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Application has been made for the whole of the issued and to be issued ordinary share capital of Monitise plc (the "Company") to be admitted to AIM, a market operated by the London Stock Exchange ("AIM"). It is emphasised that no application is being made for admission of these securities to the Official List. The Ordinary Shares are not dealt on any regulated market and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

This document comprises an admission document prepared in accordance with the AIM Rules. This document does not constitute an offer or invitation for any person to subscribe or purchase securities the Company. This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been, and will not be, approved by or filed with the Financial Services Authority. This document does not contain an offer of transferable securities to the public within the meaning of the Financial Services and Markets Act 2000 (as amended) and therefore no prospectus within the meaning of section 85 or pursuant to Part 6 of the Financial Services and Markets Act 2000 (as amended) is required.

The Company, whose registered office appears on page 7 of this document and the Directors of the Company, whose names appear on page 7 of this document, accept responsibility individually and collectively for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Demerger Shares and the Placing Shares will rank in full for all dividends and other distributions declared in respect of the ordinary share capital of the Company after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States. The Ordinary Shares are being offered and sold outside the United States pursuant to, and in reliance on, Regulation S under the US Securities Act and within the United States only to "major US institutional investors" ("major US institutional investors") within the meaning of Rule 15a-6 under the US Securities Exchange Act of 1934 (the "US Exchange Act") who are also institutional accredited investors ("institutional accredited investors") within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act, in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.



MONITISE™

Monitise plc

*(incorporated and registered in England and Wales on 28 November 2006
in accordance with the Companies Act 1985 with number 6011822)*

Admission to AIM and Placing of 97,088,481 Ordinary Shares of 1 penny each at a price of 22 pence per Ordinary Share

Nominated Adviser and Broker



ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING FIRST ADMISSION

Authorised			Issued and fully paid	
Number	Amount		Number	Amount
495,000,000	£4,950,000	Ordinary Shares of 1 penny each	156,914,267	£1,569,143

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING SECOND ADMISSION

Authorised			Issued and fully paid	
Number	Amount		Number	Amount
495,000,000	£4,950,000	Ordinary Shares of 1 penny each	254,002,748	£2,540,027

THE AIM RULES ARE LESS DEMANDING THAN THE LISTING RULES WHICH APPLY TO SECURITIES ADMITTED TO THE OFFICIAL LIST OF THE UK LISTING AUTHORITY. IT IS EMPHASISED THAT NO APPLICATION IS BEING MADE FOR THE ADMISSION OF THE ORDINARY SHARES TO THE OFFICIAL LIST. PROSPECTIVE INVESTORS SHOULD READ THE WHOLE OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN MONITISE PLC IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. YOUR ATTENTION IS DRAWN IN PARTICULAR TO PART II OF THIS DOCUMENT WHICH LISTS CERTAIN RISKS WHICH SHOULD BE TAKEN INTO ACCOUNT IN CONSIDERING WHETHER OR NOT TO ACQUIRE ORDINARY SHARES.

The Ordinary Shares have not been and will not be qualified for distribution or registered under the securities laws of Australia, Canada or Japan or any of their states, provinces, territories or possessions and areas subject to their jurisdiction and any other jurisdictions where the extension or availability of the Placing would breach any applicable law or regulation (each an "Excluded Territory"). Save with the prior consent of the Company and Investec, the Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly, in any Excluded Territory or as a result of an application known to originate in any Excluded Territory, or to a citizen of, or a person resident in, any Excluded Territory or to a corporation, partnership or other entity created or organised in or under the laws of any Excluded Territory or to an estate or trust which is subject to the taxation of any Excluded Territory regardless of the source of its income.

Accordingly, save with the prior consent of the Company and Investec, copies of this document and any related documents are not being, and must not be, mailed or otherwise distributed or sent in or into the United States or the Excluded Territories. Persons purchasing Ordinary Shares in the Placing shall be deemed to represent and warrant that they are not in the United States unless they are a major US institutional investor and also an institutional accredited investor and will not, as principal or agent, offer, sell, transfer or deliver, directly or indirectly, as part of the distribution of the Ordinary Shares, any Ordinary Shares being purchased to any person in the United States or any Excluded Territory or as a result of an application known to originate in the United States or any Excluded Territory.

None of the securities referred to in this admission document has been approved or disapproved by the US Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

Subject to the passing of the Demerger Resolution, it is expected that admission will become effective and that unconditional dealings in the Demerger Shares will commence on AIM at 8.00 a.m. (London time) on 28 June 2007 ("First Admission") and that admission will become effective and that unconditional dealings in the Placing Shares will commence on AIM at 8.00 a.m. (London time) on 29 June 2007 ("Second Admission"). Conditional dealings in the Demerger Shares are expected to commence at 8.00 a.m. on 25 June 2007 and conditional dealings in the Placing Shares are expected to commence at 8.00 a.m. on 26 June 2007. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if the relevant Admission does not take place and any such dealings will be at the sole risk of the parties concerned.

Throughout this document the number of Demerger Shares has been assumed for illustrative purposes to be 156,914,167. The actual number of Demerger Shares (which may be higher or lower than the number indicated) will, together with Monitise's share capital in issue at 5.00 p.m. on the Business Day prior to First Admission, will equal the number of Morse Shares in issue at this time.

Prospective investors must not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should consult their professional advisers on potential tax consequences of subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence. Prospective investors should rely only on the information contained in this document. No person is authorised to give any information or make any representation in connection with Admission other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Investec. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Investec, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with Admission and it will not regard any other person (whether or not a recipient of this document) as its customer or be responsible to any other person for providing the protections afforded to customers of Investec, nor for providing advice in relation to the transactions and arrangements detailed in this document or any other matter. Investec's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any holder of Ordinary Shares or to any other person in respect of the decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. In accordance with the AIM Rules for Nominated Advisers, Investec has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. However, no representation or warranty, express or implied, is made and no liability whatsoever is accepted by Investec, as to any of the accuracy of any information or opinion contained in this document for which the Company and the Directors are solely responsible. Investec has not authorised the contents of, or any part of, this document and without limiting the statutory rights of any person to whom this document is issued, no liability whatsoever is accepted by Investec for the accuracy of any information or opinions contained in this document or for the omission of any information, for which the Company and the Directors are solely responsible.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Copies of this document, which is dated 25 June 2007, are available from such date for one month free of charge to the public during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the registered office of the Company and at the offices of Investec at 2 Gresham Street, London EC2V 7QP.

Restrictions on Sales

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares by a person in any jurisdiction: (a) in which such offer of invitation is not authorised; or (b) in which the person making such offer or invitation is not qualified to do so; or (c) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the Placing in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom into whose possession this document comes are required by the Company and Investec to inform themselves about and to observe any restrictions as to the Placing and the distribution of this document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or Investec that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where actions for that purpose are required.

Notice to prospective investors in the United Kingdom

This document is only being distributed to and is only directed at: (a) persons who are outside the United Kingdom or (b) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (c) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as "relevant persons"). The Ordinary Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Ordinary Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Persons outside the United Kingdom into whose possession this document comes are required by the Company and Investec to inform themselves about and to observe any restrictions as to the Placing and the distribution of this document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or Investec that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where actions for that purpose are required.

The Ordinary Shares are subject to restrictions on transfer, and may not be reoffered, resold, pledged or otherwise transferred except as permitted by the Articles and as provided in this document.

Notice to prospective investors in the European Economic Area

In any European Economic Area ("EEA") Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at: (a) qualified investors in that Member State within the meaning of the Prospectus Directive; and (b) other persons who are permitted to purchase the Ordinary Shares pursuant to an exemption from the Prospectus Directive and other applicable regulations.

This document has been prepared on the basis that all offers of the Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Member States of the EEA, from the requirement to produce a prospectus for offers of shares. Accordingly any person making or intending to make any offer within the EEA for Ordinary Shares which are the subject of the placement contemplated in this document should only do so in circumstances in which no obligation arises for the Company or Investec to produce a prospectus for such offer. Neither the Company nor Investec has authorised, nor do they authorise the making of an offer of Ordinary Shares through any financial intermediary, other than offers made by a financial intermediary with the consent of Investec and other than offers made by Investec which constitute the final placement of Ordinary Shares contemplated in this document.

Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding Monitise’s intentions, beliefs or current expectations concerning, amongst other things, Monitise’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Monitise Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Monitise’s actual results of operations, performance, achievements, financial condition and liquidity, and the development of the industry in which the Monitise Group operates, may differ materially from those expressed or implied by the forward-looking statements contained in this document. In addition, even if Monitise’s results of operations, performance, achievements, financial condition and liquidity, and the development of the industry in which the Monitise Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors are advised to read, in particular, the parts of this document entitled Part I “Information on the Monitise Group”, Part II “Risk Factors”, Part IV “Financial Information”, Part V “Share Plans” and Part VI “Additional Information” for a more complete discussion of the factors that could affect the Monitise Group’s future performance and the industry in which the Monitise Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

Forward-looking statements in this document speak only as of the date of this document. Other than in accordance with the Company’s obligations under the AIM Rules, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, OR RSA 421-B, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

For so long as any of the Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, if at any time the Company is neither subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act nor exempt from the reporting requirements of the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, it will provide upon request to the holder of any Ordinary Shares, and to each prospective purchaser designated by any such holder, the information required by Rule 144A(d)(4) of the US Securities Act.

Basis on which information is presented

The report on financial information included in Part IV “Financial Information” has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in the admission document appearing

in Part VI – “Additional Information” has been included as required by the AIM Rules and solely for that purpose.

Financial information in this document has been prepared in accordance with IFRS. Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row. The non-financial operating data included in this document has been extracted without material adjustment from the management records of the Monitise Group.

All references in this document to “pounds Sterling”, “pence”, “£” or “p” are to the lawful currency of the United Kingdom and all references to “Euros” or “€” are to the lawful currencies of the EU (as adopted by certain member states).

Third Party Information

Where third party information has been used in this document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data.

References to Defined Terms

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the end of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to the time in London, England.

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DIRECTORS, SECRETARY AND ADVISERS

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Alastair Lukies Chief Executive Officer

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Lee Cameron

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ADMISSION STATISTICS

Number of Ordinary Shares in issue immediately following First Admission and the Demerger becoming effective	156,914,267
Percentage of issued ordinary share capital of the Company owned by Morse Shareholders immediately after First Admission	100 per cent.
Placing Price	22 pence
Number of Ordinary Shares which are being offered under the Placing (as referred to in paragraph 3 of Part III of this document)	97,088,481
Number of Ordinary Shares which will be in issue immediately following Placing and Second Admission	254,002,748
Estimated proceeds of the Placing receivable by the Company (i.e. after expenses)	£20.2 million
Market capitalisation of the Company immediately after the Placing ⁽¹⁾	£55.9 million
Percentage of Demerger Shares immediately after Second Admission	61.8 per cent.

(1) Calculated by multiplying the number of Ordinary Shares currently assumed to be in issue following Second Admission (based on the number of Morse Shares in issue as at 22 June 2007) by the Placing Price of 22 pence.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	25 June 2007
Completion of the Demerger	8.00 a.m. on 28 June 2007
First Admission, expected commencement of dealings in Demerger Shares and CREST accounts credited	8.00 a.m. on 28 June 2007
Second Admission, expected commencement of dealings in Placing Shares and CREST accounts credited	8.00 a.m. on 29 June 2007
Despatch of definitive share certificates (where applicable)	5 July 2007 (or as soon thereafter as practicable)

Notes:

Each of the times and dates in the above timetable is subject to change without further notice. References to time are to London time.

KEY INFORMATION

The following summary should be read in conjunction with the full text of this document from which it is derived.

- The Monitise Business provides the switch infrastructure and software to carry out personal banking transactions and enquiries securely on mobile phones.
- Monitise's business model is to capitalise on the rapidly developing global mobile banking and payments market, through marketing relationships with major international retail banks and mobile network operators.
- The Monitise Group has a joint venture with LINK and agreements in place with key banks, mobile operators and other service providers in the UK. Internationally, the Monitise Group has signed a contract which will, once the Demerger becomes effective, create a joint venture in the US with Metavante, the financial services group, which owns the New York Cash Exchange payments network in the US – a similar platform to the LINK network in the UK.
- The Monitise Business has a live established service into which several major UK retail banks have invested.
- The Monitise Business has been first to market in the UK with an industry platform which leverages existing infrastructure and has been successfully integrated with the LINK network, the busiest ATM switch in the world. Its technology is scaleable with bank-grade security architecture.
- The foundation is now in place for rapid product development and international reach.
- Monitise has a stable and experienced management team led by founder Alastair Lukies (CEO) and Duncan McIntyre (Chairman) and a strong board with extensive listed company and growth company experience.
- The Monitise Business has adopted a variety of revenue models ranging from a licensing model to revenue per customer and revenue per service usage.
- Although Monitise will remain in an investment stage in the near term, the Board is confident about the prospects of the Monitise Business.
- Following Admission, the objective of the Monitise Group will be to achieve profitability by capitalising on its intellectual property, its market position in the UK and its growing international operation. It expects to achieve this through continued investment in the development of new products and services, pursuit of geographic expansion through a combination of organic growth, joint ventures and licensing agreements, consultancy and the continued consumer adoption of its services.
- Monitise intends to raise approximately £20 million to fund an increasing level of investment in the Monitise Business as it seeks to internationalise its mobile banking platform.
- Monitise's strategy is to continue to:
 - sign up the world's leading banks and switches to its Monitise Platform;
 - attract the appropriate partners to deliver a sustainable network; and
 - develop a compelling and consumer-centric product roadmap ahead of the market.

