringing with them experience and knowledge to diversify the variety of backgrounds comprising the Board. The company has a strong Board for entering the credit and debit card acquiring market. During the year the company raised additional capital to allow it to continue toward market entry. MoneySwitch has lodged an application with the Australian Prudential Regulation Authority (APRA) to become authorized as a Specialist Credit Card Institution (SCCI) in the area of credit card acquiring. The company is working with Visa and Mastercard towards becoming members of those credit card associations.

ENVIRONMENTAL ISSUES

The company operations are not subject to any environmental regulations.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between end of financial year and the date of this report any item, transaction or event of a material or unusual nature, which in the opinion of the directors of the Company, will affect significantly the operation of the company, the results of these operations or the state of affairs of the company, in future financial years.

LIKELY DEVELOPMENTS

MoneySwitch will continue activities to enter the market for credit and debit card acquiring merchant services.

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DIRECTORS' REPORT (cont'd)

MEETINGS OF DIRECTORS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Number held*	Number attended*
Richard Freemantle	4	4
Paul Wood	4	4
Peter Haig	4	4
William Bartlett	1	1
Denis Calvert	1	1
Andrew Rothwell	3	3

* Number of meetings held during the time the director held office during the year

INDEMNIFICATION AND INSURANCE OF OFFICERS

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings with the exception of the general indemnity provisions contained in the Company's Constitution; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Signed in Sydney on the 19th day of August 2004 on behalf of the Board

Paul Wood

Director



Mitchell & Partners
CHARTERED ACCOUNTANTS

Independent Audit Report to the Members of MoneySwitch Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration of MoneySwitch Limited for the year ended 30 June 2004.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This included responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

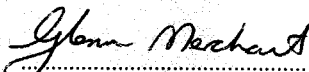
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of MoneySwitch Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's financial position as at 30 June 2004 and of its performance for the year ended 30 June 2004; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

MITCHELL & PARTNERS
Chartered Accountants


Glenn Merchant - Partner

Signed at Sydney on 24 August, 2004

MONEYSWITCH LIMITED

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DIRECTORS' DECLARATION

In the opinion of the directors of MoneySwitch Limited ("the Company"):

(a) the financial statements and notes set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2004 and of the performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Dated at Sydney this 19th day of August 2004



Director

MONEYSWITCH LIMITED

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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	30-Jun-04 \$	30-Jun-03 \$
Revenue	2	109,545	3,054
		<hr/>	<hr/>
		109,545	3,054
Write-down/provision in non-current assets	3	-10,888	-3,755
Other expenses from ordinary activities		-369,329	-65,423
		<hr/>	<hr/>
Profit/(loss) from ordinary activities before related income tax expense		-270,672	-66,124
Income tax expense relating to ordinary activities	5	0	0
		<hr/>	<hr/>
Net profit/ (loss) attributable to members of parent entity	12	-270,672	-66,124
		<hr/> <hr/>	<hr/> <hr/>

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

MONEYSWITCH LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	NOTE	30-Jun-04 \$	30-Jun-03 \$
CURRENT ASSETS			
Cash assets		434,289	201,437
Receivables	6	109,342	12,811
TOTAL CURRENT ASSETS		<u>543,631</u>	<u>214,248</u>
NON-CURRENT ASSETS			
Property	7	26,392	16,374
Other financial assets	8	0	0
Other assets	9	2,441	3,254
TOTAL NON-CURRENT ASSETS		<u>28,833</u>	<u>19,628</u>
TOTAL ASSETS		<u>572,465</u>	<u>233,876</u>
CURRENT LIABILITIES			
Payables	10	0	0
Provisions	11	9,260	0
TOTAL CURRENT LIABILITIES		<u>9,260</u>	<u>0</u>
NON-CURRENT LIABILITIES			
Non interesting bearing liabilities	10	0	0
TOTAL NON-CURRENT LIABILITIES		<u>0</u>	<u>0</u>
TOTAL LIABILITIES		<u>9,260</u>	<u>0</u>
NET ASSETS		<u>563,204</u>	<u>233,876</u>
MEMBERS' EQUITY			
Issued Capital	13	900,000	300,000
Retained profits	12	-336,796	-66,124
TOTAL SHAREHOLDERS' EQUITY		<u>563,204</u>	<u>233,876</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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STATEMENT OF CASH FLOWS AS AT 30 JUNE 2003

