



monitiseTM





Welcome to Monitise

Monitise is recognised as a global leader in Mobile Money

Our Mobile Money Manager is a unique platform enabling banks and financial institutions worldwide to offer mobile banking and payments propositions to their customers. Our toolkits include Essential services, every day money management services enabling people to keep track of their money using their mobile phone, and upgraded Active services offering full mobile banking and payments.



With live operations in the UK and North America, Monitise has over 110 financial institutions and payments organisations - including some of the world's largest in its ecosystem, together with some of the best known mobile network operators, payments processors and handset manufacturers.

We have hundreds of thousands of customers using our services by SMS, application download and browsers to pay bills, get alerts about their accounts, transfer money and get up to date balances, quickly and easily on the move, using their mobile or touch screen device.

The opportunities that come with mobile banking and payments have been a bright spot for financial services companies, in the midst of an otherwise challenging period. Delivering a robust mobile program can help set forward-thinking financial players apart from the rest.

US consumers have spoken, and are demanding access to their money how, when and where they choose. Metavante has partnered with Monitise to deliver a world-class, bank-grade and turn-key solution for its existing clients. Together, we've built the solution to be accessible by every bank/credit union customer in the US, and continue to enhance the capabilities to move from providing financial information to creating payments opportunities that are unique to the mobile channel. We believe that this has become a real differentiator for Metavante and for our customers.

Jeff Lewis

Senior Vice President & Division President - ePayment Solutions, Metavante Corporation

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Forward Looking Statements

This document includes forward looking statements. Whilst these forward looking statements are made in good faith they are based upon the information available to Monitise at the date of this document and upon current expectations, projections, market conditions and assumptions about future events. These forward looking statements are subject to risks, uncertainties and assumptions about the Group and should be treated with an appropriate degree of caution.

Chairman's Welcome



I am pleased to report the annual results for the Monitise Group to 30 June 2009.

It was pleasing to see the business progress strongly throughout the year. We have continued to strengthen our position with new partnerships, including our landmark agreement with Visa.

The business is well established and our cost base is tightly managed. Since the close of the year we have taken 100% control of our UK joint venture, Monilink, a business which has recorded substantial growth in consumer uptake in recent months.

We look to the future with confidence as momentum continues to build across our business, both in our domestic and international markets. We have a strong Board and management team and continue to attract some of the world's leading experts in this rapidly expanding global market to our team.

Duncan McIntyre Chairman

Financial Highlights

- 80% revenue growth to £2.7m (2008: £1.5m)
- Adjusted operating loss, which excludes share based payments, reduced to £12.0m (2008: loss £12.8m)
- Unique global alliance agreement signed with Visa International worth \$13m over five years supporting Visa's global mobile payments programme
- Acquisition of the remaining 50% of Monilink post year end streamlines the Group structure
- Subscriptions for new Monitise ordinary shares:
 - raised £11.8m before costs, through a mixture of strategic and institutional investors in July 2008
 - raised £5.1m before costs, including an investment of £4.2m by Visa International which was announced on 30 June 2009
- Cash balances approximately £15m following completion of subscription in July 2009

Business Highlights

- Growth is accelerating - at the period end Monitise had over half a million customers; July was another record month for customer acquisition and Monitise currently has more than 750,000 customers. The Group believes it will exceed one million customers by the end of calendar year 2009
- Monitise has now signed up over 110 partner banks and financial institutions in the UK and North America, and its services now run across 5 of the world's top 10 mobile networks

International Highlights

UK

- Customer numbers continue to grow and banks representing well over 55% of UK current account holders have now deployed our Mobile Money services
- Agreement signed in May with The Carphone Warehouse to promote Mobile Money services, now entering "roll out" phase with first online promotion live and store presence imminent

North America

- Over 100 banks and financial institutions now signed up to Monitise Americas' Mobile Money platform
- Customer numbers growing well as Mobile Money becomes available on iPhone

India, Middle East and Africa, Asia Pacific

- Development of our ecosystems in India, Hong Kong and the Middle East and Africa continues well. We await Reserve Bank of India approval to launch in India
- The deal with Paynet substantially increases our potential reach in the Middle East and Africa

Overview

It has been a very significant year in the history of Monitise. After six years of building and establishing our Mobile Money Manager technology, we are confident that we have the robust, secure and flexible platform we need to pursue our global strategy.



Last year we transformed ourselves from a research & development focused organisation to one which delivers strong technology based propositions with real commercial benefit to our bank and financial institution partners, based on a proven track record of delivery, security and expertise. As a result we ended the year in a strengthened position and as an acknowledged market leader in the mobile banking and payments space, culminating in our Global Alliance Agreement with Visa International.

For the year ended 30 June 2009, the Company has reported an 80% increase in revenue to £2.7 million (2008: £1.5 million), and a reduction in adjusted operating loss, excluding share based payments, to £12.0million (2008: loss £12.8m).

Post the year-end, we secured an investment of £5.1 million, before expenses, following a subscription for new ordinary shares by Visa International, UBS Global Asset Management and Capital Group and have the funds to both support our business as our growth accelerates in our UK and North American businesses and to develop our global franchises.

We are strongly positioned to move into the next phase of Monitise's journey. This means a focus on generating a step change in our revenues, through annuity licence fees including Visa, and recurring per user fees from both our UK and North America markets, and from our new partnerships, alliances and businesses in the developed and developing world. Our cost base remains well managed. In the year to 30 June 2010 we expect costs to increase due to the full ownership of Monilink. We will continue to review investment opportunities in overseas markets on a case by case basis.

At the year end over 110 banks and financial institutions in the UK and North America were signed up to the Mobile Money Manager platform. Customer numbers are growing rapidly; Monitise had over 750,000 customers of its various services in the UK and North America on 20 August 2009. We believe we will exceed one million customers by 31 December 2009.

Monitise has the expertise, resources and vision to be a true global leader in the mobile banking & payments space.

UK Operations

On 24 August 2009 we announced an agreement to take full ownership of Monilink, Monitise's UK arm, by buying out our joint venture partner VocaLink. This brings us control of all business operations in our home market, including all future revenues, at a time when the global mobile money industry is accelerating. Monilink will become a more streamlined business integrated into the Group and will operate under Monitise's worldwide Mobile Money banner. Monilink has recorded substantial growth in consumer uptake in recent months.

Under the agreement Monitise acquires the business debt free and will pay VocaLink an initial cash consideration of £1.5m spread evenly over three years, as well as up to £1.5m deferred consideration based on exceeding certain financial performance criteria by 30 June 2013, along with ongoing service and facilities management fees. VocaLink will continue to supply Monitise with payment and switch services and remains a key strategic partner.

Our UK business grew substantially during the year. We cemented our relationships with Royal Bank of Scotland Group, HSBC, first direct, and Alliance & Leicester. Lloyds TSB joined us in September 2008. In spite of substantial disruption to the banks' businesses due to the global recession - particularly in the latter half of 2008 - which slowed our development process with the banks, we have achieved significant gains in the last six months.

We have moved into the pre pay market with Tuxedo, and have also added enhanced services to the debit card holders of our partner banks including, for example, secure replacement of RBS debit cards.

Our distribution strategy was further enhanced through our strategic partnership with The Carphone Warehouse, who will help us provide Mobile Money services through their stores, web sites and mobile interfaces, commencing with website marketing in July 2009 (<http://www.carphonewarehouse.com/mobiles/mobile-services>).

As a result of these initiatives, UK customer numbers grew rapidly from the beginning of 2009, and as at 20 August 2009 we had well over half a million customers. July 2009 was another record month for customer acquisition in the UK.

Now the worst of the financial crisis appears to be behind us, the banks are embarked on cost reduction (call centre) and revenue enhancement programmes, we have marketing and development plans in place with our partner banks designed to grow the customer base more quickly over the next 12 months. We believe the market readiness for mobile money services is very strong and this can be evidenced by the recent Lloyds TSB and NatWest TV and press advertising campaigns.

North America Operations

Monitise Americas, our North American joint venture with Metavante, a leading provider of payments capability to US financial institutions, grew rapidly during the year. We now have over 100 banks, financial institutions and pre-paid card providers signed up, compared to 60 at the end of December 2008.

Naturally, the considerable disruption to the US banking system in the second half of 2008 delayed our business development plans, but this situation improved significantly from January 2009.

Monitise Americas was able to develop a substantial range of Mobile Money services from its own flexible Mobile Money Manager capability. Monitise America's partners are now offering both Essentials and Active services - including bill payments - to their customers. Recently a new application was launched for US iPhone users. Technical developments mean Monitise Americas now provides full network and device coverage, including downloadable application, browser and configurable SMS.

One of the highlights has been the successful pilot with H&R Block, the world's largest tax preparation company, which mobilised their prepaid Emerald card. Following this success we anticipate a broader roll out across their network of 13,500 branches. As we found in the UK, with the platform integrated, customer numbers are now starting to build in what is a market some five times the size of the UK. Monitise Americas is now firmly established as one of the leaders in this market.

Chief Executive's Business Review (continued)

VISA

On 30 June Monitise signed a Global Alliance Agreement with Visa International, part of the world's largest retail electronic payments network, to develop its mobile services. This is a pivotal partnership for Monitise and unique for Visa in this arena, providing us with a vast market opportunity across the world.

The Agreement is worth a minimum of \$13m over a five year period and sees Monitise becoming a key partner to the world's largest electronic payments network as it seeks to provide mobile capability to the four billion mobile handset owners worldwide.

Alongside the Agreement, Visa International subscribed for shares representing a 14.4% stake in the issued share capital of Monitise, underlining their commitment to the relationship.

Monitise and Visa are now working together to develop a range of services to mobile Visa cards, processing and payments.



International Operations

Naturally, we are delighted with our ground breaking deal with Visa International, which both enhances our reputation and gives us extensive global reach.

We believe that our strategy of open ecosystems, enabling open access to financial institutions, payments processors, mobile network operators, merchants and mobile handset manufacturers is both the best long term approach to the global market and also makes Monitise the partner of choice.

As we develop our international business in line with the focus on selected strategic territories, we are finding that our flexible, proven platform provides a strong basis for development of new services both for people in the developed world and for those in developing territories without access to a banking infrastructure.

India

Monitise has announced the formation of Monitise India, and ICICI Bank, India's second largest bank has expressed its intent to invest. This new organisation will build an open system to enable Indian banks, processors, payments organisations and merchants to provide mobile banking, payment and e-wallets to India's vast consumer population with and without bank accounts.

Reserve Bank of India agreement is awaited to enable trading to begin. In the meantime ICICI Bank and Monitise are in discussion with some of India's leading organisations to join the Mobile Money ecosystem.

Middle East and Africa

Monitise is working with several partners to launch services across the region and following the year end, an agreement in principle has been made with Paynet, the payments organisation operating in East Africa and with increasing capabilities in the Middle East, to develop Mobile Money services in the region.

Funding of \$1.5m was awarded from Africa Enterprise Challenge Fund AECF to develop mobile banking and payments services, commencing in Uganda, for the millions of unbanked people in East Africa.

Mobile Money Manager

Monitise's Mobile Money Manager has been developed as the secure platform to enable a range of mobile delivery mechanisms, products and services to be provided. These include delivery by SMS, application download, web browser, mobile browser, and in due course mobile and internet widget and USB. The "Essentials" and "Active" toolkits enable a competitive range of products to be delivered to banks and financial institutions, flexibly and straight forwardly, enabling them to build segmented propositions for their customers.

It is equally at home providing upgraded Active systems to people in the developed world with sophisticated touch-screen 'smart' phone, as it is to providing Essential services to people without bank accounts in the developing world and less active money managers worldwide.

The platform has been patented in the UK and Ireland and patents are pending in multiple territories internationally.

The platform is now robust and secure, and the primary investment phase has been completed. This means that time to market in North America was significantly shortened and as we roll out services across the world we have real flexibility to meet the needs of each market at low incremental cost.

Strategy and Outlook

Monitise starts its new financial year in a position of strength. We have some of the world's leading organisations as partners and investors, a strong financial base and a truly world class team of people around us.

Our strategy remains constant and rests on three key pillars:

- sign up the world's leading financial institutions, card schemes and ATM / payment switches to the Monitise platform
- attract the appropriate partners to deliver sustainable "industry platforms" in key regions
- develop a compelling and customer-centric proposition roadmap ahead of the market

Our strategic alliance with Visa endorses our approach and provides us with a tremendous opportunity for growth.

As we embark upon the next phase of our development, being the rapid commercialisation of our franchise, we plan to grow revenues from additional international licences and rapidly grow annuity-based per customer fees in our UK and North American markets.

We anticipate at least doubling revenues, and potentially significantly more, in the year to June 2010. Cash overhead spend is expected to increase as a result of the Monilink acquisition.

The momentum in the business underscores our confidence in delivering both a strong business and financial performance.