The attention of prospective investors is drawn to the information contained in the rest of this document and, in particular, to the risk factors set out in Part II.

PART I

INFORMATION ON THE GROUP

1 Information regarding the Monitise Business

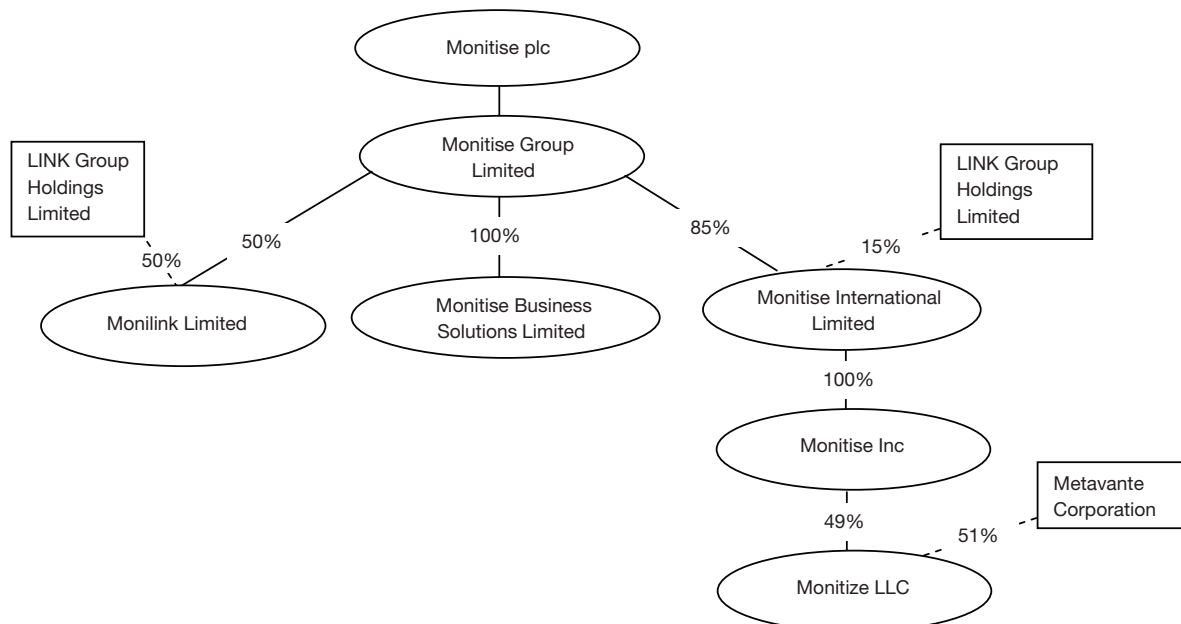
(a) Background

The Monitise Business was formed in 2003 as a business unit within the Morse Group to invest in building a mobile banking platform which could leverage the existing banking infrastructure for the rapidly emerging mobile banking and payments market.

The key product of the Monitise Business at the present time is MobileATM™, a mass market, mobile phone banking platform, with bank-grade security which provides consumers with a fast, convenient, secure and straightforward means by which to conduct their banking enquiries (currently mini-statement and balance enquiries) and transact (currently top-up of prepay mobile phones) via their mobile phone. In the UK, it uses the secure ATM platform operated by LINK to access its partner banks' services (currently three major UK retail banks) and is connected to all UK mobile networks.

(b) Group structure

The Monitise Group comprises Monilink (a 50:50 joint venture with LINK Group Holdings Limited which markets the Monitise Business in the UK and the Republic of Ireland) and Monitise International (which is held 85 per cent. by Monitise Holdco and 15 per cent. by LINK Group Holdings Limited, which holds the intellectual property related to the Monitise Business and markets the Monitise Business globally, other than in the UK and the Republic of Ireland). The Monitise Group will also, immediately following the Demerger, include a new joint venture in the US, Monitize LLC, which will be 51 per cent. owned by Metavante (the US financial services group), and 49 per cent. owned by Monitise Inc., a wholly owned subsidiary of Monitise International, which will market the Monitise Business in the US. As at the date of First Admission, the structure of the Monitise Group will be as set out below:



(c) Market opportunity

Banks around the world are progressively migrating banking services from branch networks to more cost effective channels such as ATMs, internet banking and telephone banking. Customer acceptance of self service channels has been significant and there are now estimated to be 1.5 million¹ ATMs operating in more than 140 countries worldwide.² The ATM

1 <http://www.researchandmarkets.com/reports/34759/35759.htm>

2 RBR Global ATM Report 2007

has become the global *defacto* standard for electronically accessing banking services on the high street. In a similar way, the Board considers that a mobile banking solution can become the *defacto* standard for accessing secure banking services in the mobile and digital world.

The Board believes mobile banking services are becoming increasingly attractive to banks and mobile operators as they attract new customers, provide choice and improved satisfaction to existing customers, deliver new income streams, reduce costs and the incidence of fraud, require minimal IT effort to integrate, respond to increasing regulatory pressure for transparency, provide cross-selling and up-selling opportunities and protect against disintermediation. Industry analysts anticipate that mobile devices could become the fifth and most heavily utilised banking channel by consumers, following branch, ATMs, call centres and the internet.

Since its inception, the Monitise Group has developed the Monitise Platform and implemented it in the UK with the appropriate infrastructure so that it can deliver a range of information and banking transaction services to consumers through their mobile phones whilst being easy to use and employing bank-grade security.

The Board estimates that the global opportunity for all participants in this fast-emerging market could amount to over £5 billion over the next five years. Statistics show that 86 per cent. of North American adults now have a mobile phone, and mobile penetration is still growing slowly.³ The Board believes that mobile banking will eventually surpass global internet banking and that there is already an increasing acceptance of data usage through mobile devices. 51 per cent. of the UK's frequent internet users have expressed a general interest in mobile banking,⁴ up from 10 per cent. in 2001 and 33 per cent. in 2004.⁵ In addition, 39 per cent. of 25-44 year olds would like to deal with finances on the way to and from work and 50 per cent. of 18-24 year olds would like a bank balance or credit notification on their mobile phone.⁶ Mintel International Group estimates that 25 per cent. of online banking customers would switch banks to gain access to mobile banking.⁷

The Monitise Business currently employs 72 people, approximately 90 per cent. of whom hold tertiary qualifications. There were no direct employees in the Monitise Business prior to the financial year ending 30 June 2005, as services were provided by secondees. Since then, headcount has increased steadily from 36 at 30 June 2006 to 57 at 31 December 2006, and is expected to increase further in the second half of this year. The Board expects future increases in headcount to be managed in line with the projected growth plans.

(d) The UK business

MONILINK[™], the Monitise Business's UK mobile banking service has been successfully implemented, and operates, in the UK, which the Board believes to be one of the world's more conservative, security-conscious and heavily regulated financial markets.

In the UK, the Monitise Business operates primarily through Monilink, the 50:50 joint venture with LINK Group Holdings Limited (which owns the MONILINK[™] trademark and licenses it to Monilink). LINK operates the LINK ATM network, which connects the UK retail banks to over 59,000 ATMs (cash machines) and carries, or switches, approximately 5.5 million transactions per day. The Monitise Business's partner banks, being members of the LINK ATM network, have also themselves been subject to stringent tests and have received the certification required by LINK prior to passing any Monitise transactions through the LINK ATM switch.

Contracts to implement MONILINK[™] have so far been signed with a number of major UK retail banks, of which HSBC, first direct and Alliance & Leicester have live services with customers and The Royal Bank of Scotland group is at the testing and implementation stage. These four retail banking entities account for over 33 per cent. of the current account cards in the UK market and the Board is confident that it will reach similar agreements with other UK

3 Forrester Research Inc. "Forrester's Consumer Technology Adoption Study, 2000 to 2005", page 6

4 Source: Wi-Fi Technology Forum "Publications and Resources: 51 per cent. of UK's Frequent Internet Users Interested in Mobile Banking" page 1, December 16 2005; <http://www.wi-fitechnology.com/displayarticle2501.html>

5 Source: Forrester Research "What Europeans want from mobile banking" page 1, 17 March 2005

6 Source: BT Media Centre "UK banks risk losing sight of customers as automated services take off" page 1, 14 December 2005; <http://www.btplc.com/News/Articles/Showarticle.cfm?ArticleID=b6099dc2-0e2c-4417-bea2-df3dba7beee0>

7 Source: Mintel International Group Limited Report "Current Accounts" June 2006; <http://oxygen.mintel.com/sinatra/display/id=171906>

retail banking groups. Vodafone, Orange, T-Mobile, O2, Virgin Mobile, Tesco Mobile and Hutchison 3G have “connected” to the Monitise Platform and can provide their customers with services delivered using the Monitise Platform.

As every major retail bank and building society in the UK is a member of the LINK ATM network and each of these banks has LINK IT systems embedded in its core processing infrastructure, the Monitise Business’s services are capable of being delivered for any UK retail bank, through any partner mobile operator network and to nearly any mobile handset, irrespective of region and with a minimum of additional IT hardware required.

(e) *Global potential*

The Monitise Platform, already deployed in the UK, can be replicated in other countries with minimal localisation. The Monitise Business, through Monitise International, has selected and is building relationships with a number of partners around the world, such as Metavante in the US⁸, which the Board believes to have the credibility and relationships to be able to roll out the Monitise Platform in the relevant territories and on Demerger will have established a joint venture to target the US market. This strategy reduces the time to market, investment and execution risk.

Significant steps have also been taken towards furthering the Monitise Business’s first direct licensing opportunity. A preferred supplier agreement has been signed with T-Systems in Germany, with commitment to a payment to the Monitise Business for a period of exclusivity. This is a significant step towards the final licensing and integration of a full overseas service provider. Management has confirmed that interest has also been received regarding the Monitise Platform in a variety of other overseas territories.

(f) *The Monitise Platform*

The Monitise Platform is capable of supporting three service categories, not all of which have been launched commercially as at the date of this document:

(i) *Information services*

- (A) balance enquiries and mini-statement enquiries (live);
- (B) credit card balance and mini-statement enquiries;
- (C) stored value card balance and mini-statement enquiries;
- (D) set and manage alerts (e.g. impending overdraft alert);
- (E) sales prompts (e.g. insurance quotes); and
- (F) bill presentation.

(ii) *Transactional services*

- (A) mobile phone top-up services for prepay customers (including family & friends) (live);
- (B) stored value card top-up (including transport (transit cards, road pricing, parking meters), gaming and lottery for family and friends);
- (C) phone resident contactless stored value top-ups;
- (D) transfers between own accounts;
- (E) bill services: presentment, payment, meter reading; and
- (F) peer-to-peer payments/third party remittances (including international remittances).

(iii) *Security and identity*

The Monitise Platform can provide both secure authorisation codes and instruction confirmation, thus negating the need to provide card readers or pass-code generating tokens to every internet banking customer. The Monitise Platform can also deliver dual factor authentication for telephone banking, and has the potential to do so for “cardholder not present” transactions in the future. For example, when used for “cardholder not present” transactions the user could confirm the transaction details using the Monitise Platform, thereby providing the “second factor” authentication.

8 For further information, see paragraph 7(l) of Part VI of this document

(g) Independent review

A large number of third parties have undertaken due diligence on the Monitise Business and the Monitise Platform, including several independent experts and several major UK retail banks and mobile network operators that have signed agreements with the Monitise Business. In addition, the Monitise Business complies with ISO8583, the international standard for payment processing, and is subject to ongoing independent reviews.

The combined level of due diligence undertaken by these parties has been extensive and has included, *inter alia*, detailed reviews of security, cryptography, development standards, service level agreements, business continuity plans, penetration testing and external risk assessments.

As a result, the Board believes that the Monitise Business has a scaleable and robust platform.

(h) Business model

The Monitise Business is investigating a variety of revenue models for each of these services, ranging from a licensing model to revenue per customer and revenue per service usage. It expects that these models will develop as the mobile banking market matures.

The Monitise Platform is delivered and conducted as a managed service, which the Board believes has a number of advantages over competing offerings that use SMS, mobile internet or software solutions, and do not offer the mass-market characteristics required for mobile banking to become a ubiquitous banking channel.

Having established itself in the UK, a key market for mobile banking, the Board believes that the Monitise Business has the opportunity to become a leading player within the fast-growing markets for mobile banking, commerce and payments and it is vital that it continues aggressively to deliver on its strategy of being the platform of choice within the global market. In order to achieve this, the Monitise Business needs to continue to develop its product roadmap, pursue international expansion, exploit its intellectual property and core expertise, and attract and retain key personnel.

The Monitise Group has established MBS to apply technology developed by the Monitise Business to non-mobile banking commercial markets. MBS has developed two initial products and services for these markets:

- (1) **ACCODE**, a mobile dual-factor authentication solution, which offers a secure, reliable, cost-effective and convenient verification solution to solve the security issues surrounding desktop access, remote access and portal security; and
- (2) **Mobile Card Manager Service**, which offers mobile-based top up and balance and mini-statement enquiries for stored value accounts including, among others, lottery and transport applications.

(i) Funding

The Board anticipates requiring an increasing level of investment in the Monitise Business, and having reviewed potential working capital requirements over the next 18 months, is expecting an investment of approximately £20 million. This funding requirement should be partially offset by expected revenues from a number of overseas sales opportunities together with revenues beginning to build from both the Monitise Business's UK operations and from MBS. The Board has determined that this investment will be most appropriately provided by external sources and consequently it is anticipated that a placing of Ordinary Shares will be undertaken on the Business Day following First Admission. To the extent that the Placing does not take place, or raises less than £20 million (after expenses), funding of up to an aggregate total of £20 million (including funds raised through the Placing (after expenses)) will be provided by Morse under the Working Capital Facility Agreement, which is summarised in paragraph 7(a) of Part VI of this document.

