

MONEYSWITCH LIMITED

ABN 49 103 575 042

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2003

MONEYSWITCH LIMITED

ABN 49 103 575 042

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2003

CONTENTS

Directors' Report

Auditors' Report

Directors' Declaration

Consolidated Statement of Financial Performance

Consolidated Statement of Financial Position

Notes to & Forming Part of the Financial Statements

Accountant's Compilation Report

Revenue Statement

MONEYSWITCH LIMITED

ABN 49 103 575 042

DIRECTORS' REPORT

The directors present their report for the period ended 30 June, 2003 and the auditor's report thereon.

DIRECTORS

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

Name	Occupation	Appointed
Paul Wood	Managers	3/02/2003
Peter Haig	Managers	3/02/2003
Andrew Rothwell	Managers	3/02/2003
Richard Freemantle	Executive	20/06/2003

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were:

- the development of software and applications associated with credit card and associated financial transactions.

REVIEW AND RESULTS OF OPERATIONS

The loss of the company after providing for income tax amounted to \$66,124.

DIVIDENDS

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

STATE OF AFFAIRS

The Company was incorporated on 3 February, 2003 and continued its operations during the year, being the development of software associated with credit card and associated financial transactions.

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

At the date of this report, the company is following the proposals of the Reserve Bank of Australia to open up the financial services industry and particularly credit card transactions to competition. In the event that the regulators are unsuccessful in this regard the company will most likely be forced to change its strategies.

MONEYSWITCH LIMITED

ABN 49 103 575 042

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*
Paul Wood	2	2
Peter Haig	2	2
Andrew Rothwell	2	2
Richard Freemantle	0	0

* 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 *28* day of *August* 2003 on behalf of the Board


.....

Director



INDEPENDENT AUDIT REPORT Mitchell & Partners
To the Members of
MONEYSWITCH LIMITED
CHARTERED ACCOUNTANTS

SCOPE

We have audited the financial report of MoneySwitch Limited ("the Company") for the financial period ended 30 June 2003, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes, and the directors declaration set out on pages 4 to 16. The financial report includes the financial statements of the company and any entity it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable Assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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 2003 and of its performance of the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

Chartered Accountants

Glenn Merchant

Glenn Merchant - Partner

Signed at Sydney on 29 August, 2003



MONEYSWITCH LIMITED

ABN 49 103 575 042

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 5 to 16 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 2003 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 *28* day of *August* 2003

P. Wood
.....

Director

MONEYSWITCH LIMITED

ABN 49 103 575 042

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 30 JUNE 2003

	NOTE	30-Jun-03 \$
Revenue	2	3,054
		<hr/>
		3,054
Write-down/provision in non-current assets	3	0
Other expenses from ordinary activities		-69,178
Profit/(loss) from ordinary activities before related income tax expense		<hr/>
		-66,124
Income tax expense relating to ordinary activities	5	0
		<hr/>
Net profit/ (loss) attributable to members of parent entity	12	-66,124
		<hr/> <hr/>

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

MONEYSWITCH LIMITED

ABN 49 103 575 042

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	NOTE	30-Jun-03 \$
CURRENT ASSETS		
Cash assets		201,437
Receivables	6	12,811
TOTAL CURRENT ASSETS		<u>214,248</u>
NON-CURRENT ASSETS		
Property	7	16,374
Other financial assets	8	0
Other assets	9	<u>3,254</u>
TOTAL NON-CURRENT ASSETS		<u>19,628</u>
TOTAL ASSETS		<u>233,876</u>
CURRENT LIABILITIES		
Payables	10	<u>0</u>
TOTAL CURRENT LIABILITIES		<u>0</u>
NON-CURRENT LIABILITIES		
Non interesting bearing liabilities	11	<u>0</u>
TOTAL NON-CURRENT LIABILITIES		<u>0</u>
TOTAL LIABILITIES		<u>0</u>
NET ASSETS		<u><u>233,876</u></u>
MEMBERS' EQUITY		
Issued Capital	13	300,000
Retained profits	12	<u>-66,124</u>
TOTAL SHAREHOLDERS' EQUITY		<u><u>233,876</u></u>

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

MONEYSWITCH LIMITED

ABN 49 103 575 042

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2003

		30-Jun-03
		\$
<u>STATEMENT OF CASH FLOWS</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations		0
Cash payments in the course of operations		-77,422
Interest received		3,054
Net cash provided by operating activities	18(b)	<u>-74,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Other assets acquisition		-4,067
Acquisition of fixed assets		-20,128
Net cash provided by investing activities		<u>-24,195</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		10,000
Repayments of borrowings		-10,000
Proceeds from issue of shares		300,000
		0
Net cash provided by financing activities		<u>300,000</u>
Net increase/(decrease) in cash held		201,437
Cash at the beginning of the year		0
Cash at the end of the year	18	<u><u>201,437</u></u>

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

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

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.

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

STATEMENT OF ACCOUNTING POLICIES (cont'd)

(e) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods 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 economics 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 off 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 a 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.