Alastair Lukies
Chief Executive Officer

People

Monitise continues to attract and retain a strong team with wide ranging expertise across the mobile money space.

As previously announced, the following board changes were made during the year:

Jan Verplancke joined the Board as a representative of Standard Chartered Bank following their investment in July 2008. Duncan McIntyre, previously Executive Chairman, moved to become Non-Executive Chairman of the Board. Lee Cameron has been appointed to the Board as an Executive Director. Lee joined the Company in 2006 as General Counsel.

Our Executive Management Team was strengthened by the recruitment of Pertti Johansson as Chief Wireless Officer.

Board of Directors

Alastair Lukies – CEO and Co-founder (aged 35)

Alastair co-founded the Monitise business and is the Chief Executive Officer of the Company. Alastair has a proven track record as an entrepreneur. Prior to conceiving, financing and successfully building Monitise, he was a co-founder of epolitix.com, the portal for Westminster, Whitehall and the devolved institutions.

Tom Spurgeon – Chief Financial Officer (aged 41)

Tom brings over 15 years of financial management experience, including audit, financial planning and controllership, gained over several industries. A Cambridge graduate and chartered accountant, Tom trained with Price Waterhouse. Prior to joining Monitise, Tom spent five years as UK Finance Director of Morse plc.

Lee Cameron – General Counsel (aged 38)

Lee Cameron is Company Secretary and General Counsel. A solicitor, Lee brings over 10 years of in-house experience having previously been Legal Director at Morse plc where he was responsible for the Group's mergers and acquisitions, legal and HR departments and corporate governance. Lee started his legal career as a barrister.

Duncan McIntyre – Non-Executive Chairman (aged 50)

Duncan is Non-Executive Chairman of the Company having transferred from Executive Chairman on 4 December 2008. Previously he was Chief Executive Officer of Morse plc, which he joined as Finance Director in 1994. He is a chartered accountant and worked at Price Waterhouse for ten years before joining Morse. He is also a Non-Executive Director of several other companies.

David Dey – Senior Non-Executive Director (aged 71)

David Dey had a long career with IBM in the US, France and the UK, following which he joined The Plessey Company as Head of Telecoms Division. He was on the Board of Directors of British Telecom for four years before founding Energis. For the past eleven years, David has chaired a number of start-up companies in telecoms, software and other industry sectors.

Peter Radcliffe – Non-Executive Director (aged 59)

Peter has held senior positions in four FTSE 100 and Fortune 250 bank and IT companies. Peter's entrepreneurial responsibilities covered global and regional territories, with a period of two years spent in Hong Kong as Managing Director of First Data Asia Pacific. Over the past eight years, Peter has been involved with the Centre for Entrepreneurship at the London Business School, investing in and mentoring the MBA students and London Business School alumni. He is also a director of several other companies.

Colin Tucker – Non-Executive Director (aged 64)

Colin is a Non-Executive Director. He was Deputy Chairman of Hutchison 3G and was Technical Director of Orange for ten years. Colin was also a Non-Executive Director of Morse plc for seven years and has 30 years' experience in the telecommunications and electronics industries.

John Brougham – Non-Executive Director (aged 58)

John brings a wealth of financial experience built through his career with British Telecom. Having joined BT in 1986, John was most recently Finance Director of BT Transformation, a role which is focused on accelerating BT's transformation into a networked IT services company. Previously he spent six years as CFO of BT Global Services, which serves BT's large corporate customers and runs all the Group's activities outside the UK.

Jan Verplancke – Non-Executive Director (aged 46)

Jan is Chief Information Officer for Standard Chartered Bank and is responsible for all systems development, technology support and banking operations. Prior to joining Standard Chartered, Jan was CIO-EMEA for Dell, where he achieved considerable cost reduction and process improvement over his tenure and was responsible for the expansion of Dell's business into new markets. He began his career at Levi Strauss in Brussels.





Financial Review



Tom Spurgeon
Chief Financial Officer

The Group is moving into a commercialisation phase, having developed its core Mobile Money Manager platform successfully and with two deployments already generating revenue internationally (UK and US). The recent deal with Visa is one key step in this transformation, and the Group remains committed to investing for future growth through the deployment of its technology across further international territories.

Following the conclusion of the recent subscription agreements (see note 29), the Group is well placed to build upon its leading position and to take advantage of the demonstrable increase in demand for mobile banking and payment services worldwide.

Financial Performance

Year-on-year revenues have increased by 80% to £2.7 million (2008: £1.5 million) and represent income from further deployment and integration of our platform both in the UK and US, income from exclusivity agreements and our recurring licence fee for the US joint venture, and the continuing build-up of consumer revenues.

Second half revenues increased strongly, rising from £1.1 million in the first half through to £1.6 million in the second half.

Revenue is represented by; deployment and integration income from professional service fees which amounted to £1.1million (2008: £1.0 million), with licence fees at £1.1m (2008: £0.4m) and usage / other fees generated through our UK and US joint ventures building to £0.5m (2008: £0.1m).

Overhead costs for the year, excluding share-based payments, amounted to £13.5 million (2008: £13.6 million) and include £0.3m of restructuring costs for the cost reviews undertaken during the year.

Total cash overhead costs for the year to 30 June 2010 are expected to increase slightly as a result of the Monilink acquisition. Total spend includes an ongoing cost of approximately £5m for technology requirements; £4m will be spent on our existing live platform in the US and UK (an increase due to the Monilink acquisition); a further £3m will be spent on group administrative and central costs. The remainder of our costs will be dictated by new market opportunities. Each of which will be considered on a case by case basis.

The adjusted operating loss for the year which excludes non-cash share-based payments, has decreased to £12.0 million (2008: loss £12.8 million) as a result of the increase in revenue and associated gross profit.

In line with the requirements of IFRS 2, we have recognised a non-cash charge of £1.8 million for share-based payments (2008: £2.1 million). The majority of charges arise from option grants to the senior management team at the time of demerger, details of which were included in the 2007 AIM Admission document. Whilst the charge is expected to decline in line with the three year rolling vesting of the demerger option grants, a significant ongoing charge will remain as a reflection of the fact that share-based payments remain a key part of the retention plan for executives and other staff.

The loss before tax and retained loss for the year has decreased to £13.1 million (2008: loss £14.0 million).

Taxation

In 2009, all losses have been retained within the Group and form part of the Group's unrecognised deferred tax asset.

Loss Per Share

The basic and diluted loss per share was 4.0p (2008: loss 5.5p). Details can be found in note 22.

Cash Flow and Funds

The Group utilised total cash of £11.1 million during the year (2008: £10.7 million), resulting in a year end cash balance of £10.1 million (2008: £9.7 million). The cash outflow from operating activities, including the Group's share of joint venture activities, was £11.4 million (2008: £11.0 million). The cash outflow from capital expenditure was £0.3 million (2008: £0.5million) with only limited spend required to scale the operating platforms across the current joint ventures.

Monitise raised initial funding of £21.4 million through a placing in June 2007 on demerger and entry into AIM, followed by £11.8 million in July 2008 from a mixture of strategic investors and institutional funds. A further £5.1 million of funds have been generated from a subscription for new equity which was completed post year-end in July 2009 (see note 29). All amounts are quoted before expenses.

Funds from the latest subscription plus the year end cash position of £10.1million resulted in total cash available in July 2009 of circa £15 million.

Treasury Activities and Policies

The Board formulates the Group's treasury policy objectives and policies which are designed to manage the Group's financial risk and secure cost-effective funding for the Group's operations. These objectives include the requirement to minimise risk on investment funds but maintain flexibility. The majority of funds are currently held in a mix of term deposits. Other financial instruments are comprised principally of trade receivables and payables arising from the Group's operating activities.

Hedging of known future foreign cash investments or income flows will be undertaken, as deemed appropriate, to mitigate the Group's exposure to foreign exchange risk going forward. It is and will continue to be the Group's policy that no speculative trading in derivatives shall be undertaken.

Corporate Governance Compliance Statement

The Company is quoted on the AIM Market of the London Stock Exchange plc and it is therefore not required to comply with the provisions and principles of good corporate governance and code of best practice (the 'Combined Code'). Nevertheless, it is, where deemed appropriate and proportionate, the intention of the Board to comply with the principles of corporate governance as set out in the Combined Code in so far as it is practicable for a Group of its size and structure.

The Board

The Board currently consists of three Executive Directors, and six Non-Executive Directors, whose Board and Committee responsibilities are set out in the table below.

		Board	Audit	Remuneration	Nomination
Executive Directors:					
A Lukies	Chief Executive	Member	-	-	-
T Spurgeon	Chief Financial Officer	Member	-	-	-
L Cameron*	General Counsel	Member	-	-	-
Non-Executive Directors:					
D McIntyre**	Non-Executive Director	Chairman	-	-	Chairman
J Brougham	Non-Executive Director	Member	Chairman	-	-
D Dey	Non-Executive Director	Member	Member	Member	Member
P Radcliffe	Non-Executive Director	Member	-	Chairman	Member
C Tucker	Non-Executive Director	Member	Member	Member	Member
J Verplancke***	Non-Executive Director	Member	-	-	-

* L Cameron was appointed to the board on 5 December 2008 as an Executive Director

** D McIntyre transferred from Executive Chairman to Non-Executive Chairman on 4 December 2008

*** J Verplancke was appointed to the Board on 14 July 2008 as a Non-Executive Director

It is the Company's policy to ensure that the number of Executive Directors does not exceed the number of independent Non-Executive Directors. The Board ensures that there is a Non-Executive Director appointed as the Senior Independent Director. This position is currently held by D Dey.

J Brougham, D Dey, P Radcliffe and C Tucker are considered by the Board to be independent for the purposes of the Combined Code even though they are permitted to hold other directorships with other companies. J Verplancke is not considered independent for the purpose of the Code owing to his appointment pursuant to a subscription agreement entered into between the Company and Standard Chartered Bank dated 28 June 2008. D McIntyre is not considered independent for the purpose of the Code owing to his previous employee status and significant shareholding. Information regarding Non-Executive Directors' emoluments has been disclosed further in the Directors' Remuneration Report on pages 15 and 16.

The balance between Executive and Non-Executive Directors has been reviewed by the Nominations Committee and the Board and there is a process for the appointment of new Directors involving preparing a description of the role and capabilities required for any particular Board appointment and identifying and nominating for approval by the Board candidates to fill Board vacancies as they arise.

The posts of Chairman and Chief Executive Officer are held by different Directors and their differing responsibilities defined. The Chairman is responsible for the running of the Board and the Chief Executive Officer is responsible for the running of the business.

The Board convenes at least eight times a year. Further meetings and conference calls are held as and when necessary.

The Board believes its style of involvement with the senior executives through the Chief Executive Officer, Chief Financial Officer, General Counsel, Chairman and other Non-Executive Directors is the most effective way to provide confidence in the control environment of the Group. Through openness and discussion, the Board provides leadership as to the willingness of the Company to take appropriate risks in the interests of the shareholders. The Board focuses both on operational and strategic matters and thereby lays the foundation for an understanding of the business which facilitates effective governance.

The Chairman is responsible for ensuring all Directors receive accurate and appropriate information in a timely manner in advance of Board meetings. The Board receives information to enable it to review trading performance, forecasts and strategy.

The most significant matters in those discussions are:

- approval of strategic plans, profit plans and budgets and any material changes to them;
- approval of major investments and capital projects;
- review of funding and working capital;
- approval of remuneration policies across the Group with the assistance of the Remuneration Committee;
- oversight of the Group's operations ensuring competent and prudent management, sound planning, an adequate system of internal control and the management of adequate accounting and other records;
- final approval of annual and interim financial statements and accounting policies;
- receiving reports on the views of the Company's shareholders.

The Board believes it makes its decisions in the best interests of the Company ensuring that its obligations to shareholders and all stakeholders are effectively met.

All Directors have access to the advice and services of the Company Secretary, who, under the direction of the Chairman, is responsible for ensuring Board procedures are followed and that there is good information flow to and within the Board and its Committees. The role also involves ensuring that the flow of information between the Board and the senior executives within the business is maintained and that the Board is duly updated and made aware of any governance matters. The appointment and removal of the Company Secretary is the responsibility of the entire Board.

The Chairman ensures the effective contribution of the Non-Executive Directors and ensures the maintenance of good and constructive relations by them with the Executive Directors. Where there is a conflict of interest, the relevant Board Director will be required to declare this conflict of interest and, where appropriate, abstain from voting on any resolutions connected with it.

The Group has Directors' and Officers' Liability Insurance cover in place covering all Directors and Officers.

Each Director is required to retire by rotation at the Annual General Meeting held in the third calendar year following the year in which they were elected or last re-elected by the Company. Each Director (other than the Chairman and any Director holding an executive office) is required to stand down at the Annual General Meeting following the ninth anniversary of the date on which they were elected by the Company. A Director who retires at any Annual General Meeting shall be eligible for re-election unless the Directors otherwise determine not later than the date of the notice of such meeting.