(j) Key trends

Since the nine month period to 30 June 2006, the Board believes that a number of trends have started to become clearer.

Monilink's business is accelerating, as is evidenced by the first three UK retail banks (HSBC, first direct and Alliance & Leicester) launching services using the Monitise Platform, and The Royal Bank of Scotland group entering into the testing and implementation stage of the process.

Monitise has also begun to see interest in its direct licence model, with a preferred partner agreement, as a pre-cursor to a licence, being signed with T-Systems, generating revenue of €130,000.

Other international partners are also beginning to emerge, as evidenced by the Monitise Group signing a joint venture agreement, subject to the Demerger, with Metavante in the US. The Monitise Business is continuing discussions with potential partners in other countries.

(k) Strategy

The Board believes that the Monitise Business has developed a unique blend of services, which enables banks and mobile network operators to capitalise on the mobile phone as a fifth channel to market (in addition to branch, ATM, call centre and the internet channels). Prior to Demerger, as at 31 December 2006, Morse and its partners had invested approximately £10 million in the Monitise Business, of which approximately £8 million had been contributed by Morse (gross of tax credits).

The objective of the Monitise Business will be to achieve profitability by exploiting its intellectual property, its market position in the UK and pursuing its international opportunities. It expects to achieve this through a continued investment in the development of new products and services, pursuit of geographic expansion through a combination of organic growth, joint ventures and licensing agreements, consultancy and the continued adoption of its services by consumers.

The objective of the Monitise Business is that the Monitise Platform becomes the global *de facto* standard for mobile banking and payments. The Board believes this will be achieved through:

- being the first credible service to market;
- retail banks and mobile network operators participating in the business model and being advocates;
- offering a comprehensive set of services at a low cost;
- providing the broadest possible consumer coverage;
- expanding internationally in advance of mass consumer uptake, including through the use of joint ventures and licence agreements to reduce investment risk;
- attracting and retaining key personnel;
- delivering the best user experience; and
- building a sustainable network for financial institutions, mobile network operators, merchants and consumers that guarantees and balances the interests of all parties.

The Monitise Business aims to leverage the Monitise Business's position in the UK, one of the world's largest, more complex and security-conscious financial markets and to roll out the Monitise Platform on an international basis either through joint ventures or licensing arrangements with appropriate partners or direct service models. In this regard, Monitise Holdco has established Monitise International, an 85:15 subsidiary (in Monitise Holdco's favour) with LINK Group Holdings Limited for the activities of the Monitise Business outside of the UK and the Republic of Ireland. It has developed relationships with ATM/infrastructure payment providers such as the New York Cash Exchange in the US, through its proposed joint venture with Metavante, and with service providers such as Sun Microsystems, Cisco, BT Global Services and T-Systems and it expects to continue to develop other similar relationships.

(l) Key strengths

(i) Significant barriers to entry

- an established joint venture with LINK;
- Monitise has been first to market in the UK with an industry platform;

- relationships have been established with switches, banks and mobile network operators in several key countries;
- robust, scalable technology with bank-grade security architecture;
- successful integration with the LINK network, the busiest ATM switch engine in the world;
- the security model is effective in the UK, in one of the world's more conservative, security conscious and heavily regulated financial markets; and
- the Monitise Platform leverages the existing infrastructure of banks, mobile network operators and switches.

(ii) *Significant potential*

- a high-growth global market provides significant opportunity;
- could replicate and exceed the impact of ATMs on financial services;
- could become a global *de facto* standard;
- foundation is in place for development in parallel areas (such as supporting contactless payments and e-cash platforms); and
- mobile banking technology and expertise is able to be applied to other sectors through MBS.

(iii) *Experienced management team and strong board*

- listed company and growth company accomplishments; and
- blend of leading industry specialists from banking, mobile and technology backgrounds.

(m) *Financial record*

The table below, the contents of which have been extracted without material adjustment from the financial information in Part IV of this document, summarises the trading record of the Monitise Business for the three years and six months ended 31 December 2006.

The financial information presented in Part IV of this Admission Document has been prepared under IFRS. Information presented for Monilink for the two years and three months to 30 September 2005 represents 100 per cent. of the results of the legal entity, Monilink, rather than the equity accounted results presented in the Circular. Information presented for Monitise for the fifteen months to 31 December 2006 adopts the proportional approach for consolidation of jointly controlled entities. Monitise's parent as at the date of this Admission Document, Morse, adopts the equity approach for consolidation of jointly controlled entities. As a result there are a number of accounting adjustments between the results reported in the Circular and that shown in this document. There are no material differences in the underlying accounting records of the Monitise Group, simply differing accounting treatment in presentation between the two documents.

	Monilink Limited			Monitise Group Limited	
	12 months ended 30 June 2004 £'000	12 months ended 31 June 2005 £'000	3 months ended 30 September 2005 £'000	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Revenue	—	—	—	240	363
Loss before taxation	(176)	(1,101)	(342)	(3,331)	(3,249)
Total Assets	1,315	1,290	1,159	1,899	2,936
Net liabilities	(103)	(921)	(1,160)	(3,024)	(5,306)

Notes:

Monilink Limited information in the table above represents 100 per cent. of the statutory entity, Monilink Limited
 Monitise Group Limited information in the table above includes its 50 per cent. share of Monilink Limited

Further financial information on the Monitise Group is set out in Part IV of this document. Shareholders should read the whole of this document and not just the information summarised above, which has not been audited.

2 Current trading and prospects

The Directors believe that the Monitise Business is an exciting business providing substantial opportunity based around secure mobile banking applications and that it is making substantial progress. The market continues rapidly to expand and considerable interest continues to be shown in the services provided by the Monitise Business. Although the Monitise Business will remain in an investment stage in the near term, the Monitise Business is trading in line with the Board's expectations and the Board is confident about the prospects for the Monitise Business.

3 Competition

The Monitise Business competes with businesses that have adopted a number of different models for mobile banking services.

SMS banking, often referred to as first generation mobile banking, is offered by businesses such as ClairMail, TelRock and sometimes by banks themselves after being developed internally. Some of these offerings have had good adoption, reflecting consumer familiarity with SMS. However, it can be expensive for banks to operate, is "open" and is very limited in the range of services for which it is suited. The Board believe that this model is appropriate for simple information requests, but not for more complex services, such as payments, where interactivity with the consumer is required.

Some banks, such as Bank of America and Barclays, have made their internet banking service available over the mobile channel, often called mobile internet or WAP banking. Banks have tended to develop these solutions internally with assistance from software companies. Whilst not needing to download any software to the mobile phone, these solutions are limited to customers who already use internet banking services thereby potentially missing potential benefits such as channel migration. The Board believes that this model generally suffers from poor user experience, high/uncertain data usage charges and high internal maintenance effort.

For these reasons, a number of other businesses such as mFoundry, Firethorn, FE Mobile, Fronde and Meridea have developed downloadable applications. Typically these are single bank software solutions, which the bank has to maintain and develop once purchased.

The Board believes that the Monitise Business offers a compelling proposition in:

- complementing its core downloadable application with other technology front ends, including SMS and SIM Toolkit;
- providing a managed service so that core technology elements are outsourced, such as front-end development, handset testing etc, whilst the bank focuses on its customer proposition: service range, pricing and branding;
- leveraging the ATM switch so that little – or even no – internal IT integration effort is required;
- operating an industry platform so that operators and merchants connect just once to gain access to multiple bank customer bases;
- providing a wide range of future services and a global network; and
- a network that provides benefits to all of its stakeholders.

4 Directors, key employees and consultants

The Board consists of two Executive Directors and three Non-Executive Directors. Brief biographies of the Directors are set out below. Paragraph 6.4 of Part VI of this document contains details of current and past directorships and certain other information relating to the Directors. The Directors believe that the Monitise Business benefits from a strong, stable and proven entrepreneurial management team. The team has been enhanced by the appointment of non-executive directors with substantial technology, banking and public markets experience.

4.1 Board

Duncan McIntyre – Chairman

Duncan James McIntyre, 48, joined Morse as Finance Director in 1994, was appointed Commercial Director and became Morse's Chief Executive Officer in 1997. Duncan is a Chartered Accountant and worked at Price Waterhouse for ten years before joining Morse. In addition, as no chief financial officer has been appointed to the Board at the current time, Duncan will provide his financial experience to the Board, supported by the finance director, Tom Spurgeon.

Alastair Lukies – CEO and Co-founder

Alastair David Lukies, 33, 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.

David Dey – Senior Non-Executive Director

David Dey, 69, had a long career with IBM in the US, France and the UK following which he joined The Plessey Company as head of the Telecoms Division. He was on the board of Directors of British Telecom for four years from 1987 before founding Energis. For the past ten years David has chaired a number of start-up companies in the telecommunications, software and other industry sectors.

Peter Radcliffe – Non-Executive Director

Peter Greig Radcliffe, 57, has held senior executive 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 seven years Peter has been involved with the Centre for Entrepreneurship at the London Business School and is President of their Enterprise 100 which is the business group investing in and mentoring the MBA students and London Business School *alumni*.

Colin Tucker – Non-Executive Director

Colin Patrick Tucker, 63, is a non-executive director and joined the board of directors of Morse in 2000. He was deputy chairman of Hutchinson 3G and was technical director of Orange for ten years. Colin has 30 years' experience in the telecommunications and electronics industries.

4.2 Senior Management

Other key managerial personnel within the Monitise Group include:

Steven Atkinson – CTO & Co-founder

Chief Technology Officer Steven Atkinson co-founded the Monitise Business and was personally responsible for the end-to-end design of the Monitise Platform and led the technical team through the research and development stage of the project. Steven is a published author and widely recognised Java expert, his other research areas including electronic money and human computer interaction. Prior to founding the Monitise Business, Steven held a number of senior management positions in the public and private sector including at Vodafone, Informix Software and the Ministry of Defence.

Mike Keyworth – COO

Mike is a Programme Director with over twenty years experience working with some of the UK's leading financial institutions. Mike has both managed large programmes and grown companies from inception. Mike joined the Monitise Business early in 2004 as the Programme Director for Monilink. He has been Chief Operating Officer since 2005.

Tom Spurgeon – Finance Director

Tom has over 15 years of financial management experience including audit, financial planning and control. A Cambridge graduate and Chartered Accountant, Tom trained with Price Waterhouse and for 5 years was the UK Finance Director of the Morse Group before joining Monitise in 2006.

Lee Cameron – Commercial Director

Lee Cameron is company secretary and previous general counsel of Morse as well as Legal & Commercial Director of Monitise. A practising solicitor, he has worked in-house at Morse for eight years, prior to which he worked in the financial services and insurance industry at Commercial Union Assurance and NatWest Insurance Services.

Richard Johnson – Strategy Director

Richard has over 20 years experience in some of UK financial services' leading companies, covering retail, private, corporate and investment banking in various consultancy, operations, marketing, strategy and development roles. Most recently Richard was responsible for the internet and phone channel propositions for The Royal Bank of Scotland and NatWest. Richard joined the Monitise Business in 2006.

Darren Sugden – Global Development Director

Darren joined the Monitise Business in 2007, having previously worked for HSBC Group for over 20 years. During this time, he gained experience in both retail and corporate banking as well as undertaking various central strategic and planning roles. Darren helped develop offshore banking in Jersey and helped build HSBC's eCommerce business in Hong Kong and across Asia Pacific. Most recently he spent 3 years as eCommerce Director in first direct, a recognised leader in direct banking. Darren is responsible for the development of the Monitise Group's international business.

4.3 Advisory board

Monitise additionally has an advisory board, comprised of the following individuals:

Sir Digby Jones

Sir Digby started his career with corporate law firm Edge & Ellison in 1978 and advised on many major management buy-outs and mergers in the West Midlands in the late 1980s and early 1990s. He was appointed partner in 1984 and Senior Partner in 1995. In 1998 he joined KPMG as Vice Chairman of Corporate Finance, where he acted as close adviser to many public companies, both across the UK and in KPMG's global markets. He served as Director General of the Confederation of British Industry from 1 January 2000 to 30 June 2006, working with political, business and media figures in the UK and around the world. Sir Digby is also the Senior Advisor to the Executive of Deloitte; Barclays Capital and JCB. He is Corporate and Governmental Affairs Advisor to Ford of Europe, Special Advisor to His Royal Highness the Duke of York and Non-Executive Director of a number of listed and unlisted companies. He is also Chairman of Cancer Research UK and a Fellow of UNICEF. He was appointed a Knight Bachelor in the 2005 New Year Honours List.

Andrew Harrison – CEO UK, The Carphone Warehouse Group

Andrew joined The Carphone Warehouse Group from Bridgewater Consultancy in 1995. In 1998 Andrew became commercial director for the UK and in 2001 was appointed CEO UK, The Carphone Warehouse Group. He is now responsible for all UK trading operations including retail, online, purchasing, logistics, repairs, marketing and customer services.

John Hardy – CEO, LINK Interchange Network Limited

John Hardy became the CEO of LINK in 1989 having founded and established the company in 1986. Under John's direction LINK has become the UK's national cash machine network, with 49 banks, building societies and independent ATM deployers as members. John is also the founder and chairman of the European Switches Forum and is a regular speaker at conferences on electronic banking in the UK and abroad.