		30-Jun-04	30-Jun-03
		\$	\$
<u>STATEMENT OF CASH FLOWS</u>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		3,388	0
Cash payments in the course of operations		-359,256	-77,422
Interest received		9,626	3,054
Net cash consumed by operating activities	19(b)	<u>-346,242</u>	<u>-74,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other assets acquisition			-4,067
Acquisition of fixed assets		-20,906	-20,128
Net cash consumed by investing activities		<u>-20,906</u>	<u>-24,195</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			10,000
Repayments of borrowings			-10,000
Proceeds from issue of shares		600,000	300,000
			0
Net cash provided by financing activities		<u>600,000</u>	<u>300,000</u>
Net increase/(decrease) in cash held		232,852	201,437
Cash at the beginning of the year		201,437	0
Cash at the end of the year	19	<u><u>434,289</u></u>	<u><u>201,437</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

1. STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of MoneySwitch Limited. MoneySwitch Limited is an unlisted public company, incorporated and domiciled in Australia.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the prior year.

(b) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is calculated on the operating profit, adjusted for permanent differences. Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit and taxable income, are brought to account as either provision for deferred income tax or as an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods and services of the same nature and value without any cash consideration are not recognised as revenues

Interest Revenue

Interest revenue is recognised as it is received.

(d) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future years only.

(f) Acquisition of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the cost incurred, it is probably that those future economic benefits will eventuate, and the costs can be measured reliability. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

(g) Recoverable amount of non-current assets valued on cost basis

The carrying amount of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

Cost versus fair value

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(h) Receivables

Receivables are recognised at cost and where some or all of the amount is not recoverable, a provision is made against the amount not likely to be recovered.

(i) Payables

Amounts are included in the financial statements as monies received or the value of the benefit provided.

(j) Property

Property, plant and equipment

Property, plant and equipment is recognised at the lower of cost or recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

	30-Jun-04	30-Jun-03
	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES		
Interest		
Other parties	9,626	3,054
Sundry	0	0
Research & Development Rebate	99,919	
	<u>109,545</u>	<u>3,054</u>
3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		
<u>(a) Individually significant expenses included in profit from ordinary activities before income tax expense</u>		
<i>Write-down/provision in non-current assets</i>	10,888	3,755
Legal Fees	57,180	5,445
Provision for employee benefits	9,260	0
Contractors	48,155	30,832
	<u>125,483</u>	<u>40,032</u>
4. AUDITOR'S REMUNERATION		
<i>Audit Services:</i>		
Auditors of the company - Mitchell & Partners		
Audit of the financial reports	3,500	0
<i>Other Services:</i>		
Auditors of the company - Mitchell & Partners	0	0
Other assurance services		
	<u>3,500</u>	<u>0</u>
5. INCOME TAX		
Operating profit for the year	-270,672	-66,124
Prima facie income tax expense on profit from ordinary activities (30%)	-81,202	-19,837
Income tax losses carried forward	81,202	19,837
Income tax expense	<u>0</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

	30-Jun-04	30-Jun-03
	\$	\$
6. RECEIVABLES		
<u>Current</u>		
Sundry Debtors - Research & Development Tax Concession	99,919	
Sundry debtors	8,613	9,466
GST refund due	810	3,345
	109,342	12,811
<p>The company has applied through AusIndustry for a Research and Development tax concession. A registration number has been granted and the Application will be lodged with the Australian Taxation Office.</p>		
<u>Non-current</u>		
Amounts owing by related parties:		
<i>Controlled entities</i>	0	0
<i>Related entities</i>	0	0
	0	0
7. PROPERTY		
<u>Property, plant & equipment</u>		
Plant & equipment - at cost	29,396	8,661
Accumulated Depreciation	8,853	1,602
	20,543	7,059
Furniture & equipment - at cost	2,105	2,105
Accumulated Depreciation	842	421
	1,263	1,684
Low Value Pool - at cost	9,535	9,363
Accumulated Depreciation	4,948	1,732
	4,587	7,631
	26,392	16,374
<u>Reconciliations</u>		
Reconciliations of the carrying amount for each class of property are set out below:		
<u>Property, plant & equipment</u>		
Carrying amount at beginning of year	16,374	0
Additions	20,906	20,129
Write-down in other assets	-10,888	-3,755
Carrying amount at end of year	26,392	16,374
8. OTHER FINANCIAL ASSETS		
<u>Non-current</u>	0	0
9. OTHER ASSETS		
<u>Non-current</u>		
Formation costs	3,254	4,067
Accumulated amortisation	813	813
	2,441	3,254