The Committees of the Board

The following Committees have been established to assist the Board in fulfilling its responsibilities:

Audit Committee

The members of the Audit Committee are J Brougham, who chairs the Committee, D Dey and C Tucker.

The Committee met four times during the year to fulfil its duties and there were no absences from the meetings. The Chairman, Chief Executive Officer, Chief Financial Officer, Company Secretary and external auditors attended all meetings by invitation.

This Committee is responsible for overseeing the involvement of the Group's auditors in the planning and review of the Group's financial statements and any other formal announcements relating to the Group's financial performance, for recommending the appointment and fees of its auditors, and for discussing with the auditors the findings of the audit and issues arising from the audit. The Committee considers the independence and objectivity of the auditors with regard to the way in which they conduct their audit duties. It reviews the Group's compliance with accounting, legal and listing requirements. It is also responsible, along with the Board, for reviewing the effectiveness of the systems of internal control.

The Committee's terms of reference are available for public inspection at the Company's registered office.

During the year the Committee undertook the following activities at these meetings:

- reviewed the interim and annual results and reports including a review of matters raised by the external auditor and areas of judgement;
- reviewed the system of internal control in operation throughout the Group;
- reviewed the appropriateness of the Company's accounting policies;
- reviewed the requirement for an internal audit function;
- reviewed the scope, effectiveness, independence and objectivity of the external auditors PricewaterhouseCoopers LLP.

The Committee looks to ensure that the auditors' independence is not compromised by their undertaking of non-audit work. It also reviews the auditors' objectivity and independence in respect of its provision of audit and tax services. The Audit Committee has the discretion to vary and review the re-tendering process for the audit, currently required at least every four years. The Audit Committee's recommendation is that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors. An appropriate resolution will be put before the shareholders at this year's Annual General Meeting.

All other non-audit/tax advisory services will always be benchmarked by management to ensure value for money, auditor objectivity and independence of advice.

Remuneration Committee

The members of the Remuneration Committee are D Dey, C Tucker and P Radcliffe, who chairs the Committee.

The Committee met five times during the year to fulfil its duties and there were no absences from the meetings. The Committee considers and approves specific remuneration packages for each Executive Director following consultation with the Chairman and, where the Chairman's remuneration is the subject of consideration, the Chief Executive. In accordance with guidelines set by the Board, the Committee determines the Group's policy on remuneration of senior executives and controls the operation of share option schemes and the grant of options.

Remuneration of Non-Executive Directors is set by the Executive Directors.

The Committee's terms of reference are available for public inspection at the Company's registered office.

During the year, the Committee took advice from Hewitt New Bridge Street, a leading firm of executive remuneration consultants.

Nominations Committee

The members of the Nominations Committee are C Tucker, P Radcliffe, D Dey and D McIntyre who chairs the Committee. The Committee met twice during the year to fulfil its duties and there were no absences.

The Committee meets as required to initiate the selection process of, and make recommendations to, the Board with regard to the appointment of new Directors.

The Board has established a procedure of appointment of new Board Directors based upon merit and objective criteria, ensuring the appointee has sufficient time to devote to the role. The Board is satisfied with the plans for assessment of Directors, updating of skills and knowledge regarding the Company to fulfil their functions, and orderly succession, ensuring that an appropriate core level of skill and experience is maintained within the Company and on the Board. Any significant commitments which may conflict with the effectiveness of new appointees are disclosed to the Board before appointment. The Board also requires its members to make it aware of any changes in commitments which might give concern regarding the effectiveness of that member.

During the year, the Committee met and made recommendations to the Board regarding the appointment of J Verplancke as a Non-Executive Director at the Committee meeting following the year end on 14 July 2008, pursuant to the subscription agreement entered into between the Company and Standard Chartered Bank, and of Lee Cameron as an Executive Director on 5 December 2008.

The Committee's terms of reference are also available for public inspection at the Company's registered office.

Effectiveness of the Board

The Board carries out an evaluation of its performance annually. Each Director completes a questionnaire covering Board and Committee procedures and effectiveness and their own contribution to discussions and decision making. The Non-Executive Directors meet separately to review the Chairman's performance and provide feedback to him, and the Chairman reviews the contribution of each of the Directors individually.

Relations with Shareholders

The Company and Board recognise the importance of developing and maintaining good relationships with their shareholders. There have been regular dialogues with shareholders during the year. It also holds briefings with analysts and other investors including staff shareholders. The Company also uses the Annual General Meeting as an opportunity to communicate with its shareholders. All Directors are expected to attend the Annual General Meeting and the Chairmen of the Audit, Remuneration and Nominations Committees are also available to answer shareholders' questions.

Notice of the 2009 Annual General Meeting is included with this report. Separate resolutions on each substantially separate issue, in particular any proposal relating to the Annual Report and Accounts, will be made at the Annual General Meeting.

The above information is made available to shareholders on the Group's website, which can be found at www.monitisegroup.com

Internal Control Systems

The Board has overall responsibility for identifying, evaluating and managing the risks that are considered significant by the Group. This process is designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss. It is based principally on reviewing reports from management and considering whether significant risks are identified, evaluated, managed and controlled and ensuring that any significant weakness thus identified is promptly remedied.

The Executive Directors are closely involved in the day to day control of the business and operate a wide range of controls, including financial, operational and compliance controls, together with risk management.

The Board considers that the Group's management and financial controls enable timely and effective monitoring and control of the Group's operations and consider them appropriate for a Company with securities admitted to AIM.

The Audit Committee has reviewed and considered the Company's requirement for an internal audit function. The Board considers the Group has adequate structures in place to monitor financial statements and review financial controls without the requirement for such a function. This position will be kept under annual review and, should an internal audit function become necessary or desirable in the future, measures will be taken to ensure the Group establishes an internal audit function without delay.

The Group's accounting policies are considered by the Directors to be prudent, in accordance with applicable accounting standards, and appropriate to the Company's business. The Directors comply with Rule 21 of the AIM Rules regarding dealings in the Company's shares and, to this end, the Company has adopted an appropriate share dealing code.

Going Concern

Based on projections prepared of the Group's anticipated future results, combined with the enhanced cash resources of the group as detailed in note 29, the Directors have reasonable expectations that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

> Directors' Remuneration Report

Introduction

As a Company quoted on the Alternative Investment Market (AIM), Monitise plc is not required to comply with the Main Market UK Listing Rules or those aspects of the Companies Act applicable to listed companies and the disclosure of Directors' remuneration. However, the Company has chosen to disclose the following information on Directors' remuneration.

Remuneration Committee

The Remuneration Committee comprises D Dey, C Tucker and P Radcliffe, who chairs the Committee.

Remuneration Policy

The policy is to provide remuneration packages for Executive Directors which aim to attract and retain high quality executives and which link their reward to the Group's performance. The Committee regularly reviews the effectiveness of incentive schemes and, where considered necessary or appropriate in order to safeguard and maximise shareholder value, the Committee will consider updating existing scheme rules and/or implementing new schemes.

Executive Directors' Remuneration Package

The components of the remuneration package are base salary and benefits, bonuses, pension contributions and long-term incentive arrangements:

- The Chief Executive Officer entered into a service contract with Monitise dated 7 June 2007. The Chief Financial Officer entered into a service contract with Monitise dated 2 October 2006 and the General Counsel entered into a service contract with Monitise dated 1 October 2006. Their base salaries are reviewed by the Board annually in July.
- They may also receive bonuses, depending on whether certain objectives have been met. The annual bonus plan for the Executive Directors has a maximum threshold of 100 per cent of base salary. Target bonuses are set at up to 55 per cent of base salary. These bonuses are triggered by achieving agreed performance objectives of the Group.
- Their benefits packages include private health insurance, life assurance and gym membership.
- Notice periods for all Directors are set at six months.
- The Company has established various share option schemes in which the Executive Directors may participate and these are detailed below.

Details of the Directors' emoluments are also set out below.

Non-Executive Directors

The Non-Executive Directors have a written letter of appointment with Monitise, terminable by either party with one month's written notice. The Non-Executive Directors are appointed for an initial term of one year and may be reappointed annually thereafter. The Company has entered into a separate consultancy agreement with Peter Radcliffe to provide consultancy services as required.

The appointment letters for the Non-Executive Directors are made available for public inspection at the Company's registered office.

The remuneration of the Directors is as follows:

Directors' Emoluments	Salary and fees	Bonus	Benefits in Kind	Pension	Year to 30 June 2009	Year to 30 June 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors:						
A Lukies	194	120	1	7	322	233
T Spurgeon ¹	150	25	1	8	184	148
L Cameron ²	79	50	1	4	134	-
Non-Executive Directors:						
D McIntyre ³	137	51	1	-	189	217
J Brougham	30	-	-	-	30	42
D Dey	30	-	-	-	30	52
P Radcliffe	30	-	-	-	30	52
C Tucker	30	-	-	-	30	49
J Verplancke ⁴	-	-	-	-	-	-
Total Remuneration	680	246	4	19	949	792

¹ In the year T Spurgeon made a gain of £4,655 on exercise of shares from the Monitise Rollover Plan. No shares have yet been sold.

² Emoluments of L Cameron included from the date of appointment to the Board on 5 December 2008.

³ D McIntyre transferred from Executive Chairman to Non Executive Chairman on 4 December 2008.

⁴ J Verplancke was appointed to the Board on 14 July 2008.

In the year ended 30 June 2008, the Company issued a total of 545,452 ordinary shares amounting to £78,000, to the Non-Executive Directors in lieu of cash consideration for their service as Directors. This amount is included as part of salary and fees in that year. No ordinary shares were issued on this basis in the year ended 30 June 2009.

Share Options

It is the Group's policy to issue share options at appropriate intervals and retain employees by aligning their interests with those of the shareholders. Under the share option schemes, the Remuneration Committee may grant to Directors and employees options to subscribe for shares in the Company. The Company has established seven share option schemes (details are included in Note 23 of the financial statements):

- An Approved Share Option Plan
- An Unapproved Share Option Plan
- An Enterprise Management Incentive Plan
- Monitise Rollover Plan
- Deferred Annual Bonus Plan
- Performance Share Plan
- Sharesave Scheme

The following Directors held options to subscribe to Ordinary shares in the Company at the year end:

Director	Date of grant	Market value at date of grant	Options held at 1 July 2008	Granted/ (Exercised) during the year	Replacement scheme	Options held at 30 June 2009	Exercise price	Earliest exercise date	Expiry date
Monitise Rollover Plan									
A Lukies	Jul 2007	21.5p	4,107,791	-	-	4,107,791	1.0p	Jul 2008-Jul 2010	Nov 2015
T Spurgeon	Jul 2007	21.5p	328,623	(109,541) ¹	-	219,082	1.0p	Jul 2008-Jul 2010	Nov 2015
L Cameron ²	Jul 2007	21.5p	547,705	-	-	547,705	1.0p	Jul 2009-Jul 2010	Nov 2015
Performance Share Plan									
D McIntyre ³	Jul 2007	21.5p	9,090,909	-	-	9,090,909	1.0p	Jul 2010	Jul 2017
A Lukies	Jul 2007	21.5p	2,540,027	-	-	2,540,027	1.0p	Jul 2010	Jul 2017
	Oct 2008	6.1p	-	10,000,000	-	10,000,000	1.0p	Oct 2009-Oct 2013	Oct 2018
T Spurgeon	Jul 2007	21.5p	254,003	-	-	254,003	1.0p	Jul 2010	Jul 2017
	Mar 2008	9.3p	150,000	-	-	150,000	1.0p	Mar 2011	Mar 2018
	Oct 2008	6.1p	-	350,000	-	350,000	1.0p	Oct 2009-Oct 2013	Oct 2018
L Cameron ²	Jul 2007	21.5p	508,005	-	-	508,005	1.0p	Jul 2010	Jul 2017
	Oct 2008	6.1p	500,000	-	-	500,000	1.0p	Oct 2009-Oct 2013	Oct 2018
Deferred Annual Bonus Plan									
A Lukies	Jul 2007	21.5p	771,591	-	-	771,591 ⁴	0.0p	Jul 2010	Jul 2017
	Jul 2007	21.5p	771,591	-	-	771,591 ⁵	0.0p	Jul 2010	Jul 2017
	Sept 2008	6.1p	-	48,028	-	48,028 ⁴	0.0p	Sept 2011	Sept 2018
	Sept 2008	6.1p	-	48,028	-	48,028 ⁵	0.0p	Sept 2011	Sept 2018
T Spurgeon	Jul 2007	21.5p	68,182	-	-	68,182 ⁴	0.0p	Jul 2010	Jul 2017
	Jul 2007	21.5p	68,182	-	-	68,182 ⁵	0.0p	Jul 2010	Jul 2017
	Sept 2008	6.1p	-	28,751	-	28,751 ⁴	0.0p	Sept 2011	Sept 2018
	Sept 2008	6.1p	-	28,751	-	28,751 ⁵	0.0p	Sept 2011	Sept 2018
D McIntyre	Sept 2008	6.1p	-	50,555	-	50,555 ⁴	0.0p	Sept 2011	Sept 2018
	Sept 2008	6.1p	-	50,555	-	50,555 ⁵	0.0p	Sept 2011	Sept 2018
L Cameron ²	Jul 2007	21.5p	113,636	-	-	113,636 ⁴	0.0p	Jul 2010	Jul 2017
	Jul 2007	21.5p	113,636	-	-	113,636 ⁵	0.0p	Jul 2010	Jul 2017
	Sept 2008	6.1p	39,375	-	-	39,375 ⁴	0.0p	Sept 2011	Sept 2018
	Sept 2008	6.1p	39,375	-	-	39,375 ⁵	0.0p	Sept 2011	Sept 2018
Sharesave Scheme									
T Spurgeon	Oct 2007	17.5p	68,571	-	(68,571)	-	14.0p	Dec 2010	Oct 2017
	Oct 2008	7.6p	-	126,315	-	126,315	7.6p	Dec 2011	Oct 2018
A Lukies	Oct 2008	7.6p	-	126,315	-	126,315	7.6p	Dec 2011	Oct 2018
L Cameron ²	Oct 2008	7.6p	-	126,315	-	126,315	7.6p	Dec 2011	Oct 2018

¹ Market price of 5.3p at time of exercise.