5 Reasons for the Demerger and Admission

Following a review of its options, the Morse board of directors decided to propose the separation of the Monitise Business from the rest of the Morse Group by way of the Demerger for the following reasons:

- it believes that the current stock market valuation of Morse does not accurately reflect the value of the Morse Group's component parts;
- the business and activities of the Monitise Business are fundamentally different to those of the Morse Business; and
- the capital requirements and investment propositions of the Monitise Business differ from those of the rest of the Morse Group.

The Board believes that the Demerger and Admission will:

- allow both businesses to pursue their own independent strategies;
- give investors, and other market participants, attractive and focused investments in two separate companies, each with its own market determined valuation;
- create a separate AIM quoted company for the Monitise Business with a clear and independent strategy and a strong board; and
- allow the Monitise Business to respond with more flexibility to changing market conditions and to take advantage of future opportunities for development and growth.

A Circular has been sent to Morse's shareholders which sets out details of the proposed Demerger, and asks Morse's shareholders to vote in favour of the Demerger at its extraordinary general meeting convened for 10 a.m. on 25 June 2007, notice of which is set out at the end of the Circular.

The Demerger, which will be effective as at First Admission, is effected by Morse declaring a special dividend, equal to the book value of its shareholding in Monitise Holdco at that time which will be satisfied, in specie, by the allotment and issue by Monitise of Demerger Shares to the shareholders of Morse in the proportion of one Ordinary Share for each one ordinary share in Morse.

As at the close of business on 22 June 2007, being the latest practicable date prior to the publication of this document, there were 156,914,268 Morse Shares in issue. It is expected that, immediately following completion of the Demerger, there will be 156,914,267 Ordinary Shares and one redeemable preference share in issue in Monitise.

Neither Morse nor Monitise will have a shareholding in the other following the Demerger. Duncan McIntyre will be the only director common to Morse and Monitise. Morse will bear the costs of the Demerger.

The Demerger is conditional, *inter alia*, upon Morse shareholders approving the resolution at the EGM as contained in the notice of extraordinary general meeting sent to Morse shareholders in the Circular, to be held on 25 June 2007.

6 Continuing arrangements with Morse

Morse and Monitise have entered into the Demerger Agreement which sets out, *inter alia*, the terms of the transfer of assets. Further details of the Demerger Agreement are set out in paragraph 7 of Part VI of this document.

Additionally, Morse and Monitise have entered into the following agreements to govern certain aspects of their ongoing relationship:

- (i) the Working Capital Facility Agreement;
- (ii) the Demerger Tax Deed; and
- (iii) the Transitional Services Agreement.

The principal terms and conditions of the above agreements are described in more detail in paragraph 7 of Part VI of this document.

Any other business arrangement between any member of the Continuing Morse Group and any member of the Monitise Group after the Demerger will be entered into at arm's length and on normal commercial terms.

7 Monitise Placing

Pursuant to the Placing, the Placing Shares have been conditionally placed with certain Qualified Investors, other institutional investors, certain Directors and members of Senior Management and certain directors and employees of Morse at the Placing Price. To the extent that the Placing raises less than £20 million (after expenses), Morse has agreed to provide an unsecured working capital facility (as described in paragraph 7 of Part VI of this document). The Placing will provide working capital for the Monitise Business to support its continuing growth and allow the redemption or repurchase of the Company's redeemable preference share.

Subject to the Placing becoming unconditional and not having been terminated in accordance with the terms of the Placing Agreement, the Placing of 97,088,481 Ordinary Shares on behalf of the Company is expected to raise approximately £21.4 million, of which approximately £20.2 million will be receivable by the Company after deductions to cover the expenses associated with the Placing. The Placing Shares will represent 38.2 per cent. of the issued ordinary share capital of the Company immediately following Second Admission.

Application has been made for the entire issued and to be issued ordinary share capital of the Company including the Placing Shares to be admitted to AIM. It is intended that the Placing Shares will be admitted to AIM on the Business Day following First Admission.

The Placing is conditional, *inter alia*, upon:

- (i) the Placing Agreement becoming unconditional (save for Second Admission) and not having been terminated in accordance with its terms prior to Second Admission; and
- (ii) Second Admission taking place at 8:00 a.m. on 29 June 2007 (or such later date as Investec and the Company may agree, not being later than 6 July 2007).

Further details of the Placing Agreement are set out in paragraph 7(g) of Part VI of this document.

8 Dividend policy

It is not expected that any dividends will be paid until Monitise becomes profitable. In any event, declaration and payment of dividends by Monitise will be dependent upon its financial position, cash requirements, future prospects, profits available for distribution and other factors regarded by the Monitise board as relevant at the time.

9 Taxation

The attention of Shareholders is drawn to paragraphs 8 and 9 of Part VI of this document.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult their professional adviser immediately.

10 Overseas shareholders

Any person resident outside the United Kingdom who is to receive Ordinary Shares must satisfy themselves as to full observance of the laws of the relevant territory in connection therewith including obtaining any requisite government or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

Further information for overseas shareholders is contained in paragraphs 9 and 10 of Part VI of this document.

11 Lock in agreements

Each Director has given undertakings to Investec and Monitise not to dispose of any Ordinary Shares that he holds on First Admission and Second Admission (subject to certain limited exceptions) for a period from the date of First Admission ("**Lock In**"). The Directors have undertaken in the Placing Agreement to be bound by a Lock In for 12 months and for a further 12 months following such Lock In period to only dispose of any Ordinary Shares through Investec (or the Company's broker if Investec is no longer the broker). The Lock In will mean that the Directors' Ordinary Shares will be "restricted securities" for the purposes of UK tax legislation. Appropriate tax elections will be entered into by the Directors and the Company, to avoid any tax exposure, in relation to such Ordinary Shares.

12 Corporate governance

The Board is responsible for the proper management of the Company and will meet regularly. The Directors recognise the value and importance of high standards of corporate governance and intend to observe the requirements of the Combined Code to the extent they consider appropriate in light of the Monitise Group's size, stage of development and resources. The Board comprises five directors of whom two are executive and three are non-executive. The posts of chairman and chief executive are held by different directors. Whilst no chief financial officer has been appointed to the Board, Duncan McIntyre will provide his financial experience to the Board, supported by the finance director, Tom Spurgeon. The Board considers all of the non-executive directors to be independent for the purposes of the Combined Code. In accordance with the requirements of the Combined Code, David Dey has been nominated as the senior non-executive director.

The Directors have established an Audit Committee, Nominations Committee and Remuneration Committee with formally delegated duties and responsibilities.

The Audit Committee will determine the terms of engagement of the Monitise Group's auditors and will determine, in consultation with the Monitise Group's auditors, the scope of audits. It will receive and review reports from management and the Monitise Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Monitise Group. The Audit Committee will have unrestricted access to the Monitise Group's auditors. The interim chairman of the Audit Committee will be Colin Tucker.

The Nomination Committee will consider the composition of the Board, the appointments of directors and will make recommendations to the Board. The chairman of the Nomination Committee will be David Dey.

The Remuneration Committee will review the scale and structure of both the Executive Directors' and other key employees' future remuneration and the terms of their service agreements with due regard to the interests of Shareholders. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The chairman of the Remuneration Committee will be Peter Radcliffe.

The Directors consider that the Company's management and financial controls enable the timely and effective monitoring and control of the Company's operations, and consider them appropriate for a company with securities admitted to AIM. The Board formally meets on a 6 weekly basis to review, amongst other things, Company performance, significant contracts, legal and regulatory issues, new business, marketing and other relevant issues. The Executive Directors are closely involved in the day to day control of the business. The Company'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 intend to 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.

13 Share Incentivisation Schemes

The Board believes that the success of the Monitise Group depends to a high degree on the future performance of the Senior Management. The Directors also recognise the importance of ensuring that all key employees are incentivised and identify closely with the profitability of the Monitise Group. The Company has therefore adopted the Share Plans, which have been adopted to align the interests of Executive Directors and employees with the interests of Shareholders. Awards under the Share Plans will be made by the Remuneration Committee, who shall apply performance conditions to awards to Executive Directors and other senior employees which reflect institutional investor guidelines. The principal features of these plans are set out in Part V of this document.

14 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Company's Articles permit its shares to be evidenced in uncertificated form and the Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary

Shares following each Admission may take place within the CREST system if the relevant shareholders so wish and provided such person is a “system member” as defined in the CREST Regulations in relation to CREST. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

15 Admission

Application will be made to the London Stock Exchange for the entire issued and to be issued ordinary share capital of the Company to be admitted to AIM. It is expected that the First Admission will become effective and that dealings in the Demerger Shares will commence at 8:00am on 28 June 2007 and that Second Admission will become effective and that dealings in the Placing Shares will commence at 8:00am on 29 June 2007.

16 Further information

Prospective investors should carefully consider Parts II to VI inclusive of this document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully Part II of this document, entitled “Risk Factors”.

PART II

RISK FACTORS

The acquisition and holding of Ordinary Shares involves a high degree of risk. Accordingly, prospective shareholders should consider all the information in this document, including the following risk factors, as well as the usual risks associated with an investment in a business at an early stage of development. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Monitise Group. The following is not exhaustive and does not purport to be a complete explanation of all the risks involved. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently consider to be immaterial, may also have a material adverse effect on the Monitise Group. If any events or circumstances giving rise to any of the following risks, together with the possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Monitise Group's business, actually occur, the Monitise Group's business, financial condition, results or future operations could be materially and adversely affected. In such circumstances, the trading price of the Ordinary Shares could decline due to any of these risks and investors could lose part or all of their investment.

(1) Risks relating to the Monitise Business

- *Dependence on key personnel*

The Monitise Group is managed by a number of key personnel, including Executive Directors and Senior Management, many of whom have significant experience within the Monitise Group and the wider IT or communications sectors and who may be difficult to replace. The loss of senior personnel could have a material adverse effect on the Monitise Group. In addition, the future success of the Monitise Group will depend on its continued ability to attract, motivate and retain highly skilled and qualified personnel. There can be no assurance that key personnel will continue to be employed by the Monitise Group or that the Monitise Group will be able to attract and retain qualified personnel in the future or meet their remuneration requirements, although Monitise provides share option schemes and long-term incentive plans to aid in the attraction and retention of their key personnel. Furthermore, the cost base associated with the remuneration of key personnel may increase significantly. The failure to attract and retain key personnel, or the cost of doing so, could materially adversely affect the Monitise Group and its reputation, financial condition and/or operating results.

- *The historical operating and financial information included in this document is not indicative of the Monitise Group's future results*

The historical operating and financial information contained in this document has been prepared for illustrative purposes only. Accordingly, it does not reflect what the Monitise Group's results of operations and financial position would have been had the Monitise Group been an independent group during the period presented, or may not be indicative of what the Monitise Group's results of operations, financial position and cash flows may be when the Monitise Group is an independent group.

This is primarily a result of the following factors:

- the historical operating and financial information reflects allocations for services historically provided by Morse and it is expected that these allocations will be different from the costs incurred for these services in the future as an independent company, including with respect to services provided by Morse under the Transitional Services Agreement. The Directors expect that, in some instances, the costs incurred for these services as an independent company will be higher than the share of total Morse expenses allocated to the Monitise Group; and
- the historical operating and financial information does not reflect the increased costs associated with being an independent company admitted to AIM, including changes that are expected in the cost structure, financing and operations of the Monitise Group as a result of the Demerger and from reduced economies of scale.

- *General uncertainty related to the Demerger could harm the Monitise Group*

The Monitise Group is party to a number of contracts that contain provisions relating to a change of control or which, as a result of the Demerger, may require renegotiation. There is a risk that, as a result of the Demerger, counterparties to such contracts may seek to invoke such change of control provisions or use the Demerger to attempt to renegotiate terms to the detriment of the Monitise Group. In addition, the Monitise Group's current and prospective partners may, in response to the Demerger, delay or defer their decisions to progress or enter into a commercial relationship with the Monitise Group or current partners attempt to regulate or revoke existing agreements. If the Monitise Group's current and prospective partners delay or defer their decisions or content partners attempt to renegotiate or revoke existing agreements, the revenues of the Monitise Group could materially decline or any anticipated increases in revenue could be lower than expected.

- *Provision of services*

The Monitise Business has, in the past, relied on the Continuing Morse Group for certain services, including IT, finance and accounting and payroll services. After the Demerger, the Monitise Group will operate independently of the Continuing Morse Group. Morse and Monitise have entered into the Transitional Services Agreement in order to ensure the continuation or orderly discontinuance, as appropriate, of certain services and arrangements. Some of these services and arrangements are provided to the Continuing Morse Group by third parties, and, although the Directors do not consider it likely that any external suppliers will not continue to provide these services at their current levels in the short term, there can be no assurance that external suppliers will continue to provide the same level of pricing, support and upgrades (including during the term of the Transitional Services Agreement) following the Demerger. Their failure to do so could have an adverse effect on the results of the operations and financial condition of Monitise.

Please refer to paragraph 7(d) of Part VI of this document for a summary of the Transitional Services Agreement.

- *Effect of Demerger*

The Demerger of the Monitise Business may result in additional costs and disruption to the normal course of operations. Demerging the Monitise Business and its simultaneous conversion to a publicly traded group may result in increased administrative and regulatory costs and burdens that are not reflected in the historical financial statements of the Monitise Group. Further, the Monitise Business's infrastructure and day-to-day corporate governance regime will be required to operate on a standalone basis. Although Management are confident that the transition to a standalone entity will go smoothly, all the above could adversely affect the Monitise Business.