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

	30-Jun-03
	\$
2. REVENUE FROM ORDINARY ACTIVITIES	
Interest	
Other parties	3,054
Sundry	<u>0</u>
	<u><u>3,054</u></u>
3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	
<u>(a) Individually significant expenses included in profit</u> <u>from ordinary activities before income tax expense</u>	
<i>Write-down/provision in non-current assets</i>	<u>0</u>
	<u><u>0</u></u>
4. AUDITOR'S REMUNERATION	
<i>Audit Services:</i>	
Auditors of the company - Mitchell & Partners	
Audit of the financial reports	0
<i>Other Services:</i>	
Auditors of the company - Mitchell & Partners	0
Other assurance services	<u>0</u>
	<u><u>0</u></u>
5. INCOME TAX	
Operating profit for the year	-66,124
Prima facie income tax expense on profit from ordinary activities (30%)	-19,837
Income tax losses carried forward	19,837
	<u>0</u>
Income tax expense	<u><u>0</u></u>

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

	30-Jun-03 \$
6. RECEIVABLES	
<u>Current</u>	
Trade debtors	
Sundry debtors	9,466
GST refund due	3,345
	12,811
	12,811
<u>Non-current</u>	
Amounts owing by related parties:	
<i>Controlled entities</i>	0
<i>Related entities</i>	0
	0
	0
	0
7. PROPERTY	
<u>Property, plant & equipment</u>	
Plant & equipment - at cost	8,661
Accumulated Depreciation	1,602
	7,059
	7,059
Furniture & equipment - at cost	2,105
Accumulated Depreciation	421
	1,684
	1,684
Low Value Pool - at cost	9,363
Accumulated Depreciation	1,732
	7,631
	7,631
	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	0
Additions	20,129
Write-down in arena costs and other assets	-3,755
Carrying amount at end of year	16,374
	16,374
8. OTHER FINANCIAL ASSETS	
<u>Non-current</u>	0
9. OTHER ASSETS	
<u>Non-current</u>	
Formation costs	4,067
Accumulated amortisation	813
	3,254
	3,254

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

	30-Jun-03
	\$
10. PAYABLES	
Trade creditors	0
Accruals	0
	<u>0</u>
	<u>0</u>
11. NON INTEREST BEARING LIABILITIES	
NON CURRENT	
Loans	-
	<u>0</u>
	<u>0</u>
12. RETAINED PROFITS	
Retained profits at the beginning of the financial year	0
Net Profit attributable to the members of the parent entity	-66,124
Retained profits at the end of the financial year (refer note)	<u>-66,124</u>
	<u>-66,124</u>
13. CONTRIBUTED EQUITY	
The company has issued 3,000,000 Ordinary shares paid to 10c each during the year.	
300,000 Ordinary shares paid at 10c each	300,000
	<u>300,000</u>
	<u>300,000</u>
<u>Shares issued during the 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
	<u>300,000</u>
	<u>300,000</u>

14. CONTROLLED ENTITIES

Particulars in relation to controlled entities

There are no controlled entities as at 30 June, 2003 nor were any acquired or sold during the period.

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

15. CONTINGENT LIABILITIES

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

16. FINANCIAL REPORTING BY SEGMENTS

The company operates in the financial services industry in Australia.

The principal activity is the development of software for credit card transactions.

17. SUBSEQUENT EVENTS

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.

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

30-Jun-03
\$

18. 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>201,437</u>
	<u>201,437</u>

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

Profit from ordinary activities after income tax	-66,124
Non Cash items included in operating loss:	
Expenses paid by related entity	0
<i>Depreciation</i>	3,755
Amortisation	813
	-
Net Cash provided by operating activities before change in assets and liability	<u>-61,556</u>
Change in assets and liabilities	
Decrease/(Increase) in receivables	0
Decrease/(Increase) in other assets	-12,812
Increase/(Decrease) in payables	0
Net cash provided by operating activities	<u>-74,368</u>

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

19. 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:

2003

		Weighted Note average interest rate	Floating rate	Non-interest bearing \$	Total
Financial assets					
Cash assets	17(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	11			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.

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.

20. CAPITAL COMMITMENTS

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

21. DIRECTORS REMUNERATION

No remuneration is paid to the Directors of the Company

MONEYSWITCH LIMITED

ABN 49 103 575 042

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2003

22. 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 and R Freemantle.

All Directors were appointed during the financial period

Transactions

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

Non-director related parties

There are no non director related parties.



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 period ended 30 June 2003

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

Glenn Merchant - Partner

Signed at Sydney this 29th day of August 2003



MONEYSWITCH LIMITED

ABN 49 103 575 042

INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD ENDED 30 JUNE , 2003

**Company
30-Jun-03**

INCOME

Other Income	0
Interest Income - AMP	3,054
TOTAL INCOME	3,054

OVERHEAD EXPENDITURE

Engineering

Books & Subscriptions	1,762
Contractor fees	30,832
Depreciation	1,732
Training	2,358
Total Engineering	36,684

General & Administration

Amortisation of Formation expenses	813
Accountancy fees	1,540
Books & Subscriptions	282
Depreciation	2,023
Insurance	1,198
Internet	1,576
Interest	163
Legal fees	5,445
Office supplies	4,569
Rent	11,562
Telephone	2,099
Travelling	516
Utilities	708
Total General & Administration	32,494

TOTAL EXPENSES

PROFIT\ (LOSS)	69,178
	-66,124

NET Loss for the year

-66,124

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