² L Cameron was appointed to the Board on 5 December 2008 and his brought forward options are as at that date.

³ An initial award granted to D McIntyre under the Performance Share Plan (PSP) was made on the basis of a requirement that D McIntyre invested £3m in Ordinary shares of the Company and retains those Ordinary shares over the three year performance period. The vesting of the award is subject to a TSR performance condition. Options over Ordinary shares to the value of £2m (based on the share price at date of grant) in the Company were granted on 2 July 2007.

⁴ This represents the deferred bonus share award.

⁵ This represents the maximum matching share award that would become exercisable if all vesting conditions are met.

Refer to note 23 to the financial statements for further information on the performance conditions of the share schemes.

The market price of the company's ordinary shares at 30 June 2009 was 6.75p (2008: 11.25p) and the range of market prices during the year was 2.0p to 12.5p (2008: 6.75p to 21.25p).

> Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2009.

Principal Activity

The principal activity of the Group is the provision of mobile banking and payments technology solutions. The Group is based in the UK with operations internationally. Its current principal ventures are in the UK and US.

Business Review and Future Developments

A detailed review of the business and future developments of the Group is presented in the Chairman's Welcome on page 2 and in the Chief Executive's Business Review on pages 3 to 6. The Financial Review is set out on pages 9 and 10.

Results and Dividends

Details of the results are set out in the Consolidated Income Statement on page 21. The Directors do not recommend the payment of a dividend (2008: £Nil).

Directors and Directors' Interests

The Directors who served during the year were as follows:

Executive Directors:

A Lukies
T Spurgeon
L Cameron¹

Non-Executive Directors:

D McIntyre²
J Brougham
D Dey
P Radcliffe
C Tucker
J Verplancke³

¹ Lee Cameron was appointed to the Board as an Executive Director on 5 December 2008.

² D McIntyre transferred from Executive Chairman to Non-Executive Chairman on 4 December 2008.

³ J Verplancke was appointed to the Board as a Non-Executive Director on 14 July 2008.

The Directors who held office at the end of the financial year had the following interests in the £0.01 Ordinary shares of the Company according to the Register of Directors' Interests:

	30 June 2009 Number of Shares	30 June 2008 Number of Shares
A Lukies	338,833	287,923
T Spurgeon	219,335	109,794
L Cameron ¹	389,559	-
D McIntyre ²	20,094,216	20,446,450
J Brougham	316,435	316,435
D Dey	272,726	272,726
P Radcliffe	322,726	332,726
C Tucker	363,635	363,635
J Verplancke ³	-	-

¹ L Cameron was appointed to the Board on 5 December 2008.

² Included in D McIntyre's beneficial interest are 352,234 (2008: 704,468) Ordinary shares held in trust for his minor children.

³ J Verplancke was appointed to the Board on 14 July 2008.

Directors' beneficial interests in the share options of the Company are given in the Directors' Remuneration Report on page 16.

Substantial Shareholdings

As at 20 August 2009, the Company had been notified of the following interests in 3% or more of its issued Ordinary share capital:

Shareholders	%	Number of Ordinary Shares
Visa International	14.4	59,523,810
UBS Global Asset Management (UK) Limited	10.6	43,758,855
Standard Chartered Bank plc	8.1	33,333,334
3i Group plc	6.0	24,767,399
Duncan McIntyre	4.9	20,094,216
HK Telemedia International Limited	4.8	20,000,000
Capital Group International Inc	4.4	18,108,484

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Political and Charitable Donations

During the year, the Group made charitable donations of £125 (2008: £1,031) and made no political donations (2008: £Nil).

Research and Development

The Group undertakes research and development activities relating to the products and services it provides. Disclosures regarding the expenditure and capitalisation of development costs in the year have been made in notes 6 and 11 to the financial statements respectively.

Social and Environmental Issues

Social Inclusion

The Company is committed to building inclusive financial systems for the 'unbanked' through the development of secure digital banking and transaction services. In the UK, the Company is working actively with government, stakeholders, consumer organisations and other relevant bodies to ensure that the expansion of the 'digital economy' is equally applicable to all citizens. Internationally, we have a similar long term commitment to the economic development of developing countries where physical banking infrastructure is limited.

Environment

Due to the nature of the Group's business, the Directors believe it has a relatively minor impact on the environment. Nevertheless, the Group endeavours through its Environmental Policy to reduce this impact as far as possible. The Environmental Policy is revised, where necessary, to keep it in line with the Company's business requirements. The Group believes that its current Environmental Policy ensures that it is responsible and pro-active in limiting its environmental impact.

Business Ethics

The Group seeks to maintain high levels of business ethics throughout all operations.

Health and Safety

The Group recognises the importance of maintaining a safe environment and understands the high standards required to comply with the relevant health and safety legislation and to ensure the health, safety and welfare of its employees, its customers and the general public.

Equal Opportunities

The Group is committed to observing equal opportunities throughout the organisation, ensuring that the talent, abilities and competencies of its employees (and prospective employees) are fully utilised regardless of gender, sexual orientation, marital status, age, race, colour, ethnic origin or nationality, religion or political beliefs.

Employee Relations

A key corporate goal is to maintain regular and open communications between the Group's management and staff. The Group aims to excel as an employer of choice providing career development opportunities for all staff.

As a high growth business, the Group is mindful of the need to continue to focus on providing relevant development and training programmes for staff as our investment for the future.

Staff are able to participate directly in the success of Monitise through a variety of employee share option schemes.

Directors' Report (continued)

Related Party Transactions

Details of all related party transactions are set out in note 16 to the financial statements.

Post Balance Sheet Events

After the year end, new Ordinary shares were issued and the Group took full ownership of Monilink. These post balance sheet events have been fully disclosed in note 29 to the financial statements.

Financial Instruments

The Group's financial instruments primarily comprise of cash balances, loans receivable and payable, trade debtors and creditors arising from its operations. The Group did not enter into any derivative transactions such as forward exchange contracts during the year as it considered that such transactions were not necessary due to its size and nature of its activities. The Group's policy and year end position regarding financial instruments has been fully disclosed in note 3 to the financial statements. The significant changes in the Group and International business will result in active foreign exchange management in future periods.

Supplier Payment Policy

The Group agrees appropriate terms and conditions individually with its suppliers. It seeks to abide by these agreed terms provided that the supplier has also complied with them. The Company had 38 creditor days at 30 June 2009 (27 creditor days at 30 June 2008).

Annual General Meeting

The Annual General Meeting will be held at 26 Southampton Buildings, Holborn Gate, London WC2A 1PB on 13 October 2009 at 10.00 am.

Principal Risks and Key Performance Indicators

The Board has identified the principal risks and uncertainties which it believes may have an impact on the Group and its operations as well as a number of Key Performance Indicators with which to measure the progress of the Group.

Principal Risks and Uncertainties

In line with groups of a similar size, the Group is managed by a limited number of key personnel, including Executive Directors and senior management, who have significant experience within the Group and the wider IT or communications sectors and who may be difficult to replace. Executive remuneration plans, incorporating long term incentives, have been implemented to mitigate this risk.

The Group is reliant on a number of key relationships with both banking and mobile operator partners for provision of the Group's services to the marketplace. A key element of the Group's strategy is to continue to build and maintain strong relationships with all key partners including engagement at senior level. This is facilitated through the engagement of both the Monitise Board and the Monitise Advisory Board. Account management plans are implemented for all key partners.

The marketplace for the Group's services is characterised by rapid technological changes, frequent introductions of new services and products and evolving industry standards. Monitise will continue to enhance its current products and develop new products in response to changes in technology, industry standards or customer preferences in order to maintain its competitive position.

The Group must monitor its ability to operate within strict capital constraints given that it is not yet achieving monthly cash breakeven. A rolling forecast is maintained which serves to highlight whether a formal review of the annual budget and associated strategic plan is required. Additionally, individual controls exist to ensure that spend is signed off at appropriate levels of authorisation both within the core business and in the joint ventures.

Key Performance Indicators

Key Performance Indicators identified to measure our operational and financial progress at this stage include: the number of countries in which the platform is being deployed, the number of banks integrated under each of these platforms and the number of customers of its services. These Key Performance Indicators are discussed within the Chief Executive's Business Review on pages 3 to 6.

Disclosure of Information to Auditors

For each of the persons who were directors at the date the directors' report was approved, the following applies:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Approved by the Board and signed on behalf of the Board.

Lee Cameron
Company Secretary - 24 August 2009

Independent Auditors' Report to the Members of Monitise plc

We have audited the consolidated and company financial statements (the "financial statements") of Monitise plc for the year ended 30 June 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the consolidated and of the company's affairs as at 30 June 2009 and of the consolidated loss and consolidated and company's cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David A Snell

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors

London

24 August 2009

> Consolidated Income Statement

		Year ended 30 June 2009	Year ended 30 June 2008
	Note	£'000	£'000
Revenue	5	2,658	1,492
Cost of sales		(1,167)	(630)
Gross profit		1,491	862
Distribution costs		(2,217)	(2,169)
Administrative expenses before share-based payments		(11,251)	(11,479)
Share-based payments	23	(1,754)	(2,107)
Total administrative expenses		(13,005)	(13,586)
Operating loss	6	(13,731)	(14,893)
Finance income	9	611	923
Finance costs	9	(7)	(4)
Loss before income tax		(13,127)	(13,974)
Income tax	25	-	-
Loss for the year		(13,127)	(13,974)
Attributable to:			
Equity holders of the Company		(13,127)	(13,974)
Loss per share attributable to the equity holders of the Company during the year (expressed in pence per share):			
– basic and diluted	22	(4.0)	(5.5)

All activities derive from continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement.

> Consolidated Balance Sheet

		As at 30 June 2009	As at 30 June 2008
	Note	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	333	465
Intangible assets	11	659	793
		992	1,258
Current assets			
Trade receivables and other receivables	14	5,653	3,537
Cash and cash equivalents	15	10,145	9,681
		15,798	13,218
Total assets		16,790	14,476
LIABILITIES			
Current liabilities			
Trade and other payables	17	(4,020)	(2,873)
Financial liabilities	18	(3,379)	(2,377)
		(7,399)	(5,250)
Non-current liabilities			
Financial liabilities	18	(57)	(91)
Total liabilities		(7,456)	(5,341)
Net assets		9,334	9,135
EQUITY			
<i>Capital and reserves attributable to equity holders of the Company</i>			
Ordinary shares	20	3,401	2,545
Share premium	20	30,649	19,334
Foreign exchange translation reserve		(15)	(12)
Other reserves		11,329	10,171
Retained loss		(36,030)	(22,903)
Total shareholders' equity		9,334	9,135

These financial statements were approved and authorised for issue by the Board of Directors on 24 August 2009 and were signed on its behalf by:

Alastair Lukies
Chief Executive Officer

Tom Spurgeon
Chief Financial Officer

The notes on pages 27 to 48 are an integral part of these consolidated financial statements.