- *Monitise has no history operating as an independent company and will experience increased costs after the Demerger which could adversely affect overall profitability*

Historically, Morse performed and provided support for all important corporate functions for Monitise's operations, including treasury, accounting, insurance, finance and tax administration, human resources, legal, public relations and strategic development functions. Monitise will need to replicate certain facilities, systems, infrastructure and personnel to which it may no longer have access after the Demerger. Monitise will incur costs associated with developing and implementing its own support functions in these areas. In addition, there may be an operational impact on the Monitise Business as a result of the significant time of the Directors, Senior Management and other employees and internal resources that will need to be dedicated to building these capabilities during the first few years following the Demerger that otherwise would be available for other business initiatives and opportunities. If Monitise does not have in place adequate systems and business functions, or obtain them from other providers, Monitise may not be able to operate effectively and profitability may be affected as a consequence.

- *The Monitise Business could fail to protect adequately its valuable intellectual property rights*

The Monitise Business relies on a combination of trade marks, design rights, copyrights, patents, confidentiality laws and contractual restrictions to protect its brands, designs, inventions and trade secrets. The protection provided by these intellectual property rights, confidentiality laws and contractual restrictions is limited and varies between the UK and other

countries. There can be no guarantee that current or future applications for registered intellectual property rights will be granted or that the Monitise Business's intellectual property rights and contractual provisions will be adequate to prevent the misappropriation, infringement or other unauthorised use of the Monitise Business's intellectual property by third parties. Litigation may be necessary which could result in substantial costs to, and the diversion of efforts from, the Monitise Business with no guarantee of success, and the Monitise Business could have the validity of its ownership of rights challenged and it may lose them. All of these issues could materially adversely affect the Monitise Business or its reputation, financial condition and/or operating results.

- *Intellectual property litigation if brought against the Monitise Business may increase costs of commercialising, or prevent the Monitise Group from being able to commercialise, the Monitise Platform*

There is a risk that the Monitise Business, in whole or in part, is infringing or may in the future infringe the proprietary rights of third parties. Other persons might have been first to make the inventions used in the Monitise Business or covered by one or more of the Monitise Business's pending patent applications and might have been the first to file patent applications for these inventions. In addition, because the patent application process can take several years to complete, there may be currently pending applications, unknown to the Monitise Business, that may later result in patents that cover, in whole or in part, the technology utilised within the Monitise Platform. The Monitise Business reviews published third-party patents and patent applications that may be relevant to its technologies. However, notwithstanding this, the Monitise Business may be unaware of potentially relevant third-party rights as it is not always possible to detect potentially relevant patents and patent applications. As a result, the use or supply of the Monitise Platform may infringe existing third-party rights of which the Monitise Business is not aware.

Infringement litigation and other proceedings regarding patent and other intellectual property rights in the mobile technology industry are not uncommon and the Monitise Business may become subject to claims for infringement. Patent law is complex and it may not be possible for the Monitise Business accurately to predict the outcome of possible infringement proceedings. Defending the Monitise Business against third-party claims, including litigation, can be costly and time consuming and can divert management's attention from the Monitise Business, which could lead to delays in product development or commercialisation efforts and may not have a favourable outcome.

Generally, if third parties are successful in their claims, Monitise or another member of the Monitise Group might have to pay substantial damages, account for profits derived from the alleged infringing acts, cease to use certain technologies or take other actions that could be adverse to the Monitise Business. As a result of intellectual property infringement claims, or to avoid claims, the Monitise Business might:

- be prohibited from selling or licensing to others any product that it may develop unless the patent holder grants a licence of the relevant intellectual property to the Monitise Group, which the patent holder is not required to do;
- be required to pay substantial damages, an account for profits and/or make other payments; or
- be required to redesign the formulation of an unapproved technology so it does not infringe such third-party patent, which may not be possible or could require substantial effort, funds and time.

In January 2007, Monitise International received an approach from Mobile VPT. Mobile VPT claimed that the Monitise Business's software was infringing certain of its patents related to methods and apparatus, including mobile phones containing SIM cards that could be interrogated and authenticated by parties other than the network provider, and sought to negotiate the terms for Monitise International to take a licence of such patents. The Monitise Business declined to negotiate a licence, and Mobile VPT subsequently issued a UK patent infringement claim against Monitise International, Monilink, and *inter alia*, Morse, in respect of UK Patent GB 2,348,781 ("Mobile VPT Patent"), claiming, *inter alia*, damages and an account for profits derived from the alleged infringing acts, delivery up of infringing materials and an injunction. Entities related to Mobile VPT have applied for, and in some cases been granted,

patents in a number of jurisdictions throughout the world, with claims similar to those in the Mobile VPT Patent. The Monitise Business has not received notice of any claim or threatened claim for infringement of any of these other patents.

The defendants believe that they will succeed in defending Mobile VPT's claims. The proceedings are at an early stage and Mobile VPT has not yet finalised its pleadings. Morse, Monitise International and Monilink will deny the allegations of infringement and will be defending the proceeding, and, at this stage plan to counterclaim for revocation of the Mobile VPT Patent. There is a risk that the Mobile VPT Patent may be held to be valid, that some or all of the Monitise Business's activities may be held to fall within the scope of the Mobile VPT Patent and that Monitise International and/or Monilink may have infringed the Mobile VPT Patent. If this occurs, the Monitise Business may be subject to an injunction and may be ordered to pay damages for past infringement. Monilink and, possibly Monitise International would need to obtain a licence for the Mobile VPT Patent, at an unknown cost, or modify its or their activities so that it or they are non-infringing. There can be no guarantee that any part of the Monitise Business would be able to obtain such a licence or establish invalidity of the Mobile VPT Patent. The Monitise Business may also be restricted in or barred from using the Monitise Platform, which would have a material adverse effect on the revenues that the Monitise Business expects to earn.

Following advice of leading counsel, the Directors believe that the Monitise Business's activities in the UK do not infringe any valid claim of the Mobile VPT Patent and that the Mobile VPT Patent may be invalid.

- *There could be security breaches of the Monitise Platform's systems and processes*

The Monitise Business requires the appropriate use and protection of consumer and other sensitive information. Mobile banking services require the secure transmission of confidential information over public networks. Despite the security measures the Monitise Business has taken and continues to take, its systems and processes may be vulnerable to physical break-ins, attacks by hackers and other disruptive problems. The Monitise Business takes active steps to utilise appropriate technical and organisational security measures in relation to its data and information technology. However, there can be no assurance that these would keep pace with rapidly changing technology in the products that it uses to ensure the security of information and this could increase the risk of a security breach. The Monitise Business's partners or third-party contractors may also experience security breaches involving the storage and transmission of proprietary information. If someone gains unauthorised access to the Monitise Business's data, they may be able to steal, publish, delete or modify confidential information that is stored or transmitted on the networks. Security or privacy breaches may:

- harm the Monitise Business's reputation;
- expose members of the Monitise Group to liability;
- require the Monitise Business to take remedial action, which may involve significant investment and changes to the Monitise Business's current operating practices;
- increase operating expenses required to correct problems caused by the breach;
- affect the Monitise Business's ability to meet customers' expectations;
- deter end customers from using the Monitise Business's products and services;
- result in the Monitise Business being in breach of certain data protection and related legislation; or
- cause inquiry from governmental authorities.

If security is breached, this could materially adversely affect the Monitise Business and its reputation, financial condition and/or operating results. In addition, following any such security breach, or for any other reason, customers of the Monitise Business may require increased security measures in response to actual or perceived security risks. These requirements could affect the financial performance of the Monitise Business.

- *The Monitise Business could experience systems failures delaying the delivery of its services or products to its customers*

The Monitise Business's ability to provide reliable service depends on the efficient and uninterrupted operation of its information technology. Such dependency exposes the Monitise Business to risk in the event that its technology or systems experience any form of damage, interruption or failure. The Monitise Business's systems and operations could be exposed to, amongst other things, damage or interruption from telecommunications failure, unauthorised entry and malicious computer code, human error, fire, natural disaster, power loss, industrial action and acts of war or terrorism. In the event of such an incident, the systems or processes may not deliver the data quality required and relied upon by the Monitise Business or its customers. Although the Monitise Business has taken precautions to prevent a systems failure, including business continuity and disaster recovery plans and systems, there can be no assurance that these would be successful in preventing an interruption to the operations and system of the Monitise Business and the various insurances that the Monitise Business has in place may not be adequate to compensate for all losses or failures, including damage to reputation, that may occur. Any significant failures and interruptions could materially adversely affect the Monitise Business and its reputation, financial condition and/or operating results.

In addition, the Monitise Business internally supports and maintains many of its computer systems. Failure to monitor or maintain these systems or, if necessary, to find a replacement for the relevant technology in a timely and cost-effective manner could have a material adverse effect on the Monitise Business's ability to conduct its operations.

- *The Monitise Business's products and services could become less competitive or obsolete if it fails to keep pace with rapidly changing technology*

The market for the Monitise Business's service is characterised by technological changes, frequent introductions of new services and products and evolving industry standards. Advances in technology may result in changing customer preferences for products and services and delivery formats and any such change in preferences may be rapid. Clients may choose to move or develop equivalent services in-house. If the Monitise Business fails to enhance its current products and develop new products in response to changes in technology, industry standards or customer preferences, the Monitise Business's service could rapidly become less competitive or obsolete. The Monitise Business could experience delays while developing and introducing new products and product enhancements, due to difficulties developing models, acquiring data or adapting to particular operating environments. Software errors or other defect errors in the Monitise Business's service could affect the ability of its service to work with other hardware or software products, could delay the development or release of new services or new versions of the service and could materially adversely affect the Monitise Business and its reputation, financial condition and/or operating results.

- *The Monitise Business may be unable to implement its growth strategy*

The Monitise Business's growth strategy is continuing to focus on implementing the Monitise Platform internationally, either through a third-party provider or with a joint venture partner – as it has done in the US with Metavante (see paragraph 7(l) of Part VI of this document). There can be no assurance that the Monitise Business will continue to implement successfully this growth strategy and any failure to do so could materially adversely affect the Monitise Business and its reputation, financial condition and/or operating results.

The Monitise Group's future growth may place increasing and significant demands on its management, operational and financial systems, infrastructure and other resources and will therefore depend on its ability to expand and improve operational, financial and management information and control systems in line with its growth. Failure to do so could have an adverse affect on the Monitise Business and its operating results.

- *Joint ventures*

The Monitise Business operates in certain markets (and intends to operate in others) with strategic joint venture partners. The success of joint ventures is, in part, dependent upon the maintenance of a good working relationship between the relevant joint venture partner. Furthermore, there are a number of further costs and difficulties in managing joint venture operations which can impact on the success of the joint venture. This is particularly true in

the case of joint ventures where the parties' interests are relatively equally balanced, such as the Monilink Joint Venture and the Metavante Joint Venture (see paragraph 7(l) of Part VI of this document). Such joint ventures may result in deadlock if the Monitise Group is unable to resolve a dispute with the relevant joint venture partner. Following deadlock procedures (which vary between joint ventures) can be a lengthy and/or costly exercise, during which time the business of both the joint venture and the Monitise Group may suffer. Although management of the Monitise Business will endeavour to resolve any disputes efficiently, the actions of the Monitise Group's joint venture partners are outside the Monitise Group's control. Further, given that the consent of joint venture partners is often required for the passing of resolutions relating to certain matters concerning a joint venture's operations and even the payment of dividends, the Monitise Group may not be able to secure the consent of its joint venture partner to pursue activities or strategic objectives that are beneficial to, or that facilitate, the Monitise Group's overall business strategies. Accordingly, if the Monitise Group experiences difficulties with its joint venture partners, it may have to run down, terminate or sell its interest in the relevant joint venture. Any such action could have a materially adverse effect on the performance and prospects of the Monitise Group.

- *Consent of joint venture partners required for dividends from joint ventures*

It is not unusual for 50:50 joint ventures to require the consent of all shareholders before non day-to-day decisions are made. Sometimes this will include the payment of dividends by the joint venture. Monilink is an example of this type of joint venture and contains this restriction on paying dividends. There is therefore a risk that LINK, as the Monitise Group's joint venture partner, may not consent to requests for payments of dividend, which will lock the relevant profits into Monilink rather than allow the release of funds to Monitise and potential distribution to Monitise shareholders.

In the US, the joint venture agreement with Metavante allows for a distribution of up to 80 per cent. of its net profits in any period to its shareholders.

- *The Monitise Business's international operations subject it to additional complexities*

The Monitise Business operates in certain parts of the world with higher risk profiles. As part of the Monitise Business's growth strategy, it plans to continue to pursue international opportunities, and its international business subjects it to a variety of complexities raising a variety of risks including:

- political and economic instability;
- greater information security risk profiles;
- unexpected changes in regulatory requirements and policy and the adoption of laws detrimental to operations, such as legislation relating to the collection and use of personal data or the adoption of laws, regulations or treaties governing the use by the Monitise Business of encryption-related software;
- negative impact of currency exchange rate fluctuations;
- reduced protection for intellectual property rights;
- the costs and difficulties of managing operations and strategic partnerships; and
- increased restrictions on the repatriation of earnings.

- *Agreements with key customers and business partners may not be renewed*

The Monitise Business has core existing relationships with certain significant customers and business partners (such as mobile network operators). Although the Monitise Business is confident that the quality of products and services provided to its customers should continue to make those relationships successful, there is no assurance of that. These relationships (and underlying agreements) could be lost for a variety of reasons including, but not limited to, the Monitise Business's products and services not meeting customer expectations, market competition, customer requirements and the consolidation of customers through mergers or acquisitions. A loss of a significant number of major customers and/or business partners could materially adversely affect the Monitise Business and its reputation, financial condition and/or operating results.