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

	30-Jun-04	30-Jun-03
	\$	\$
10. PAYABLES		
Current Liabilities		
Trade creditors	0	0
Accruals	0	0
	0	0
Non Current Liabilities		
There were no Non Current Liabilities at year end.		
11. PROVISIONS		
Provision for Employee Benefits	9,260	
	9,260	
12. RETAINED PROFITS		
Retained profits at the beginning of the financial year	-66,124	0
Net Profit attributable to the members of the parent entity	-270,672	-66,124
Retained profits at the end of the financial year (refer note)	-336,796	-66,124
13. CONTRIBUTED EQUITY		
3,000,000 Ordinary shares paid at 10c each	300,000	300,000
4,000,000 Ordinary shares paid at 15c each	600,000	0
	900,000	300,000
<u>Shares issued during the year:</u>		
29 April, 2004 - 333,334 Ordinary shares at 15c each	50,000	
29 April, 2004 -1,333,333 Ordinary shares at 15c each	200,000	
29 April, 2004 - 666,666 Ordinary shares at 15c each	100,000	
30 April, 2004 - 666,667 Ordinary shares at 15c each	100,000	
29 April, 2004 - 1,000,000 Ordinary shares at 15c each	150,000	
	600,000	
<u>Shares issued during the 2003 year:</u>		
3 February, 2003 - 1,000,000 Ordinary shares at 10c each		100,000
18 February, 2003 - 500,000 Ordinary shares at 10c each		50,000
21 February, 2003 - 400,000 Ordinary shares at 10c each		40,000
8 April, 2003 - 1,000,000 Ordinary shares at 10c each		100,000
19 May, 2003 - 100,000 Ordinary shares at 10c each		10,000
		300,000

14. CONTROLLED ENTITIES

Particulars in relation to controlled entities

There are no controlled entities as at 30 June, 2004 nor were any acquired or sold during the period.

MONEYSWITCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

15. CONTINGENT LIABILITIES

There are no known contingent liabilities as at the date of this report.

16. STOCK OPTION GRANTS

During the year the company issued the following share options:-

8,236,410 Options at 10c each 823,641

Stock option grants issued through the year at Face value

2 April, 2004 - 3,151,410 Vested Options at 10c each	315,141
2 April, 2004 - 2,525,000 Linear Options at 10c each	252,500
2 April, 2004 - 2,160,000 Service Options at 10c each	216,000
14 April, 2004 - 400,000 Service Options at 10c each	40,000
	<u>823,641</u>

<u>Value of Stock Options at end of year</u>	<u>Face Value</u> 10c	<u>Value</u> %	<u>Issued Value</u>
120,000 Options 2 year exercise period	12,000	6	684
216,410 Options 3 year exercise period	21,641	7	1,537
4,975,000 Options 5 year exercise period	497,500	12	57,710
2,925,000 Options 10 year exercise period	292,500	18	53,820
	<u>823,641</u>		<u>113,751</u>

Value is based on calculation percentages as issued by the Australian Taxation Office

There were no stock options granted during the 2003 year.

Stock Option Rules

Staff:

Options covering 50% of Salary, vesting linearly over 5 years

Directors/Consultants:

Number of options granted based on anticipated service to end of calendar year

Grant specifies options per day of service

Actual days performed (and options vested) are decided by board, and recorded every 3 months

Exercise Period:

Normally ten years from date of grant, subject to reduction on ceasing service or employment

If shares are not publicly traded, exercise period is 3 years after ceasing service

If shares are publicly traded, exercise period is 90 days

17. FINANCIAL REPORTING BY SEGMENTS

The company operates in the financial services industry in Australia.

MoneySwitch is entering the market for the provision of credit and debit card services to merchants. As such, the company is developing the necessary policies, procedures, systems, relationships and approvals for financial transaction processing, clearing and settlement.

MONEYSWITCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

18. SUBSEQUENT EVENTS

	30-Jun-04	30-Jun-03
	\$	\$

There has not arisen in the interval between end of financial year and the date of this report any item, transaction or event of a material or unusual nature, in the opinion of the directors of the Company, to affect significantly the operation of the company, the results of these operations or the state of affairs of the company, in future financial years.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	<u>434,289</u>	<u>201,437</u>
	<u>434,289</u>	<u>201,437</u>

(b) Reconciliation of operating profit from ordinary activities after income tax to net cash provided by operating activities

Losses from ordinary activities after income tax	-270,672	-66,124
Non Cash items included in operating loss:		
Expenses paid by related entity		
<i>Depreciation</i>	10,888	3,755
Amortisation	813	813
Provision for employee benefits	9,260	
Net Cash consumed by operating activities before change in assets and liability	<u>-249,711</u>	<u>-61,556</u>
Change in assets and liabilities		
Decrease/(Increase) in receivables	-96,531	
Decrease/(Increase) in other assets	0	-12,812
Increase/(Decrease) in payables	0	
Net cash consumed by operating activities	<u>-346,242</u>	<u>-74,368</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

Credit Risk

Credit Risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statements of financial position, is the carrying amount, net of any provision for doubtful debts.

Interest rate risk

The consolidated entity's financial assets and liabilities are subject to interest rate risk. These will fluctuate in accordance with movements in the market interest rates. The consolidated entity's exposure to interest rate risk and the effective average interest rate from classes of financial assets and financial liabilities is set out below:

2004

		Weighted Note average interest rate	Floating rate	Non-Interest bearing \$	Total
Financial assets					
Cash assets	19(a)	4.30%	434,289	0	434,289
Receivables	6			109,342	109,342
Other assets	9			2,441	2,441
			<u>434,289</u>	<u>111,783</u>	<u>546,072</u>
Financial assets					
Payables	10			0	0
Other Liabilities	10			0	0
			<u>0</u>	<u>0</u>	<u>0</u>

2003 Year

		Weighted Note average interest rate	Floating rate	Non-Interest bearing \$	Total
Financial assets					
Cash assets	19(a)	4.30%	201,437	0	201,437
Receivables	6			12,811	12,811
Other assets	9			3,254	3,254
			<u>201,437</u>	<u>16,065</u>	<u>217,502</u>
Financial assets					
Payables	10			0	0
Other Liabilities	10			0	0
			<u>0</u>	<u>0</u>	<u>0</u>

Pre Establishment

There were no consolidated entity financial assets or liabilities prior to the formation of the company on 3 February, 2003.

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

Net fair values of financial assets and liabilities

For all financial assets and liabilities the fair net value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statements of financial position and in the notes to the financial statements.

21. CAPITAL COMMITMENTS

The company does not have any capital commitments as at the date of this report.

22. DIRECTORS REMUNERATION

No remuneration is paid to the Directors of the Company although Andrew Rothwell a former Director received salary and superannuation contributions amounting to \$65,945 during the year.

23. RELATED PARTY TRANSACTIONS

Directors

The names of each person holding the position of director of MoneySwitch Limited during the financial period are P Wood, P Haig, A Rothwell (resigned 14/4/04) R Freemantle, D Calvert, W Bartlett.

D Calvert and W Bartlett were appointed during the year.

Transactions

The company has not entered into any transactions with the current directors during the period except for the issuing of shares and stock options to the directors or their associated parties. The shares capital has been issued solely to the Directors or their associated entities.

A salary of \$60,000 has been paid to Mr Andrew Rothwell during the year. The company has also paid superannuation contributions in respect of Mr Rothwell amounting to \$5,445 during the year.

Shares Held by Directors and Related Parties

	Issued at		Value
	10c	15c	
Paul Wood	500,000	666,666	150,000
Pamela Wood	500,000	666,667	150,000
Peter and Nola Haig	500,000		50,000
Tomoda Pty Ltd		1,000,000	150,000
William and Delwyn Bartlett		333,334	50,000
Cazalla Developments Pty Ltd	1,000,000	1,333,333	300,000
Andrew Rothwell	500,000		50,000
	<u>3,000,000</u>	<u>4,000,000</u>	<u>900,000</u>