> Company Balance Sheet

		As at 30 June 2009	As at 30 June 2008
	Note	£'000	£'000
ASSETS			
Non-current assets			
Investment in subsidiaries	12	36,075	35,589
		36,075	35,589
Current assets			
Prepayments and other receivables	14	22,020	11,006
Cash and cash equivalents	15	8,985	9,274
		31,005	20,280
Total assets		67,080	55,869
LIABILITIES			
Current liabilities			
Other payables	17	(485)	(192)
Total liabilities		(485)	(192)
Net assets		66,595	55,677
EQUITY			
Ordinary shares	20	3,401	2,545
Share premium	20	30,649	19,334
Other reserves		36,204	35,059
Retained loss		(3,659)	(1,261)
Total shareholders' equity		66,595	55,677

These financial statements were approved and authorised for issue by the Board of Directors on 24 August 2009 and were signed on its behalf by:

Alastair Lukies
Chief Executive Officer

Tom Spurgeon
Chief Financial Officer

The notes on pages 27 to 48 are an integral part of these consolidated financial statements.

> Consolidated Statement of Changes in Equity

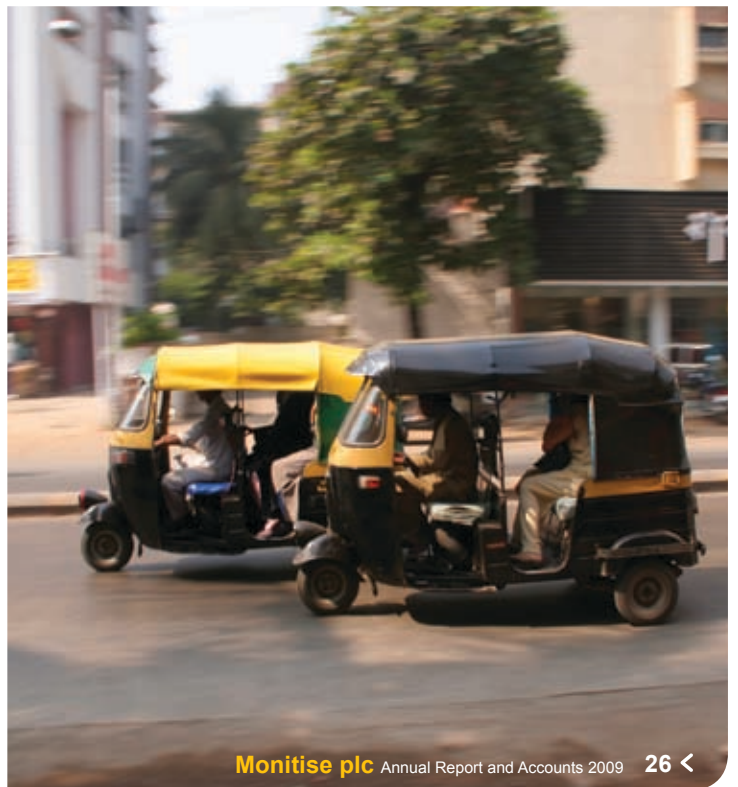
	Note	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Share-based Payment Reserve	Retained Earnings	Foreign Exchange Reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2007		2,540	19,261	32,952	(25,321)	433	(8,929)	-	20,936
Issue of shares		5	73	-	-	-	-	-	78
Recognition of share-based payments	23	-	-	-	-	2,107	-	-	2,107
Total recognised income and expense for the year		-	-	-	-	-	(13,974)	(12)	(13,986)
Balance at 30 June 2008		2,545	19,334	32,952	(25,321)	2,540	(22,903)	(12)	9,135
Balance at 1 July 2008		2,545	19,334	32,952	(25,321)	2,540	(22,903)	(12)	9,135
Issue of shares	20	841	11,010	-	-	-	-	-	11,851
Recognition of share-based payments	23	-	-	-	-	1,463	-	-	1,463
Total recognised income and expense for the year		-	-	-	-	-	(13,127)	(3)	(13,130)
Exercise of share options	15	-	305	-	-	(305)	-	-	15
Balance at 30 June 2009		3,401	30,649	32,952	(25,321)	3,698	(36,030)	(15)	9,334

> Company Statement of Changes in Equity

	Note	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Share-based Payment Reserve	Retained Earnings	Foreign Exchange Reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2007		2,540	19,261	32,952	-	-	-	-	54,753
Issue of shares		5	73	-	-	-	-	-	78
Recognition of share-based payments		-	-	-	-	2,107	-	-	2,107
Total recognised income and expense for the year		-	-	-	-	-	(1,261)	-	(1,261)
Balance at 30 June 2008		2,545	19,334	32,952	-	2,107	(1,261)	-	55,677
Balance at 1 July 2008		2,545	19,334	32,952	-	2,107	(1,261)	-	55,677
Issue of shares		841	11,010	-	-	-	-	-	11,851
Recognition of share-based payments		-	-	-	-	1,450	-	-	1,450
Exercise of share options		15	305	-	-	(305)	-	-	15
Total recognised income and expense for the year		-	-	-	-	-	(2,398)	-	(2,398)
Balance at 30 June 2009		3,401	30,649	32,952	-	3,252	(3,659)	-	66,595

> Cash Flow Statements

		Group	Group	Company	Company
		Year ended 30 June 2009	Year ended 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2008
	Note	£'000	£'000	£'000	£'000
Cash flows utilised in operating activities	26	(11,396)	(10,999)	(1,523)	(843)
Cash flows received from investing activities					
Interest received		604	824	533	795
Purchases of property, plant and equipment		(78)	(257)	-	-
Capitalisation and purchases of intangible assets		(229)	(260)	-	-
Net cash received from investing activities		297	307	533	795
Cash flows provided by financing activities					
Proceeds from issuance of ordinary shares (net of expenses)		11,548	-	11,548	-
Loan (to)/from joint venture parties and subsidiaries		-	-	(10,862)	9,322
Share options exercised		15	-	15	-
Net cash provided by financing activities		11,563	-	701	9,322
Net increase/(decrease) in cash and cash equivalents		464	(10,692)	(289)	9,274
Cash and cash equivalents at beginning of the year		9,681	20,373	9,274	-
Cash and cash equivalents at end of the year	15	10,145	9,681	8,985	9,274



1. General Information

Monitise plc ("The Company") and its subsidiaries (together 'the Group') provide mobile banking and payments services. The Group is based in the UK, operates joint ventures both in the UK and US and is expanding internationally.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are publicly traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been applied consistently unless otherwise stated.

2.1. Basis of Preparation

The consolidated financial statements of Monitise plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 July 2008, but are not currently relevant for the group:

IFRIC 12 – Service concession arrangements
 IFRIC 13 – Customer loyalty programmes
 IFRIC 14 – Recognition of defined benefit pension scheme assets

(b) The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 July 2008 and have not been early adopted:

IAS 1 (Revised), 'Presentation of financial statements – Comprehensive revision including a statement of comprehensive income' (effective from 1 January 2009);
 IAS 16 (Amendment), Property, plant and equipment (effective from 1 January 2009);
 IAS 19 (Amendment), Employee benefits (effective from 1 January 2009);
 IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance (effective from 1 January 2009);
 IAS 23 (Amendment), Borrowing costs;
 IAS 27 (Revised), Consolidated and separate financial statements;
 IAS 28 Investments in associates (effective from 1 January 2009);
 IAS 29 (Amendment), Financial reporting in hyperinflationary economies (effective from 1 January 2009);
 IAS 31 (Amendment), Interests in joint ventures (effective 1 January 2009);
 IAS 32 (Amendment), Financial Instruments (Presentation);
 IAS 38 (Amendment), Intangible assets (effective from 1 January 2009);
 IAS 39 (Amendment), The fair value option;
 IAS 40 (Amendment), Investment property (effective from 1 January 2009);
 IAS 41 (Amendment), Agriculture (effective from 1 January 2009);
 IFRS 3 (Revised), 'Business combinations – Comprehensive revision on applying the acquisition method' (effective from 1 July 2009);
 IFRS 2 (Amendment), 'Share-based Payments – amendment to vesting conditions and cancellations';
 IFRS 5 (Amendment), Non-current assets held for sale and discontinued operations (effective from 1 January 2009);
 IFRS 8 Operating segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8 extends the scope of segmental reporting;
 IFRIC 9 'IAS 39 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2009);
 IFRIC 15 Agreements for construction of real estates (effective from 1 January 2009);
 IFRIC 16 (Amendment), Hedges of a net investment in a foreign operation (effective from 1 October 2008);
 IFRIC 17 Distributions of non-cash assets to owners; and
 IFRIC 18 Transfers of assets from customers (effective on all transactions from 1 July 2009).

The Directors do not anticipate that the adoption of any of these standards or interpretations will have a material impact on the Group's financial statements in the period of initial application, except for the following:

The amendment to IFRS 2 relates to vesting conditions and cancellations for share options. This will impact a number of the Group's option schemes (for example, SAYE schemes).

The amendment to IFRS 3 relates to the accounting for business combinations and will have an impact on the Groups' accounting for acquisitions and disposals.

Upon adoption of IFRS 8, the Group will need to expand the disclosure in relation to segmental analysis. The adoption of this standard is not expected to impact the Group's result or net assets.

IAS 1 (amendment) affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". The standard is required for annual periods beginning on or after 1 January 2009 and will affect the Group after that date.

2.2. Consolidation

The financial information consolidates the results of Monitise plc and the entities controlled by the Company including the Group's joint ventures for the periods covered by the financial information.

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Transactions and Minority Interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c) Joint Venture Arrangements

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.3. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided within the Group's ordinary activities net of value added taxes and after eliminating sales within the Group, as described above (2.2).

Revenue relating to consultancy services contracted on a time and materials basis is recognised as the services are performed. Any consultancy services under fixed price contracts are accounted for under IAS 11 "Construction Contracts". Revenues and profits are recognised on a percentage-of-completion basis, when the outcome of a contract can be estimated reliably. Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement, whilst the calculation of a contract's profit requires estimation of the contract's costs to completion. Judgements and costs estimates are continually reviewed as determined by events or circumstances.

Revenue from contracts for software license fees that represent the right to use or deploy the software, or other rights to use or deploy the software, is recognised at the date from which the rights transfer to the customer. Fees for maintenance, support and other associated services under the license are recognised as revenue over the life of the contract. Revenue from bundled service arrangements which include non-separable license, maintenance, support and other associated services is recognised over the period of the contract.

2.4. Segmental Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments reporting in other economic environments.

Notes to the Consolidated Financial Statements (continued)

2.5. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their costs, over the lower of their estimated useful lives or term of lease, from the date at which normal revenue-generating activities begin, as follows:

	Estimated Useful Lives
Office equipment	3 - 5 years
Computer equipment	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains – net', in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6. Intangible Assets

Expenditure incurred in the development of software and hardware products, and their related intellectual property rights, is capitalised as an intangible asset only when technical feasibility has been demonstrated; adequate technical, financial and other resources exist to complete the development, which the Group intends to complete and use; future economic benefits expected to arise are deemed probable; and the costs can be reliably measured. Research costs and development costs not meeting these criteria are expensed in the income statement as incurred. Capitalised development costs are amortised as a charge to the income statement on a straight line basis over their useful economic lives, estimated on average at three years. Capitalised development costs for assets which are not yet in use are tested for impairment annually.

Computer software costs are capitalised as intangible assets and amortised over a period of 3 to 4 years.

Intellectual property rights are capitalised as intangible assets and amortised over a period of 7 years.

2.7. Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8. Financial Instruments

Financial Assets

The Group classifies its financial assets as loans and receivables and cash. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's financial assets are disclosed in notes 14 and 15. Impairment testing of trade receivables is described in note 14.

Financial Liabilities

The Group has one category of financial liabilities which is trade payables and other short term monetary liabilities. These are recorded initially at their fair value and subsequently at amortised cost. They are classified as non-current when the payment falls due greater than 12 months after the balance sheet date.

2.9. Trade Receivables

Trade receivables, with standard payment terms of between 30 to 45 days are recognised and carried at the lower of their original invoiced and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective guidance that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2.10. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.11. Share Capital

Ordinary shares are classified as equity.

Share premium recognised on the issue of share capital is stated as the excess consideration received over the nominal value of shares issued, net of any costs directly involved in the issue.

2.12. Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14. Current and Deferred Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet in the countries where the company's subsidiaries and joint ventures operate and generate taxable income.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available in the short term against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15. Employee Benefits

a) Pension Obligations

The Group operates defined contribution plans.

The Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Share-based Compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.16. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Consolidated Financial Statements (continued)

2.17. Foreign Currency Translation

a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'thousands of pounds' (£'000), which is the Company's functional and presentation currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) Group Companies and Joint Ventures

The results and financial position of all group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates, prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.18. Investments

Investments held by the Company in its subsidiary undertakings are stated at cost less provision for any impairment in value.

3. Financial Risk Management

3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks arising from its use of financial instruments: credit risk, liquidity risk and market risk.