- *Monitise has limited experience with respect to its pricing model and if the prices it charges for its services are unacceptable to its customers, its revenues and operating results will be harmed*

Monitise has limited experience determining the appropriate prices for its services that its existing and potential customers will find acceptable. As the market for Monitise's services matures, or as new competitors introduce new services or services that compete with Monitise's, Monitise may be unable to renew its agreements with existing customers or attract new customers at the same price or based on the same pricing model as it has used historically. As a result, in the future it is possible that competitive dynamics in Monitise's market may require it to change its pricing model or reduce its prices, which could have a material adverse effect on its revenues, gross margin and operating results.

- *The Monitise Business is dependent on uncertain consumer adoption of its products and services and the continued growth of the mobile banking market*

The medium and long-term viability of the Monitise Business is dependent upon adoption of its services by a material number of consumers. Consumer adoption is not yet proven and the rate of consumer adoption of the Monitise Business's services is therefore uncertain. A slow rate of adoption or an immaterial number of consumers adopting its services could materially adversely affect the Monitise Business. Furthermore, the mobile banking market is developing rapidly and the direction and manner in which it will grow remain uncertain. In the event that it does not grow in the manner in which the Directors currently foresee, the Monitise Group may not realise the expected returns in relation to the Monitise Business.

- *Monitise has no significant revenues to date and may never become profitable*

Neither Monitise nor the Monitise Business has generated significant revenues to date and there is no reliable historic basis for analysing the costs associated with the Monitise Business in the future. There can be no assurance that Monitise will be able to generate significant revenues in the near future as the commercialisation of its services is still unproven and it might take longer than expected by the Directors. It is possible that Monitise will incur substantial operating losses in the current and future financial years as it establishes itself as an independent entity.

Furthermore, there can be no assurance that Monitise will ever earn significant revenues or achieve profitability, which could impair the Monitise Business's ability to sustain operations or obtain any required additional funds and could result in investors losing all or a part of their investment in Ordinary Shares. Monitise expects to continue to incur significant losses in the near term. After that, depending upon competitive conditions and the dynamics of the industry, Monitise may continue to pursue a strategy that emphasises strength of market share and market presence at the expense of profitability.

Monitise may require access to additional funding in the future, and if Monitise fails to obtain such funding, the Monitise Business may need to delay, scale back or eliminate the development and commercialisation of some of its services.

The amount and timing of any expenditures needed to implement the Monitise Business' development and commercialisation strategy will depend on numerous factors, some of which are outside Monitise's control. Additional funds may be necessary due to a number of factors, which could include:

- higher costs and slower progress than expected to develop services and bring them on-stream;
- lower revenues than expected from commercialised services;
- costs incurred to file, enforce or protect patents or other intellectual property rights; and
- costs incurred to sustain technological and market developments, scale-up manufacturing and effectively commercialise the Monitise Business's products.

The Monitise Business is not currently generating sufficient revenues to finance its development and commercialisation strategies and other operations, and there can be no assurance that it will do so in the future.

- *The Monitise Business may face increased competition from competitors*

The Monitise Business faces competition from global competitors which provide similar services to those offered by the Monitise Business. The size of the Monitise Business's competitors varies and the Monitise Business's competitive position in those markets depends upon the relative strength of competitors in each market. The resources that the Monitise Business allocates to the various markets differ and certain competitors may allocate greater resources to a particular market segment than the Monitise Business does. As a result, the Monitise Business's competitors may be in a better position to anticipate and respond to new or changing customer requirements, emerging technologies and market trends, or introduce new products, services and pricing strategies that directly compete with the Monitise Business's. In addition, new competitors and alliances amongst the Monitise Business's current competitors may emerge and this may potentially reduce its market share, revenue or margins. Competition for the provision of the Monitise Business's services may increase significantly and this may limit the ability of the Monitise Business in the future to maintain market share or revenue levels. Competitors may have greater access to financial resources than the Monitise Business does. In addition, the Directors are aware that a company, Digital Payments Limited, which will have a close relationship with LINK Group Holdings Limited following the proposed merger of LINK and Voca Limited, may be planning to start a business similar to the Monitise Business in the UK. There can be no assurance that the Monitise Business will be able to compete in its marketplace in the future. However, the Directors believe that, in view of the range of services, geographical spread and strategic focus of the Monitise Business, it is well placed to continue to compete effectively with other competitors in the market.

(2) Risks relating to the Ordinary Shares and other sources of funds

- *The price of publicly traded shares may be volatile*

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of Ordinary Shares could be subject to significant fluctuations (particularly for a period of time following Admission) due to a variety of factors, some specific to Monitise and their operations and some which may affect the sectors in which they operate or quoted companies generally and which are outside the control of Monitise, including, amongst other things, change in sentiment in the stock market regarding Ordinary Shares or securities similar to them or in response to various facts and events, such as regulatory changes affecting Monitise's operations, variations in Monitise's operating results and business developments of Monitise or its competitors. Furthermore, the trading price of Ordinary Shares may be subject to fluctuations in response to many factors, including those referred to in this Part II as well as divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, stock market speculations and fluctuations and general economic conditions or changes in political sentiment, each of which may adversely affect the market price of such shares, regardless of Monitise's actual performance in its key markets. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the operating performance of Monitise. Any of these events could result in a decline in the market price or liquidity of the Ordinary Shares. Shareholders may therefore not be able to sell their Ordinary Shares following Admission at or above the price at which they commence trading on AIM.

- *Substantial future sales of Ordinary Shares could impact their market price*

The Directors are unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following Admission. Sales of a substantial number of Ordinary Shares in the public market after Admission, or the perception that these sales might occur, could depress the market price of Ordinary Shares, as the case may be, and could impair Monitise's ability to raise capital through the future sale of additional equity securities.

- *No prior public trading of Ordinary Shares*

Prior to First Admission, there has been no public trading market for the Ordinary Shares. Although Monitise will apply for the Demerger Shares to be admitted to AIM, and the Demerger is conditional upon such Admission, there can be no assurance that an active

trading market for the Ordinary Shares will develop or, if one does develop, that it will be sustained following Admission. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

- *Trading on AIM*

Investment in shares traded on AIM is perceived to involve a higher degree of risk and to be less liquid than investment in companies whose shares are listed on the Official List. AIM has been in existence since June 1995, but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares.

In addition, AIM is a less regulated market than the Official List. For example, there are fewer circumstances in which Monitise would be required to seek shareholder approval for transactions and the requirements for disclosure of the financial history of any asset holding-companies that are acquired may be lower.

- *Source of funds*

In order to satisfy its working capital requirements, the Monitise Group requires funds from the Placing or access to a suitable debt facility. If the current source of funds through the Placing together with the Working Capital Facility Agreement and future revenues are not sufficient to finance the Monitise Business' development and commercialisation strategies or if Morse becomes unable to meet its obligations to fund the Monitise Group through the Working Capital Facility Agreement, the Monitise Group may need to raise additional capital from equity or debt sources. Further equity financing may be dilutive to existing Shareholders or result in the issuance of securities whose rights, preference and privileges are senior to those of the owners of Ordinary Shares. If any such future funding requirements are met through additional debt financing, the Monitise Business may be required to adhere to covenants restricting its future operational and financial activities. If the Monitise Group is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, it may be unable to expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on its business and results of its operations.

- *Exercise of outstanding share options will dilute the ownership of holders of Ordinary Shares*

At the time of First Admission, Monitise will have seven share option plans in place that provide for the issue of options over Ordinary Shares to certain Monitise employees. Options over 78,000 shares in Monitise Holdco have been allocated under the Old Options at an exercise price of £18.00 for one individual, and at nominal value for other option holders, representing 7.8 per cent. of Demerger Shares. Under the Share Plans (excluding the Monitise Rollover Plan), the maximum number of Ordinary Shares permitted to be allocated may not exceed 12.5 per cent. of Monitise's issued share capital on that date. Holders of Ordinary Shares will experience dilution as set forth above upon the exercise of such options.

- *The Monitise Group will be less diverse than the Morse Group*

As the Monitise Group following the Demerger will be smaller than the Morse Group prior to the Demerger, under-performance of any one of the Monitise Business's operations is likely to have a larger impact on the Monitise Group than it would on the Morse Group prior to the Demerger. In addition, the focus of the Monitise Business on mobile banking means that it will be exposed to a particular sector and possibly one or more specific geographic locations. The spread of the Monitise Business is currently relatively narrow and may therefore not significantly mitigate risk.

- *As a holding company, Monitise's ability to pay dividends will depend upon the level of distributable reserves and the level of cash balances*

The payment of dividends by Monitise is subject to Monitise having sufficient distributable reserves for such purposes after the receipt of amounts from its subsidiaries and joint ventures.

- *Shareholders who use currencies other than pounds sterling are exposed to foreign currency risk*
The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in the Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms and any appreciation of pounds sterling will increase the value in foreign currency terms.
- *If Monitise were to make a chargeable payment, a material tax liability could arise.*
Although Monitise does not intend to, there is a risk that if Monitise were to make a payment that is a “chargeable payment” for the purposes of the Income and Corporation Taxes Act 1988, a material tax liability could arise. In certain circumstances, where a company involved in a statutory demerger makes a payment other than for *bona fide* commercial reasons in the five years following a demerger, this payment could constitute a “chargeable payment”. A mechanism is available to obtain clearance from HMRC before a payment is made. If clearance is not obtained and HMRC consider payment to fall within the definition of a “chargeable payment”, a material tax liability could arise to Monitise.
- *Holders not based in the UK may not be able to exercise pre-emptive rights*
If the share capital of Monitise is increased and new shares are issued for cash, existing shareholders are entitled to pre-emptive rights in respect of those shares unless waived by shareholders’ resolution. If Monitise allots Ordinary Shares for cash in the future, even in circumstances where pre-emptive rights are not waived, holders of Ordinary Shares outside the UK may not be able to exercise their pre-emptive rights for Ordinary Shares unless Monitise decides to comply with applicable local laws and regulations. In particular, US Investors would not be able to exercise their pre-emptive rights to the new Ordinary Shares unless an effective registration statement was placed or an exemption from the registration requirements of the US Securities Act was available. There can be no assurance that Monitise will file any such registration statement, or that an exemption to the registration requirements of the US Securities Act will be available, which would result in the US Investors being unable to exercise their pre-emptive rights.
- *The rights of Ordinary Shares may be different to those of shares in foreign corporations*
The rights afforded to Ordinary Shareholders will be governed by English law and by Monitise’s constitutional documents and these rights differ in certain respects from the rights of shareholders in typical non-UK based corporations. In particular, English law currently significantly limits the circumstances under which shareholders of English companies may bring derivative actions, and, in most cases, only the corporation can bring an action in respect of wrongful acts committed against it. Neither an individual shareholder nor any group of shareholders has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a corporation in, for example, the US.

(3) Market-related risks

- *The Monitise Business may be exposed to currency exchange risk*
If the Monitise Business is successful, its operations may involve the payments from joint venture partners and other customers denominated in currencies other than pounds sterling, including the US dollar. Fluctuations between the value of pounds sterling and the US dollar or other currencies may have an adverse effect on the Monitise Business’s financial performance.
- *The Monitise Business is exposed to interest rate risk*
Monitise’s borrowing costs are subject to fluctuations in the level of interest rates, which could materially adversely affect the Monitise Business, and/or its financial condition and/or operating results. Further details of Monitise’s working capital facility are set out in paragraph 7(a) of Part VI of this document.

- *Changes in legislation and fiscal and regulatory policies*

The Monitise Business's operations are subject to risk of changes in legislation, taxation and regulation. Changes in legislation, taxation and regulation could have an adverse effect on the results of operations of the Monitise Group.

- *The Monitise Business and its future operating results may also be adversely affected by unfavourable economic and market conditions and other events outside of its control*

Adverse economic conditions worldwide could result in reduced demand for the Monitise Business's services as a result of, for example, higher overhead costs as a percentage of revenues. Decreased demand for the Monitise Business's services would result in decreased revenues, which could harm the Monitise Business's operating results and cause the price of Ordinary Shares to fall.

- *Monitise operates in an emerging and rapidly evolving market. This makes it difficult to evaluate Monitise's future prospects and may increase the risk that Monitise will not be successful*

Monitise's services are new and evolving and it is difficult to predict the future growth rates, if any, and size of these markets. Monitise cannot provide any assurances that the markets for its services will develop or that its services will be adopted in the market. If the markets do not develop, develop more slowly than expected or become saturated with competitors, or if Monitise's services do not achieve market acceptance, Monitise's business, operating results and financial condition could be adversely affected.

Because of the rapid evolution of Monitise's markets, it is difficult to make predictions regarding Monitise's future operating results. Investors in the Ordinary Shares should consider the risks and difficulties that Monitise faces as a young company in a new and rapidly evolving market.

PART III

DETAILS OF ADMISSION

1 CREST

The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Upon Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. The Company will apply for the Demerger Shares and the Placing Shares to be admitted to CREST with effect from First Admission and Second Admission respectively. Accordingly, settlement of transactions in the Ordinary Shares following First Admission and Second Admission may take place within the CREST system if any shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

2 Lock-in Arrangements

The Company and each of the Directors have entered into Lock In arrangements preventing them from issuing or selling (as appropriate) or otherwise transferring Ordinary Shares (or interests therein) held by them or their immediate families, (being in aggregate 20,098,008 Ordinary Shares, representing 7.9 per cent. of the ordinary share capital of the Company following Second Admission) for a period of 12 months after Second Admission without the prior consent of Investec (subject to certain exceptions) and for a further period of 12 months thereafter to sell them only through Investec in accordance with its requirements, to maintain an orderly market in the Ordinary Shares.