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

Stock Options Granted to Directors during 2004 Year

	10c	Type	Face Value
Paul Wood			
02 April 2004	750,000	Vested	75,000
02 April 2004	1,200,000	Service	120,000
Peter Haig			
02 April 2004	1,000,000	Vested	100,000
02 April 2004	600,000	Linear	60,000
02 April 2004	660,000	Service	66,000
Richard Freemantle			
02 April 2004	240,000	Vested	24,000
02 April 2004	300,000	Service	30,000
Andrew Rothwell - former Director			
02 April 2004	825,000	Vested	82,500
02 April 2004	600,000	Linear	60,000
Denis Calvert			
14 April 2004	200,000	Service	20,000
William Bartlett			
14 April 2004	200,000	Service	20,000
	<u>6,575,000</u>		<u>657,500</u>

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2004

Non-director related parties

Current and former Staff and contractors have been issued stock option grants during year ended 30 June 2004

Stock Options Granted to current and former staff and contractors during the 2004 Year

	10c	Type	Face Value
Russell Scrimshaw 02 April 2004	50,000	Vested	5,000
Nitin Patel 02 April 2004	20,000	Vested	2,000
Mark Wood 02 April 2004	20,000	Vested	2,000
02 April 2004	250,000	Linear	25,000
Sophie Katsibouba 02 April 2004	30,000	Vested	3,000
Alan Mo 02 April 2004	275,000	Linear	27,500
Matthew Millis 02 April 2004	450,000	Linear	45,000
Arun Chalise 02 April 2004	350,000	Linear	35,000
Need Data Pty Ltd 02 April 2004	216,410	Vested	21,641
	<u>1,661,410</u>		<u>166,141</u>



Mitchell & Partners
CHARTERED ACCOUNTANTS

MONEYSWITCH LIMITED

ABN 49 103 575 042

**COMPILATION REPORT
to the members of MONEYSWITCH LIMITED**

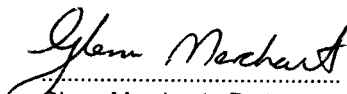
On the basis of information provided by the directors of MoneySwitch Limited we have compiled, in accordance with APS 9 "Statement on Compilation of Financial Reports", the general purpose financial report for the year ended 30 June 2004

The directors are responsible for the information contained in the special purpose financial report and have determined that the accounting policies are consistent with the financial reporting requirements of MoneySwitch Limited and are appropriate to meet the needs of the members.

Our procedures have been limited to the classification and summarisation of information to compile this special purpose financial report from the information provided to us by the directors and does not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

Neither the firm nor any member or employee of the firm undertakes any responsibility or accepts liability in any way whatsoever to any person (other than the directors of MoneySwitch Limited) in respect of the special purpose financial report including any errors or omissions report however caused in the special purpose financial.

MITCHELL & PARTNERS
Chartered Accountants


Glenn Merchant - Partner

Signed at Sydney this 24th day of August, 2004

MONEYSWITCH LIMITED

ABN 49 103 575 042

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE , 2004

	Company 30-Jun-04	Company 30-Jun-03
INCOME		
Other Income - R & D Rebate	99,919	0
Interest Income - AMP	9,626	3,054
TOTAL INCOME	109,545	3,054
 OVERHEAD EXPENDITURE		
Engineering		
Salaries	152,518	0
Rent	30,813	0
Office Supplies	9,164	0
Internet	2,261	0
Telephone	2,405	0
Insurance	1,277	0
Books & Subscriptions	1,663	1,762
Contractor fees	48,155	30,832
Depreciation	7,824	1,732
Training	10,371	2,358
Total Engineering	266,451	36,684
 General & Administration		
Accountancy fees	478	1,540
Amortisation of Formation expenses	813	813
Auditors Remuneration	3,500	
Books & Subscriptions	4,209	282
Consulting	3,800	0
Depreciation	3,064	2,023
Entertainment	488	0
Insurance	115	1,198
Interest	0	163
Internet	204	1,576
Provision for employee benefits	9,260	0
Legal fees	57,180	5,445
Office supplies	826	4,569
Rent	2,779	11,562
Salaries	13,756	0
Telephone	217	2,099
Travelling	13,077	516
Utilities	0	708
Total General & Administration	113,767	29,859
 TOTAL EXPENSES	380,218	66,543
NET PROFIT(LOSS)	-270,672	-63,489
 NET Operating Loss for the year	-270,672	-63,489

This Income & Expenditure Account does not form part of the audited accounts.