This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. The Group continues to expand its operations in multiple geographies, including live operations already in place in the US which will have an increasing impact on the Group's financial risk factors. So far, there have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which the financial instrument risk arises, are as follows:

- trade and other receivables
- cash at bank
- trade and other payables

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board reviews regular finance reports from the Chief Financial Officer through which it evaluates any risk exposures with a view to minimising any potential adverse effects on the Group's financial performance. So far, the Group has not used derivative financial instruments to hedge risk exposures as its activities and operations exposure to such risks are not deemed significant. Transactions that are speculative in nature are expressly forbidden.

Details regarding the policies that address financial risk are set out below:

(a) Credit Risk

Credit risk arises principally from the Group's trade receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instruments.

Trade Receivables

The nature of the Group's operations means that all of its current key customers are established businesses in the banking and payments sector and Mobile Network Operators. The credit risks are minimised due to the nature of these customers and the concentration of sales to date within established economies. The Group will continually review its credit risk policy, taking particular account of future exposure to developing markets and associated changes in customers' credit risk profiles.

The carrying amount in the balance sheet, net of any applicable provisions for loss, represents the amount exposed to credit risk and hence there is no difference between the carrying amount and the maximum credit risk exposure.

(b) Liquidity Risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due and have the availability of such funds for its operations. Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents (note 15) on the basis of expected cash flow. At the balance sheet date, these projections, including the fundraising which concluded successfully as set out in note 29, indicate that the Group expects to have sufficient liquid resources to meet its obligations under all reasonable expected circumstances for the forthcoming year. The Group continues to monitor its liquidity position through budgetary procedures and cash flow analysis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
Trade and other payables	4,020	-	-	-
Financial liabilities	3,344	-	-	-
Finance leases	35	37	20	-

At 30 June 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
Trade and other payables	2,873	-	-	-
Financial liabilities	2,344	-	-	-
Financial leases	33	35	56	-

The Group does not have any derivative financial instruments.

(c) Market Risk

Market risk arises from the Group's use of interest bearing, tradeable and foreign currency financial instruments. There is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest Rate Risk

The Group invests its surplus cash in a spread of fixed rate short term bank deposits to minimise risk and maximise flexibility. In doing so it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant and the effect of a one percentage point decrease in the average interest rate during the year would have resulted in an increase in post-tax loss for the year of £100,000 (2008: £150,000).

(ii) Foreign Exchange Risk

The Group currently operates internationally primarily through its joint venture in the US and has a material US dollar denominated contract operated from the UK. As a result the Group's main exposure to foreign exchange risk arises from the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments.

In order to reduce the currency risk arising, the Group's policy is to allow the joint venture to settle liabilities denominated in its functional currency (primarily US dollar) with the funds obtained from the main venturers in that currency. The Group typically holds funds in US dollar term deposits to meet its anticipated short term funding requirements. Given the current scale of the Group's overseas operations, overall currency risk is considered to be low, but is expected to increase over the next year.

An increase of one percentage point in the average 2009 US dollar exchange rate would have decreased the Group's loss after tax by £16,000 (2008: £12,000). At 30 June 2009, the effect on equity of a one percentage point increase in the closing US dollar exchange rate would decrease equity by £nil (2008:£9,000).

(iii) Price Risk

The Group does not hold external investments in equity securities and therefore is not exposed to price risk.

Notes to the Consolidated Financial Statements (continued)

3.2. Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide future returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group seeks to maintain, at this stage of its development, sufficient funding drawn primarily from equity, to enable the Group to meet its working and strategic needs. As such, the Group has announced that they have successfully raised funds as detailed in note 29. The Group may issue new shares or realise value from its existing investments and other assets as deemed necessary.

The Group centrally manages borrowings, investment of surplus funds and financial risks. The objective of holding financial investments is to provide efficient cash and tax management and effective funding for the Group.

3.3. Fair Value Estimation

Holding trade receivables and payables at book value less impairment provision is deemed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

4. Critical Accounting Estimates and Judgements

Sources of Estimation Uncertainty

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In the process of applying the Group's accounting policies, management has made a number of judgements and estimations, of which the following are deemed to have the most significant effect on amounts recognised in the financial statements:

a) Revenue Recognition

Revenue for consulting services is recognised when the right to consideration is earned as each project progresses. Provisions against accrued income are made as and when management become aware of objective evidence that the amount of time worked will not be recoverable in full.

b) Share-based Payments

Management have made a number of assumptions in respect of the calculation of an IFRS 2 charge for the Group's employee share option scheme. Details of the assumptions are set out in note 23.

c) Going Concern

The Directors have prepared projections of the Group's anticipated future results based on their best estimate of likely future developments within the business and therefore believe that the assumption that the Group is a going concern is valid. The financial information has therefore been prepared on the 'going concern' basis.

d) Impairment of Assets

In line with the going concern assumption, based on their best estimate of likely future developments within the business, the Directors do not consider that an impairment provision against assets held is necessary as at the balance sheet date.

e) Deferred Tax Assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. No deferred tax asset was held at the balance sheet date (2008: £Nil) as it is not deemed probable that losses will be relieved in the short term. Further details are contained in note 25.

5. Segmental Information

a) Primary Segmental Analysis

The business segment is the primary reporting segment for the Group. The Group operates only one business segment, relating to the provision of mobile phone-initiated transactions. All revenue and costs are recorded in the profit and loss account under this segment.

b) Secondary Segmental Analysis

The UK is the home country of the Group and the base of its geographic operations. The revenue analysis in the table below is based on the locations of customers. The geographical segment is the secondary reporting segment for the Group.

	UK	US	Europe/Rest of the World	Total
	£'000	£'000	£'000	£'000
Year ended 30 June 2009				
Revenue – external	1,434	619	605	2,658
Other segment information				
Segment assets	16,354	436	-	16,790
Capital expenditure	307	-	-	307
Depreciation and amortisation	538	35	-	573
Year ended 30 June 2008				
Revenue – external	1,023	369	100	1,492
Other segment information				
Segment assets	13,906	570	-	14,476
Capital expenditure	374	143	-	517
Depreciation and amortisation	389	17	-	406

Segmental revenue by geographical segment represents revenue from external customers and proportionally consolidated joint ventures based upon their geographical location. See note 16 for further details of the joint ventures. The analyses of segmental assets and capital expenditure are based upon the location of the assets.

6. Operating Loss before Taxation

This is stated after charging/(crediting):

	2009	2008
	£'000	£'000
Employee benefit expense (note 24)	9,828	10,380
Depreciation (note 10)	210	149
Amortisation and impairment charges (note 11)	363	257
Research and development expensed as incurred	3,269	3,486
Net foreign currency differences	(26)	7
Operating lease payments	672	609

7. Auditors' Remuneration

	2009	2008
	£'000	£'000
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	15	15
Fees payable to company's auditors and their associates for other services:		
- The audit of the company's subsidiaries pursuant to legislation	29	29
- Other services pursuant to legislation (include fees for interim review)	13	15
- Tax services (compliance and advisory)	122	33
	179	92

Notes to the Consolidated Financial Statements (continued)

8. Restructuring costs

Included within overheads for the year ended 30 June 2009 are restructuring costs of £316,000 (2008: £nil). These costs relate mainly to headcount reductions in the United Kingdom and America and were incurred as part of the restructuring of these businesses.

9. Finance Income and Costs

Group	2009 £'000	2008 £'000
Finance income		
- Interest income on short-term deposits	611	923
Finance costs		
- Finance charges payable under finance lease	7	4

10. Property, Plant and Equipment

Group	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost:			
As at 1 July 2007	5	437	442
Additions	3	254	257
As at 30 June 2008	8	691	699
Accumulated depreciation:			
As at 1 July 2007	1	84	85
Charge	2	147	149
As at 30 June 2008	3	231	234
Net book value			
As at 30 June 2008	5	460	465
Cost:			
As at 1 July 2008	8	691	699
Additions	1	77	78
As at 30 June 2009	9	768	777
Accumulated depreciation:			
As at 1 July 2008	3	231	234
Charge	2	208	210
As at 30 June 2009	5	439	444
Net book value			
As at 30 June 2009	4	329	333

The Company does not have any property, plant or equipment.

Assets held under Finance Leases

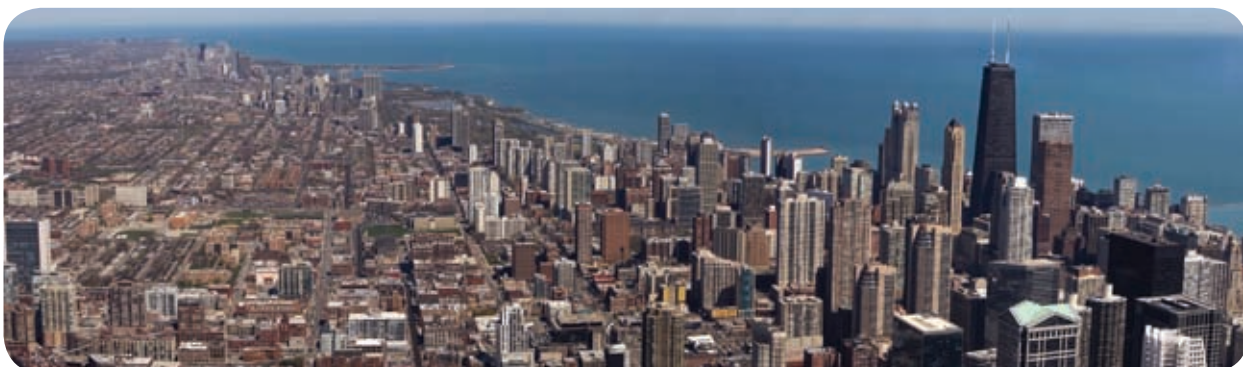
The carrying value of computer equipment held under finance leases at 30 June 2009 was £88,000 (2008: £123,000). Additions during the year include no computer and equipment held under finance leases (2008: £140,000).

11. Intangible Assets

Group	Intellectual Property £'000	Purchased Software Licences £'000	Capitalised Development Costs £'000	Total £'000
Cost:				
As at 1 July 2007	222	292	402	916
Additions	-	71	189	260
As at 30 June 2008	222	363	591	1,176
Accumulated amortisation:				
As at 1 July 2007	24	39	63	126
Charge	32	73	152	257
As at 30 June 2008	56	112	215	383
Net book value				
As at 30 June 2008	166	251	376	793
Cost:				
As at 1 July 2008	222	363	591	1,176
Additions	-	56	173	229
As at 30 June 2009	222	419	764	1,405
Accumulated amortisation:				
As at 1 July 2008	56	112	215	383
Charge	31	102	230	363
As at 30 June 2009	87	214	445	746
Net book value				
As at 30 June 2009	135	205	319	659

Amortisation is charged to administration expenses.

The Company does not have any intangible assets.



Notes to the Consolidated Financial Statements (continued)

12. Investments in Subsidiaries

Company Only	2009 £'000	2008 £'000
As at 1 July	35,589	34,521
Capital contribution relating to share-based payment	486	1,068
As at 30 June	36,075	35,589

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid, and this cost is tested periodically for impairment.

Details of the Company's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Direct Subsidiary Undertakings:			
Monitise Group Limited	United Kingdom	100%	Intermediate holding company
Indirect Subsidiary Undertakings:			
Monitise International Limited	United Kingdom	99.99%	Mobile phone banking and payments services
Monitise Business Solutions Limited	United Kingdom	100%	Mobile phone software services
Monitise Inc	USA	100%	Intermediate holding company
Monitise East Africa (Uganda) Limited	Uganda	100%	Mobile phone banking and payments services
Monitise India Private Limited	India	100%	Mobile phone banking and payments services

13. Interest in Joint Ventures

MONILINK LTD

Monitise Group Limited, during the year, held a 50 per cent share in a joint venture Monilink Ltd (incorporated in England and Wales on 14 July 2003). The principal activity of this company is the provision of mobile phone-initiated banking and payments services.

Monitise Group Limited owns 10,000 'A' Ordinary shares which rank pari passu with the 10,000 'B' shares owned by our joint venture partner.

Monitise Americas LLC

Monitise Inc has a 49 per cent share in a joint venture, Monitise Americas LLC, which provides mobile phone-initiated banking and payments services in North America. Monitise Americas LLC was incorporated in North America on 28 August 2007.

The Group proportionally consolidates Monilink Ltd and Monitise Americas LLC into its results on the basis that it has joint control of the strategic financial and operating decisions relating to the entities' activities, in line with the requirements of International Accounting Standard 31. Results are included in the balance sheet and income statement on a line by line basis.