The Lock In arrangements are subject to certain exceptions as described in paragraph 7(g) of Part VI of this document.

3 The Placing and Use of Proceeds

Pursuant to the Placing, which has been arranged subject to the terms of the Placing Agreement by Investec, the Placing Shares have been conditionally placed with certain Qualified Investors, other institutional investors, certain Directors, members of Senior Management and certain directors and members of senior management of Morse at the Placing Price.

Subject to the Placing Agreement becoming unconditional, the Placing will raise approximately £21.4 million before expenses (approximately £20.2 million net of expenses) for the Company.

The Placing Shares will represent approximately 38.2 per cent. of the enlarged issued ordinary share capital. The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* with the Ordinary Shares already in issue immediately prior to Second Admission, including the right to receive all dividends and other distributions thereafter declared, made or paid.

Application has been made to the London Stock Exchange for the Demerger Shares and the Placing Shares to be admitted to AIM. It is expected that First Admission will become effective and that dealings in the Demerger Shares will commence at 8:00 a.m. on 28 June 2007. It is expected that Second Admission will become effective and that dealings in the Placing Shares will commence at 8:00 a.m. on 29 June 2007.

The Placing is conditional, *inter alia*, upon:

- (a) the Placing Agreement becoming unconditional (save for Second Admission) and not having been terminated in accordance with its terms prior to Second Admission; and
- (b) Second Admission taking place at 8:00 a.m. on 29 June 2007 (or such later date as Investec and the Company may agree, not being later than 6 July 2007).

The net proceeds of the issue of the Placing Shares will be approximately £20.2 million after deduction of fees, commissions and expenses payable by the Company. The Placing has been underwritten by Investec other than in respect of Placing Shares conditionally placed with certain Directors, members of Senior Management and certain directors and members of

senior management of Morse. The Company intends to use the net proceeds it receives from the Placing to fund its working capital and to redeem or repurchase its redeemable preference share.

Placing Restrictions

The Ordinary Shares have not been, and will not be, registered under the US Securities Act, and, subject to certain exceptions, may not be offered or sold within the United States. The Ordinary Shares are being offered and sold outside the United States pursuant to, and in reliance on, Regulation S under the US Securities Act and within the United States only to major US institutional investors within the meaning of Rule 15a-6 under the US Exchange Act who are also institutional accredited investors, in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

The Ordinary Shares have not been and will not be qualified for distribution or registered under the securities laws of Australia, Canada or Japan. Save with the prior consent of the Company and Investec, the Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly, in any Excluded Territory or as a result of an application known to originate in any Excluded Territory, or to a citizen of, or a person resident in, any Excluded Territory or to a corporation, partnership or other entity created or organised in or under the laws of any Excluded Territory or to an estate or trust which is subject to the taxation of any Excluded Territory regardless of the source of its income.

Accordingly, save with the prior consent of the Company and Investec, copies of this document and any related documents are not being, and must not be, mailed or otherwise distributed or sent in or into the United States or the Excluded Territories. Persons purchasing Ordinary Shares in the Placing shall be deemed to represent and warrant that they are not in the United States unless they are a major US institutional investor and also an institutional accredited investor and will not, as principal or agent, offer, sell, transfer or deliver, directly or indirectly, as part of the distribution of the Ordinary Shares, any Ordinary Shares being purchased to any person in the United States or any Excluded Territory or as a result of an application known to originate in the United States or any Excluded Territory.

PART IV
FINANCIAL INFORMATION
Monitise plc

Part (a) Accountants' Report



PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

The Directors
Monitise plc
Providian House
16-18 Monument Street
London
EC3R 8AJ

Investec Bank (UK) Limited
2 Gresham Street
London
EC2V 7QP

25 June 2007

Dear Sirs

**Monitise plc (the “Company”) – Consolidated financial information for the period ended
6 June 2007**

Introduction

We report on the special purpose financial information set out below. This special purpose financial information has been prepared for inclusion in the admission document dated 25 June 2007 (the “**Document**”) of the Company on the basis of the accounting policies set out in the notes to the financial information. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “**AIM Rules**”) and is given for the purposes of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the special purpose financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the special purpose financial information gives a true and fair view, for the purposes of the document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the AIM Rules, consenting to its inclusion in the Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the special purpose financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the special purpose financial information and whether the accounting policies are appropriate to the Company's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the special purpose financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the special purpose financial information gives, for the purposes of the document dated 25 June 2007, a true and fair view of the state of affairs of the Company as at the date stated in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Monitise plc
Part IV (b) Financial information
Balance sheet

	Note	At 6 June 2007 £
	<u> </u>	<u> </u>
Assets		
Non-current assets		
		—
		<u> </u>
		—
		<u> </u>
Current assets		
Trade and other receivables	3	50,000
Bank & Cash		1
		<u> </u>
Total current assets		<u>50,001</u>
Liabilities		
Non-current liabilities		
Other payables	4	50,000
		<u> </u>
Total non-current liabilities		<u>50,000</u>
Net assets		<u> </u> <u> </u> 1
Capital and reserves		
Ordinary share capital	5	1
Retained reserves		—
		<u> </u>
Total equity		<u> </u> <u> </u> 1

Monitise plc

Notes to the balance sheet

1. General information

The Company was incorporated in England and Wales on 28 November 2006. The sole activity of the Company is to act as a holding company for the Monitise Group. The Company did not trade between its incorporation and the date of the financial information, accordingly it had no recognised income or expenditure during the period. Apart from the £1 of cash received from the issue of ordinary share capital on incorporation there have been no other cash flows.

2(a). Summary of significant accounting policies

The principal accounting policies applied in the preparation of the balance sheet are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of preparation

The balance sheet has been prepared for the purpose of re-registering the Company as a public limited company. The financial information has been prepared from the internal financial accounting records of the Company on the basis of International Financial Reporting Standards as adopted by the European Union ("IFRS") (including International Financial Reporting Interpretations Committee ("IFRIC") interpretations) and 1985 Companies Act.

The balance sheet has been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher amount of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2(c).

Standards, amendments and interpretations

There are a number of published standards, amendments and interpretations that have not been adopted by the Company because they are not relevant to the Company's circumstances.

These published standards, amendments and interpretations are:

IAS 21 (Amendment), Net investment in a foreign operation.

IAS 39 (Amendment), Cash flow hedge accounting of forecast group transactions.

IAS 39 (Amendment), The fair value option.

IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.

IFRS 1 (Amendment), First time adoption of International Reporting Standards and IFRS 6 (Amendment), exploration for and evaluation of mineral resources.

IFRS 6, Exploration and evaluation of mineral resources.

IFRIC 4, Determining whether an arrangement contains a lease.

IFRIC 5, Rights to interests arising from decommissioning, restoration and environment rehabilitation funds.

IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.

IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.

IFRIC 8, Scope of IFRS 2.

IFRIC 9, Reassessment of embedded derivatives.

IFRIC 10, Interim Financial Reporting and Impairment.

IFRIC 11, Group and Treasury Share Transactions.

IFRIC 12, Service Concession Arrangements.

Notes to the balance sheet

Two other standards that may impact upon the Company but that are not applicable for the first year end following the period of the financial information are IFRS 7, Financial instruments: disclosures and IFRS 8, Operating segments. The Company has not elected to adopt these standards early, as it does not believe that they are applicable to the Company.

Financial instruments

The Company's financial assets and liabilities are recorded at their book value. They are classified as current or non-current according to when the receipt or payment falls due.

Trade receivables are recognised and carried at fair value, being original invoice amount less an allowance for uncollectable amounts. A provision for impairment of trade receivables is made when there is objective evidence that collection of the full amounts is not longer probable. Bad debts are written off as they are identified.

2(b). Financial risk management

The Company does not trade and accordingly the Directors do not consider that it is subject to any significant financial risks.

2(c). Critical accounting estimates and judgments.

The Directors do not consider that there are any critical accounting estimates or judgements.

3. Trade and other receivables

	At 6 June 2007 £
Current:	
Other receivables	50,000
Trade and other receivables	50,000

Other receivables include £50,000 relating to an undertaking to pay for the redeemable preference share.

4. Financial liabilities

	At 6 June 2007 £
Non-current:	
Financial liabilities	50,000
Financial liabilities	50,000

This represents the creditor in respect of one redeemable preference share.

Notes to the balance sheet

5. Share capital

At 6 June 2007	Ordinary Shares	Preference Share	£
Authorised			
Shares of £0.01 each.....	495,000,000	—	4,950,000
Shares of £50,000.....	—	1	50,000
Allotted, called up and fully paid			
At 6 June 2007	100	(see below)	1

Monitise plc (previously Monitise Limited) was incorporated on 28 November 2006 with an authorised share capital of 1,000 shares of £1.00 each, of which 1 ordinary share of £1.00 was issued to the subscriber to the memorandum of association.

The company was named Oscar Ventures Limited on incorporation and changed its name to Monitise Limited on 5 June 2007. It re-registered as a public limited company on 6 June 2007.

On 5 June 2007 the existing issued and authorised ordinary shares were subdivided by 100 and the authorised share capital was increased to £5,000,000.

On 6 June 2007 one redeemable preference share of £50,000 was issued. The issued preference share, which is redeemable and which does not have a fixed dividend, has been disclosed as a liability in accordance with IAS39.

Save for the matters set out in this financial information, the Company has not yet commenced to trade, has prepared no financial statements for presentation to its members and has not declared or paid a dividend.

Part IV
Monitise Group Limited

Part (a) Accountants' Report



PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

The Directors
Monitise plc
Providian House
16-18 Monument Street
London
EC3R 8AJ

Investec Bank (UK) Limited
2 Gresham Street
London
EC2V 7QP

25 June 2007

Dear Sirs

**Monitise Group Limited (“MGL”) – Consolidated financial information
for the two periods ended 31 December 2006**

Introduction

We report on the special purpose financial information set out below. This special purpose financial information has been prepared for inclusion in the admission document dated 25 June 2007 (the “**Document**”) of Monitise plc on the basis of the accounting policies set out in the notes to the financial information. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “**AIM Rules**”) and is given for the purposes of complying with that schedule and for no other purpose.

Responsibilities

The Directors of MGL are responsible for preparing the special purpose financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the special purpose financial information gives a true and fair view, for the purposes of the document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the AIM Rules, consenting to its inclusion in the Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the special purpose financial information. It also

included an assessment of significant estimates and judgments made by those responsible for the preparation of the special purpose financial information and whether the accounting policies are appropriate to MGL's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the special purpose financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the special purpose financial information gives, for the purposes of the document dated 25 June 2007, a true and fair view of the state of affairs of MGL as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Monitise Group Limited
Consolidated balance sheet

		At 30 June 2006 £'000	At 31 December 2006 £'000
	Note		
Assets			
Non-current assets			
Intangible assets	8	478	616
Property, plant and equipment	9	338	335
Deferred income tax assets	17	310	530
		<u>1,126</u>	<u>1,481</u>
Current assets			
Trade and other receivables	10	613	1,441
Cash and cash equivalents		160	14
		<u>773</u>	<u>1,455</u>
Liabilities			
Current liabilities			
Trade and other payables	11	(538)	(1,115)
Financial liabilities – borrowings	12	(4,328)	(7,051)
Bank borrowings and overdrafts	12	—	(19)
Current tax liability		(57)	(57)
		<u>(4,923)</u>	<u>(8,242)</u>
Net current liabilities		<u>(4,150)</u>	<u>(6,787)</u>
Net liabilities		<u>(3,024)</u>	<u>(5,306)</u>
Equity			
Ordinary share capital	13	—	—
Retained deficit	15	(3,024)	(5,306)
Deficit attributable to equity shareholders		<u>(3,024)</u>	<u>(5,306)</u>
Minority interest		—	—
Total deficit	15	<u>(3,024)</u>	<u>(5,306)</u>

Monitise Group Limited
Consolidated statement of recognised income and expense

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Loss for the financial period	(2,434)	(2,289)
Total recognised loss for the period.....	<u>(2,434)</u>	<u>(2,289)</u>

Monitise Group Limited
Consolidated Cash flow statement

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Cash flows used in operating activities:		
Cash used in operations (see below).....	(3,909)	(3,429)
Interest received.....	7	2
Net cash used in operating activities	(3,902)	(3,427)
Cash flows from investing activities:		
Purchase of capitalised intangibles.....	(120)	(175)
Purchase of property, plant and equipment.....	(125)	(26)
Net cash used in investing activities	(245)	(201)
Cash flows from financing activities:		
Loans from/ funding by parent.....	3,951	3,219
Loans from joint venture party	350	244
Net cash provided by financing activities	4,301	3,463
Net increase/(decrease) in cash and cash equivalents	154	(165)
Cash and cash equivalents at beginning of period	6	160
Cash and cash equivalents at end of period	160	(5)

Cash generated from operations

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Loss before income tax.....	(3,331)	(3,249)
Adjustments for:		
Interest receivable.....	(7)	(2)
Amortisation	8	37
Depreciation	9	29
Share options charge.....	—	7
Increase in trade and other receivables.....	(610)	(828)
Increase in trade and other payables.....	38	577
Cash used in operations	(3,909)	(3,429)

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Cash and cash equivalents:		
Cash at bank and in hand.....	160	14
Bank overdrafts (see note 12)	—	(19)
	160	(5)

Monitise Group Limited

Notes to the financial information

1. General information

Monitise Group Limited (incorporated in England and Wales on 12 October 2005) (“MGL”) has a number of subsidiaries, namely Monitise Business Solutions Limited (incorporated in England and Wales on 11 May 2006), Monitise International Limited, formerly known as Monitise Limited (incorporated in England and Wales on 7 September 2005) and Monilink Limited, a proportionally consolidated joint venture (incorporated in England and Wales on 14 July 2003) (together with MGL, the “MGL Group”). The principal activity of the MGL Group is developing secure infrastructure and applications for mobile banking and payments.