The following amounts represent the Group's share of the assets and liabilities, and sales and results of the two joint ventures, and are stated before consolidation adjustments are made to eliminate intercompany balances:

	As at 30 June 2009 £'000	As at 30 June 2008 £'000
Assets		
Non-current assets	326	474
Current assets	1,247	744
	1,573	1,218
Liabilities		
Current liabilities	(8,815)	(5,525)
Total assets less current liabilities	(7,242)	(4,307)
Non-current liabilities	(57)	(91)
Net liabilities	(7,299)	(4,398)
	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Revenue	482	53
Expenses	(4,712)	(4,115)
Interest income	12	12
Loss after income tax	(4,218)	(4,050)

14. Trade and Other Receivables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade receivables	1,250	642	-	-
Less: provision for impairment of trade receivables	(23)	-	-	-
Trade receivables - net	1,227	642	-	-
Other taxes and social security	80	60	-	-
Other receivables	14	222	-	-
Amounts due from joint venture partner	3,082	2,082	-	-
Accrued income	825	217	9	95
Prepayments	425	314	57	12
Amounts due from group companies	-	-	21,954	10,899
Prepayments and other receivables	4,426	2,895	22,020	11,006
Trade and other receivables	5,653	3,537	22,020	11,006

Amounts due from group companies and from joint venture parties are non interest bearing loans and are repayable on demand.

The maximum exposure to credit risk at 30 June 2009 is the carrying value of each class of receivables mentioned above. Other receivables principally comprise deposits and advance payments.

The value of trade and other receivables quoted in the table above also represent the fair value of these items and are due within one year.

Notes to the Consolidated Financial Statements (continued)

Trade receivables are considered impaired if they are not considered recoverable. As at 30 June 2009, trade receivables of £1,037,000 (2008: £241,000) were past due. Current debt is considered to be fully performing. The overdue ageing analysis of trade receivables and impairment is as follows:

	2009 Trade Receivables £'000	2009 Impairment £'000	2008 Trade Receivables £'000	2008 Impairment £'000
Current and not impaired	213	-	401	-
Up to 3 months	510	(3)	231	-
3 to 6 months	341	-	10	-
Over 6 months	186	(20)	-	-
	1,250	(23)	642	-

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2009 £'000	2008 £'000
Pounds	5,397	3,537
US Dollars	256	-
	5,653	3,537

Movements on the Group provision for impairment of trade receivables are as follows:

	2009 £'000	2008 £'000
Beginning of year	-	12
Provision for receivables impairment	23	-
Receivables written off during the year as uncollectable	-	(12)
End of year	23	-

15. Cash and Cash Equivalents

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Cash at bank and on hand	10,145	9,681	8,985	9,274
	10,145	9,681	8,985	9,274



16. Related Parties and Shareholders

Monilink Ltd

The Group has a 50% interest in a joint venture, Monilink Ltd. During the year, consultancy charges of £1,907,000 (2008:£1,103,000) were billed and costs of £766,000 (2008:£363,000) were recharged to Monilink Ltd before consolidation adjustments. The Group loaned an additional £2,000,000 (2008:£2,100,000) to Monilink Ltd in respect of working capital requirements. The outstanding debtor balance at 30 June 2009 including loans was £7,992,000 (2008: £4,777,000) before consolidation adjustments.

Monitise Americas LLC

The Group has a 49% interest in a joint venture, Monitise Americas LLC. During the year consultancy costs and licence fees of £1,157,000 (2008: £936,000) were billed and costs of £154,000 (2008: £551,000) were recharged to Monitise Americas LLC before consolidation adjustments. The Group provided a capital contribution of £1,303,000 (2008: £1,474,000) to Monitise Americas LLC in respect of working capital requirements. The outstanding debtor balance at 30 June 2009 was £57,000 (2008: £115,000).

Subsidiaries

During the year, the Company incurred total administration costs of £2,932,000 (2008: £1,043,000). This contributed to amounts receivable and payable with the subsidiaries totalling £21,954,000 (2008: £10,899,000) and £151,000 (2008: £151,000) respectively. Transactions with subsidiaries are carried out on an arm's-length basis.

Directors

Details regarding Directors' emoluments can be found in the Remuneration Report on page 15. During the year, the Group paid consultancy services to P Radcliffe, a Non-Executive Director. Payments were made based on normal market rates and amounts are shown below:

	2009 £'000	2008 £'000
P Radcliffe	9	19

Key Management Personnel

The Directors have identified 8 key management personnel, being members of the Executive Management team and senior technical staff (8 staff as at 30 June 2008). Their compensation was as follows:

	2009 £'000	2008 £'000
Short term employee benefits	1,261	1,228
Share-based payments	394	898
	1,655	2,126

17. Trade and Other Payables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade payables	1,130	432	-	-
Other taxes and social security	164	220	-	-
Accruals and deferred income	2,712	2,167	334	41
Other creditors	14	54	-	-
Amount due to group companies	-	-	151	151
Other payables	2,890	2,441	485	192
Trade and other payables	4,020	2,873	485	192

Amounts due to group companies are non interest bearing loans and are repayable on demand.

Notes to the Consolidated Financial Statements (continued)

18. Financial Liabilities

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Current				
Loan from joint venture party – VocaLink	3,344	2,344	-	-
Finance leases (note 19)	35	33	-	-
	3,379	2,377	-	-
Non-Current				
Finance leases (note 19)	57	91	-	-

Loans from joint venture parties are non interest bearing loans and are repayable on demand.

19. Obligations under Finance Leases

The Group has used a finance lease to acquire equipment. The lease has terms of renewal and purchase options. Renewals are at the option of the lessee. Future minimum lease payments under finance leases are as follows:

	2009 £'000	2008 £'000
<i>Future minimum payments due:</i>		
Not later than one year	39	39
After one year but not more than five years	60	99
	99	138
Less finance charges allocated to future periods	(7)	(14)
Present value of minimum lease payments	92	124

The present value of minimum lease payments is analysed as follows:

	£'000	£'000
<i>Not later than one year</i>	35	33
After one year but not more than five years	57	91
Present value of minimum lease payments	92	124

20. Share Capital and Premium

	2009 Number of Shares	2009 Ordinary Shares £	2008 Number of Shares	2008 Ordinary Shares £
<i>Authorised Share Capital:</i>				
Ordinary shares of £0.01	500,000,000	5,000,000	500,000,000	5,000,000

	Number of Shares	Ordinary Shares £	Share Premium £
<i>Allotted, called up and fully paid:</i>			

As at 1 July 2007	254,002,748	2,540,028	19,261,392
Issue of new shares	545,452	5,455	72,272

As of 30 June 2008	254,548,200	2,545,483	19,333,664
Issue of new shares	84,087,097	840,871	11,257,668
Exercise of share options	1,478,828	14,788	305,000
Cost of share issue	-	-	(246,859)
As of 30 June 2009	340,114,125	3,401,142	30,649,473

During the year, the Company issued nil Ordinary shares of £0.01 to Non-Executive Directors in lieu of cash consideration for their service as Directors (2008: 545,452).

21. Other reserves

The merger reserve of £32,952,000 (2008: £32,952,000) arose on 28 June 2007 from the de-merger from Morse plc, the previous parent company of the Monitise group of companies.

A reverse acquisition reserve of £(25,321,000) (2008: £(25,321,000)) was also created at the time of the de-merger. Under IFRS 3 'Business Combinations', this transaction was accounted for as a reverse acquisition, with the legal subsidiary having been deemed to have acquired the legal parent.

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

The share based payment reserve is discussed in detail in note 23.

For the purposes of presentation on the balance sheet, the share based payment reserve, merger reserve and reverse acquisition reserve have been combined and disclosed as 'Other reserves'.

22. Loss per Share

Basic and Diluted

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Ordinary shares in issue during the year. As the Group is loss-making, any share options in issue are considered to be "anti-dilutive". As such, there is no separate calculation for diluted earnings per share.

Reconciliations of the loss and weighted average number of shares used in the calculation are set out below.

	2009 Losses £'000	2009 Weighted average number of shares (thousands)	2009 Loss per share amount (pence)	2008 Losses £'000	2008 Weighted average number of shares (thousands)	2008 Loss per share amount (pence)
Losses attributable to ordinary shareholders	(13,127)	329,110	(4.0)	(13,974)	254,429	(5.5)

Notes to the Consolidated Financial Statements (continued)

23. Share-based Payments

The Group operates a number of equity settled share-based payments plans. A summary of the main terms of the arrangements is given below, with particular reference made to the terms of those grants for which the share-based payment expense has been recognised.

Monitise Rollover Plan (MRP)

The Monitise Rollover Plan provides the grant of equivalent options over Ordinary Shares in the Company to replace Options in place prior to flotation. Options over Ordinary Shares in the Company were granted on 2 July 2007 to eligible employees based on the Plan in place prior to flotation. The Replacement Options vest in three equal tranches on the first, second and third anniversaries of the Admission Date and have an option period of ten years from the grant date of the Options which they replace.

Deferred Annual Bonus Plan (DAB)

The Deferred Annual Bonus Plan (DAB) is made available to qualifying employees based on performance and service tests. It may be awarded when a bonus is triggered subject to the employee remaining in employment with the Group for three years after the grant date. Participants who accept the Invitation are required to defer a minimum percentage of any annual bonuses and may voluntarily defer a higher percentage (up to a maximum of 100 per cent of their annual bonus). The number of Ordinary Shares in the Deferred Allocation is calculated by reference to the gross value of the bonus surrendered and the market value of an Ordinary Share on the dealing day immediately preceding the date of grant.

Matching Awards can be up to a maximum of two Ordinary Shares under the Matching Award for each Ordinary Share under the Deferred Allocation. Vesting of the Matching Award will be dependent on performance over a three year period. At the end of the three-year performance period, the Deferred Allocation will be released to the participant together with the proportion of the Matching Award that vests.

Sharesave Scheme (SAYE)

The Monitise Sharesave Scheme enables UK staff to acquire shares in the Company through monthly savings of up to £250 over a three year period, at the end of which they also receive a tax free bonus. The savings and bonus may then be used to purchase shares at the option price, which is set at the beginning of the invitation period and usually at a discount of 20% to the then prevailing market price of the Company's shares. For the option to vest, staff must remain as employees of Monitise over a three period. During the year, and for the benefit of the employees, a Sharesave scheme grant was introduced that replaced the Sharesave scheme grant of the prior year. The incremental effect of this in the year was a charge of £19,000.

Performance Share Plan (PSP)

A Performance Share Plan is in place for senior management. Options over shares are awarded conditional on the achievement of performance conditions and will vest after three or five years subject to the senior management remaining employed by the Group. For the five year plan, one fifth of the options will vest, subject to the achievement of performance conditions, on the first anniversary of the grant date and again by a further fifth at each subsequent annual anniversary date. Upon vesting, options may be exercised at any time until the tenth anniversary of the date of grant.

Monitise Share Option Plan (MOP)

The Monitise Share Option Plan is made available to qualifying employees based on performance, at an option price which is not less than the market price of the share at the date of the grant (or the nominal value if shares are to be subscribed and this value is greater than the market value). The options are subject to a three-year vesting period. Upon vesting, options may be exercised at any time until the tenth anniversary of the date of grant.

Warrants

The company granted Fleming Family and Partners Limited ("FF&P") the right to subscribe for up to 5,745,025 Ordinary Shares in Monitise plc in cash at a price of 13.5p on 14 July 2008 and a further 363,636 Ordinary Shares at a price of 1.06p on 20 November 2008. This grant is in consideration for the provision of ongoing strategic financial advice over a three year term.

FF&P may subscribe for those Shares at any time during the exercise period which runs between 14 July 2010 (or earlier if agreed with the Company) and 13 July 2011. Any subscription rights with regard to the shares that have not been exercised by 13 July 2011 shall automatically lapse and cease to be exercisable at that time.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009	2009	2008	2008
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
At 1 July	33,630,299	3.61p	-	-
Granted	19,485,707	3.25p	34,247,394	3.78p
Exercised	(1,478,804)	1.0p	-	-
Lapsed	(3,136,644)	13.74p	(617,095)	12.85p
At 30 June	48,500,558	2.9p	33,630,299	3.61p

Assumptions used in the valuation of share-based payment, including warrants

In calculating the fair value of equity-settled share-based payment arrangements, the Group has used a Monte Carlo model in cases where market-based performance conditions have to be met and the Black Scholes model where the share option has only non market conditions. Management have made a number of assumptions in respect of the calculation of an IFRS 2 charge for the Monitise Group's employee share option schemes. The following table gives the assumptions made during the year ended 30 June 2009.

Scheme Name	MRP	DAB	PSP	MOP	Sharesave	PSP	MOP
Grant date	2 Jul 07	2 Jul 07	2 Jul 07	16 Jul 07	25 Oct 07	17 Mar 08	17 Mar 08
Share price at issue date	£0.22	£0.22	£0.22	£0.18	£0.16	£0.08	£0.08
Exercise price	£0.01 and £0.12	£0.00	£0.01	£0.22	£0.14	£0.01	£0.09
Fair value per option (£)	£0.1070-£0.2070	£0.1294	£0.1264	£0.0508	£0.0627	£0.0092	£0.0042
Number granted	12,746,338	1,544,318	12,392,945	1,370,090	3,584,886	300,000	764,500
Valuation method	Black Scholes	Monte Carlo	Monte Carlo	Monte Carlo	Black Scholes	Monte Carlo	Monte Carlo
Vesting hurdles	N/A	TSR Hurdles as set out below	TSR Hurdles as set out below	TSR Hurdles as set out below	Staff must remain as employees of Monitise for options to vest.	TSR Hurdles as set out below	TSR Hurdles as set out below
Risk free rate used in valuation	5.65%	5.65%	5.76%	5.65%	4.93%	3.75%	3.95%
Expected dividend yield used in valuation	-	-	-	-	-	-	-
Volatility used in valuation	40%	40%	40%	40%	40%	40%	40%
Expected life (years)	1.00-3.00	3.00	3.00	6.00	3.25	3.00	6.00
Expected exercise date used in valuation	2 Jul 2008 - 2 Jul 2010	2 Jul 2010	2 Jul 2010	16 Jul 2013	1 Dec 2010	17 Mar 2011	17 Jul 2013

Scheme Name	DAB	PSP	Sharesave	PSP	Warrants	Warrants
Grant date	04 Sept 08	14 Oct 08	25 Oct 08	08 Apr 09	14 Jul 08	20 Nov 08
Share price at issue date	0.1125	0.0613	0.076	0.0338	0.1075	0.055
Exercise price	£0.00	£0.01	£0.01	£0.01	£0.135	£0.01
Fair value per option (£)	£0.0735	£0.0362	£0.02069	£0.0185	£0.02147	£0.04585
Number granted	592,584	13,470,000	5,223,123	200,000	5,745,025	363,636
Valuation method	Monte Carlo	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes	Black Scholes
Vesting hurdles	TSR Hurdles as set out below	TSR Hurdles as set out below	TSR Hurdles as set out below	TSR Hurdles as set out below	TSR Hurdles as set out below	TSR Hurdles as set out below
Risk free rate used in valuation	4.38%	4.51%	4.51%	2.15%	4.51%	4.51%
Expected dividend yield used in valuation	-	-	-	-	-	-
Volatility used in valuation	45%	45%	45%	45%	45%	45%
Expected life (years)	3.00	1.00-5.00	3.25	2.00	2.00	1.90
Expected exercise date used in valuation	04 Sept 2011	14 Oct 2009	01 Dec 2011	08 Apr 2012	14 Jul 2010	14 July 2010

The expected life of the options is the average period to exercise which has been assumed to occur, and is not necessarily indicative of exercise patterns that may occur. Volatility was calculated with reference to similar FTSE AIM entities with market capitalisation between £30 million and £50 million, which may not necessarily be the actual outcome. The risk free interest rate is the expected return on UK Gilts over the expected term of the options.

Performance Conditions

Vesting of the Deferred Annual Bonus Plan, Performance Share Plan and Monitise Option Plan is dependent on performance conditions based on the Total Shareholder Return (TSR) growth measured against the FTSE Techmark 100 index constituents over a three year period or annually under the term of the five year Performance Share Plan. The Remuneration Committee has set a vesting schedule which provides for 30 per cent vesting at the median TSR point for FTSE Techmark 100 constituents rising on a straight-line basis to 100 per cent vesting at the upper quartile point for FTSE Techmark 100 constituents. The Remuneration Committee also reserves the right to reduce the number of Ordinary Shares over which awards vest if overall financial performance is not adequately reflected in TSR performance. There is no element of retesting.

The share-based payments charge in respect of employee services received during the year to 30 June 2009 is £1,754,000 (2008: £2,107,000).

Notes to the Consolidated Financial Statements (continued)

24. Employee Benefit Expense and Directors' Emoluments

Employees (including Directors)	2009 £'000	2008 £'000
Wages and salaries	7,111	7,337
Social security costs	783	804
Share-based payments	1,754	2,107
Pension costs – defined contribution plans	180	132
	9,828	10,380
Average number of employees		
Management and administration	63	64
Sales and technical	36	32
	99	96

The Group has defined contribution pension schemes available to all employees.

Company

The average number of administration staff employed by the Company during the year, including Executive Directors was 9 (2008: 8).

Directors' Emoluments (included above)	2009 £'000	2008 £'000
Aggregate emoluments	930	787
Pension contributions	19	5
	949	792
Emoluments of the Highest Paid Director		
Aggregate emoluments	322	233



25. Taxation

	2009 £'000	2008 £'000
Recognised in the income statement:		
<i>Current tax:</i>		
Current year	-	-
Adjustments for prior years	-	413
Impact of consideration received for tax losses surrendered	-	(413)
	-	-
<i>Deferred tax:</i>		
Current year	-	-
Total tax in income statement	-	-
Reconciliation of effective tax rate:		
Loss before tax	(13,127)	(13,974)
Tax using the UK corporation tax rate of 28% (2008: 29.5%)	(3,676)	(4,122)
Effects of:		
Expenses not deductible for tax purposes	641	790
Tax losses for which deferred tax asset has not been recognised	3,197	3,482
Foreign tax differences	(162)	(150)
Adjustments in respect of prior periods	-	413
Impact of consideration received for tax losses surrendered	-	(413)
Total tax in income statement	-	-

The Group has an unrecognised deferred tax asset of £6.9million (2008: £3.5million) that is available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses where it is the view of the Directors that future taxable profits are not deemed probable to be available in the short term to offset against any deferred asset.

Notes to the Consolidated Financial Statements (continued)

26. Reconciliation of Net Loss to Net Cash Utilised by Operating Activities

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Loss before income tax	(13,127)	(13,974)	(2,398)	(1,261)
Adjustments for:				
Depreciation	210	149	-	-
Amortisation	363	257	-	-
Issue of shares	-	78	-	78
Share-based payments	1,754	2,107	1,268	1,038
Finance income – net	(604)	(919)	(533)	(890)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):				
Trade and other receivables	(2,116)	(1,321)	(152)	201
Trade and other payables	2,124	2,624	292	(9)
Cash utilised in operations	(11,396)	(10,999)	(1,523)	(843)

27. Company Income Statement

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The loss for the financial year of the Company was £2,398,000 (2008:£1,261,000).

28. Commitments and Contingencies

The Group leases its office premises under non-cancellable operating lease agreements. The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2009 £'000	2008 £'000
No later than one year	170	158

There is no material difference between the minimum lease payments due and their fair value. The Group had no capital commitments at the end of the year for capital expenditure contracted for but not provided for in the financial statements.

Legal Contingencies

Except as set out below, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Directors are not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of these financial statements which may have or have had, in the recent past, a significant effect on the financial position or profitability of the Group.

Mobile VPT Limited has issued a UK infringement claim against Monitise International Limited (formerly known as Monitise Limited) and other related parties. Following advice from leading counsel, the Directors believe that the Monitise Business's activities in the UK do not infringe any valid claim of Mobile VPT's Patent and that the Mobile VPT Patent may be invalid. As a result, and in line with the fact that there has been no adverse movement since the proceedings in this case were stayed in October 2007 no provision has been reflected in the financial statements.

The Company had no commitments or contingencies at the end of the year.

29. Events After Balance Sheet Date

Equity Transactions

On 21 July 2009, the Group issued 73.2 million new Ordinary shares as part of a subscription agreement with a new share holder, Visa International Service Association, a subsidiary of Visa Inc and existing investors UBS Global Asset Management and Capital Group.

As a result £5.1million (before expenses) has been raised and, taken together with year end cash, provided the Group with a total cash position of circa £15m on receipt of funds in July 2009. The Directors believe that this new subscription will provide additional flexibility for the Group to continue to implement its development strategy and grow its business in a number of territories.

Acquisitions

On 21 August 2009, the Group acquired an additional 50% of the issued share capital in its joint venture, Monilink Ltd from its joint venture partner VocaLink Ltd, for an initial cash consideration of £1,500,000 over three years. This acquisition gives the Group a 100% shareholding in Monilink Ltd. Monilink Ltd is licensed to provide mobile phone-initiated banking and payment services in the UK and Ireland.

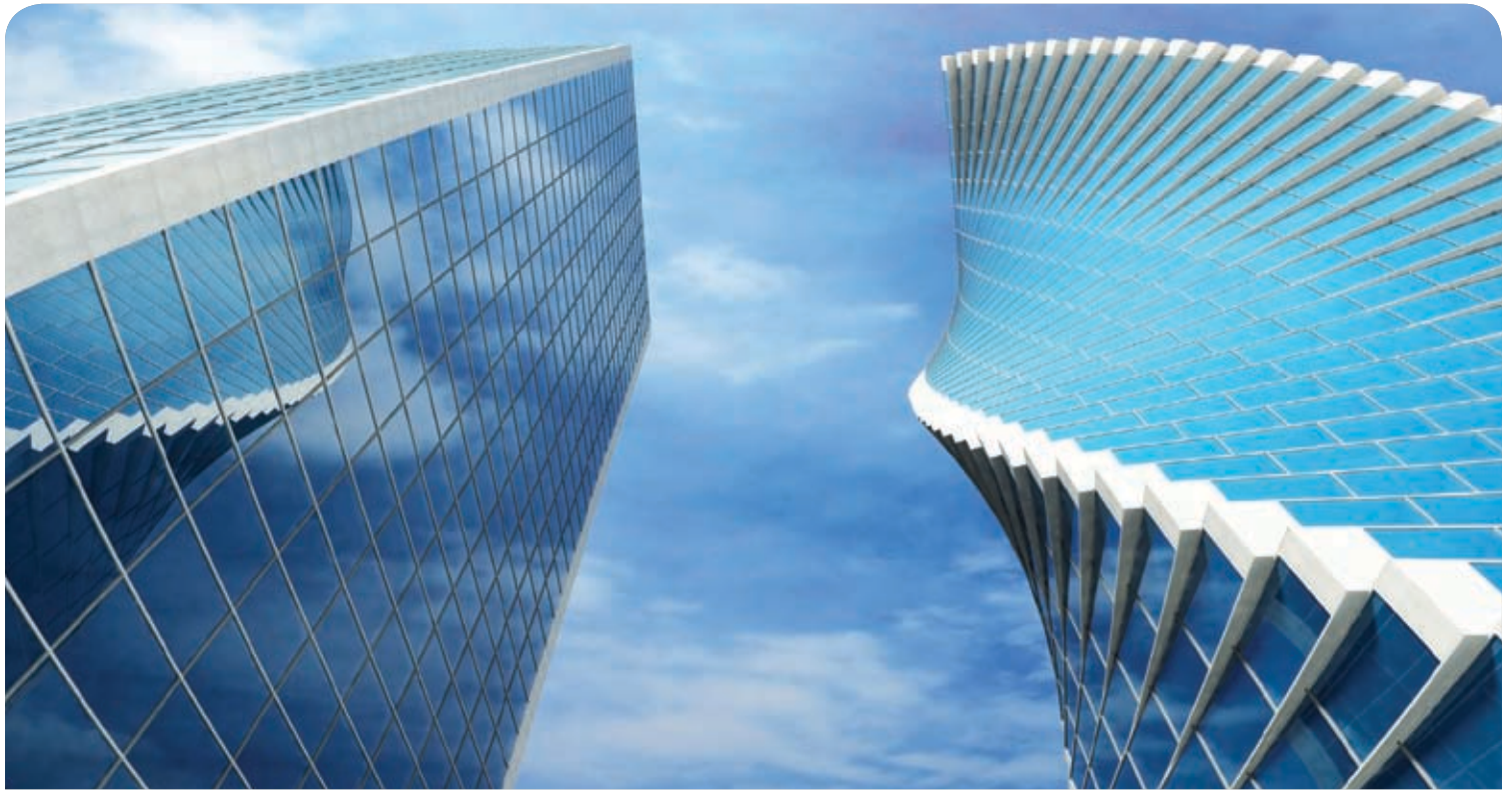
Due to the timing of the transaction, a fair value exercise by an independent valuation expert has not yet been completed and as such Monitise plc will provide details of the fair value of the assets acquired from Monilink Ltd and therefore of any goodwill created in the next financial reporting period. For the year ended 30 June 2008, being the latest audited accounts, MoniLink Limited recorded a loss before tax of £5,663,296 and had net liabilities of £9,274,900. On completion the business had an estimated net asset figure of £1,200,000 following capitalisation of funding loans, and monthly run rate revenues of £100,000.

A contingent consideration arrangement requires the Group to pay VocaLink Ltd a maximum undiscounted amount of £1,500,000 subject to certain performance criteria over the period to 30 June 2013.



> Company Information

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Financial Advisors	Fleming Family and Partners 15 Suffolk Street London, SW1Y 4HG
Registered Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Registrars	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA



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