2(a). Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial information of MGL has been prepared for inclusion in the Admission Document of Monitise plc (“Monitise”). It shows the financial track record of the MGL Group for the nine-month period to 30 June 2006 and the subsequent six month period to 31 December 2006.

The financial information has been prepared from the internal financial accounting records of Monitise Group Limited in accordance with the requirements of the AIM Rules and on the basis of International Financial Reporting Standards as adopted by the European Union (“IFRS”) (including International Financial Reporting Interpretations Committee (“IFRIC”) interpretations) and the Companies Act 1985.

The financial information has been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the MGL Group’s accounting policies. The areas involving a higher amount of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2(c).

Basis of consolidation

The financial information consolidates the results of Monitise Group Limited and its subsidiaries, Monitise International Limited, Monitise Business Solutions Limited and its joint venture Monilink Limited for the periods covered by the financial information. Subsidiaries are entities that are directly or indirectly controlled by the MGL Group. Control exists where the MGL Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The MGL Group applies a policy of treating transactions with minority interests as transactions with parties external to the MGL Group. Purchase or disposals of items from or to minority interests result in gains and losses for the MGL Group that are recorded in the income statement. Joint Venture arrangements are proportionally consolidated based upon the MGL Group’s equity interest.

Standards, amendments and interpretations

There are a number of published standards, amendments and interpretations that have not been adopted by the MGL Group because they are not relevant to the MGL Group’s circumstances. These published standards, amendments and interpretations are:

IAS 21 (Amendment), Net investment in a foreign operation.

IAS 39 (Amendment), Cash flow hedge accounting of forecast group transactions.

IAS 39 (Amendment), The fair value option.

IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.

IFRS 1 (Amendment), First time adoption of International Reporting Standards and IFRS 6 (Amendment), exploration for and evaluation of mineral resources.

IFRS 6, Exploration and evaluation of mineral resources.

Monitise Group Limited
Notes to the financial information (continued)

IFRIC 4, Determining whether an arrangement contains a lease.

IFRIC 5, Rights to interests arising from decommissioning, restoration and environment rehabilitation funds.

IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.

IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.

IFRIC 8, Scope of IFRS 2.

IFRIC 9, Reassessment of embedded derivatives.

IFRIC 10, Interim Financial Reporting and Impairment.

IFRIC 11, Group and Treasury Share Transactions.

IFRIC 12, Service Concession Arrangements.

Two other standards that may impact upon the MGL Group but that are not applicable for the first year end following the period of the financial information are IFRS 7, Financial instruments: disclosures and IFRS 8, Operating segments. The MGL Group has not elected to adopt these standards early, as it does not believe that doing so would provide significant additional information beyond that required by IAS 32, Financial instruments: presentation, and IAS 14, Segment reporting, which are the related standards already adopted by the MGL Group in the presentation of the financial information.

Revenue

Revenue comprises the value of services provided within the MGL Group's ordinary activities net of value added taxes.

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 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 represents the right to use the software are recognised at the date from which the customer has the right to use the software. Fees for maintenance, support and other associated services under the license are recognised as revenue over the life of the contract.

Segmental reporting

A segment is a distinguishable component of the MGL Group that is engaged in providing services (business segment) or in providing services within a particular economic (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Computer hardware

Computer hardware is stated at cost when acquired, less depreciation and when appropriate, provision for impairment. Depreciation is provided at rates calculated to write off the cost of computer hardware, by equal annual instalments over their expected useful lives, having regard to their residual values, and is subject to an impairment review. Depreciation commences in the period in which ordinary revenue earning activities begin. The expected useful life of computer hardware is 3-5 years.

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:

Monitise Group Limited
Notes to the financial information (continued)

- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the MGL 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 at three years, once the related software and hardware products are available for use. 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.

Impairment of non-financial assets

MGL assesses at each reporting date whether an asset may be impaired. If any such indicator exists, the entity tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset an impairment loss is required. In addition to this, assets with indefinite lives and goodwill are tested for impairment at least annually.

Share based Compensation

The MGL Group operates 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. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, MGL 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.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash bank balances.

Leases

The MGL Group has no finance leases. All leases are such that the lessor retains substantially all the risks and benefits of ownership of the asset and hence are classified as operating leases. Rentals paid under operating leases are charged to the income statement as incurred on a straight-line basis over the lease term.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred

Monitise Group Limited
Notes to the financial information (continued)

tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Financial instruments

The MGL Group's financial assets and liabilities are recorded initially at their fair value and subsequently at amortised cost. They are classified as current or non-current according to when the receipt or payment falls due.

Trade receivables are recognised and carried at fair value, being original invoice amount less an allowance for uncollectible amounts. A provision for impairment of trade receivables is made when there is objective evidence that collection of the full amounts is no longer probable. Bad debts are written off as they are identified.

2(b). Financial risk management

Treasury management

The MGL 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 MGL Group. The MGL Group's financial instruments comprise cash along with various items, such as trade creditors. It is and continues to be the MGL Group's policy that no speculative trading in derivatives shall be undertaken. The main risks arising from the MGL Group's financial instruments are liquidity risk and interest rate risk.

Liquidity risk

The MGL Group finances its operations through loans from the parent companies. The MGL Group has continued with its policy of ensuring that there are sufficient funds to meet the expected funding requirements of the MGL Group's operations and investment opportunities. The MGL Group has continued to monitor its liquidity position through budgetary procedures and cash flow analysis.

Interest rate risk

Interest expense reflects the cost of the MGL Group's borrowings. Interest income arises from investment of cash and short term deposits held by the MGL Group. Interest rate risk is managed by monitoring market rates to ensure that optimal returns are achieved.

Credit risk

The MGL Group has no significant concentrations of credit risk, particularly in the light of its dealing with established businesses in the banking sector.

2(c). Critical accounting estimates and judgments

Sources of estimation uncertainty

The preparation of the financial statements requires the MGL 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 estimate 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.

The MGL Group believes that there are four areas of critical accounting estimate:

Monitise Group Limited
Notes to the financial information (continued)

- a) Revenue recognition. Revenue for consulting services is recognised as 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 MGL Group's employee share option scheme. Details of the assumptions are set out in Note 14.
- c) Development costs. The MGL Group capitalises internal and external costs that are directly related to the development of new technologies that are expected to generate future revenues for the MGL Group. Management have made an assumption that all such expenditure incurred since 30 June 2006 will generate revenues and may be considered for capitalisation. All expenditure incurred before that date was considered too uncertain of generating future revenues and was fully expensed to the income statement as incurred. Development costs have been assumed to have a useful economic life of three years.
- d) Recoverability of fixed assets and deferred tax assets. The directors have prepared projections of Monilink's anticipated future profitability based on their best estimate of likely future developments within the business. Based on these projections the directors do not consider that an impairment provision is necessary at the balance sheet date.

The directors believe that the assumption that the MGL Group is a going concern is a critical assumption. The financial information has been prepared on the "going concern" basis due to continued financial support from the company's parent undertakings (Morse plc and, for some entities within the MGL Group, its joint venture partner LINK Interchange Network Limited), funding that the group may obtain through flotation and the MGL Group's anticipated future profits and cash inflows.

3. Segmental reporting

Primary segmental analysis

The business segment is the primary reporting segment for the MGL Group. The MGL 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.

Secondary segmental analysis

The UK is the home country of the MGL Group and the base of its geographic operations. The revenue analysis in the table below is based on the location of the customer.

The geographical segment is the secondary reporting segment for the MGL Group.

	UK £'000s	Europe £'000s	Total £'000s
9 months ended 30 June 2006			
Revenue – external.....	240	—	240
Operating loss.....	(3,338)	—	(3,338)
Segment assets.....	1,899	—	1,899
Capital expenditure.....	467	—	467
Depreciation and amortisation.....	1	—	1
6 months ended 31 December 2006			
Revenue – external.....	274	89	363
Operating loss.....	(3,168)	89	(3,079)
Segment assets.....	2,936	—	2,936
Capital expenditure.....	201	—	201
Depreciation and amortisation.....	66	—	66

Monitise Group Limited
Notes to the financial information (continued)

All costs are currently recorded centrally in the UK. At this stage no separate regional reporting is in place, with the £89,000 overseas income treated as incremental to the core team activity.

4. Losses per share

Basic loss per share (EPS) is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

	9 months ended 30 June 2006			6 months ended 31 December 2006		
	Loss £'000	Weighted Average Number of shares	Per share amount (pence)	Loss £'000	Weighted Average Number of shares	Per share amount (pence)
Basic/Diluted loss per share *	(2,434)	900,000	(2.7)	(2,289)	900,000	(2.5)

* Since the conversion of potential ordinary shares would decrease net basic loss per share they are anti dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

5. Employee benefits expense

The average monthly number of persons (including directors) employed by the MGL Group during the period was:

	9 months ended 30 June 2006 Number	6 months ended 31 December 2006 Number
Sales and technical	20	27
Management and administration	7	14
	27	41
	£'000	£'000
Staff costs including directors' remuneration amounted to:		
Wages and salaries	1,463	1,680
Social security costs	194	202
Other employee benefits	46	35
Charge in respect of share based payment awards.....	—	7
Other pension costs.....	20	21
	1,723	1,945

Pension contributions outstanding as at 30 June 2006 and as at 31 December 2006 were £nil. Pension contributions for the relevant employees are paid over by Morse Group Limited to the provider.

Monitise Group Limited
Notes to the financial information (continued)

Directors

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Salary	91	105
Bonus	25	50
Benefits in kind	7	5
Pension contributions	—	2
Total	123	162

The emoluments of the highest paid director were £126,000 for the period ended 31 December 2006 (£123,000: 30 June 2006) including pension contributions of £nil for the period ended 31 December 2006 (£nil: 30 June 2006).

As at 31 December 2006, one director was a member of MGL's defined contribution pension scheme (£nil: 30 June 2006).

The emoluments of other directors have been borne by Morse Group Limited for the period ended 30 June 2006, and partially borne for the period ended 31 December 2006.

6. Operating loss

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
<i>Operating loss is stated after charging:</i>		
Auditors' remuneration for audit services	12	12
Auditors' remuneration for non-audit services (tax compliance) ...	33	20
Operating lease rentals:		
— land and buildings	165	164
Depreciation	1	29
Amortisation of intangibles	—	37

7. Taxation

a) Analysis of charge in the year

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
United Kingdom		
Corporation tax at 30 per cent. – relief for losses	(808)	(741)
Current period charge	—	—
Total current tax	(808)	(741)
Total deferred tax	(89)	(219)
Income tax credit	(897)	(960)

Monitise Group Limited
Notes to the financial information (continued)

b) Factors affecting taxation for the periods

The following table shows a reconciliation from the theoretical corporation tax charge, using the UK corporation tax rate of 30 per cent. (30 June 2006: 30 per cent.), to the reported tax charge.

The total tax charge in future years will be affected by any changes in the corporation tax rates in force in the countries in which MGL operates.

	9 months ended 30 June 2006 £'000	6 months ended 31 December 2006 £'000
Loss before tax	(3,331)	(3,249)
Taxation on profit at standard UK rate of 30%	(999)	(975)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	102	15
Income tax credit	(897)	(960)

8. Intangible assets

Cost	Intellectual Property £'000	Computer Software £'000	Development Costs £'000	Total £'000
At 1 October 2005	—	136	—	136
Additions at cost	222	120	—	342
At 30 June 2006	222	256	—	478
Additions	—	1	174	175
At 31 December 2006	222	257	174	653
Accumulated amortisation				
At 1 October 2005	—	—	—	—
Charge for the period	—	—	—	—
At 30 June 2006	—	—	—	—
Charge for the period	16	7	14	37
At 31 December 2006	16	7	14	37
Net book amount				
At 30 June 2006	222	256	—	478
At 31 December 2006	206	250	160	616

Capitalised development costs are amortised as a charge to the income statement on a straight line basis over their useful economic lives once the related software products are available for use. Capitalised development costs for assets which are not yet in use are tested for impairment annually. The useful economic life is three years which will be reviewed annually.

Monitise Group Limited
Notes to the financial information (continued)

Intellectual property rights were acquired from Monilink Limited, a joint venture between MGL and LINK Group Holdings Limited. These costs are being amortised as a charge to the income statement on a straight line basis over their useful economic lives which have been estimated at seven years.

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

9. Computer hardware equipment

	Total £'000
Cost	
At 1 October 2005.....	214
Additions at cost.....	125
	<hr/>
At 30 June 2006	339
	<hr/> <hr/>
Accumulated depreciation	
At 1 October 2005.....	1
	<hr/>
At 30 June 2006	1
	<hr/> <hr/>
Net book amount	
	<hr/>
At 30 June 2006	338
	<hr/> <hr/>
Cost	
At 1 July 2006.....	339
Additions at cost.....	26
	<hr/>
At 31 December 2006	365
	<hr/> <hr/>
Accumulated depreciation	
At 1 July 2006.....	1
Charge for the year.....	29
	<hr/>
At 31 December 2006	30
	<hr/> <hr/>
Net book amount	
	<hr/>
At 31 December 2006	335
	<hr/> <hr/>

Computer hardware equipment is depreciated over a period of three to five years. Depreciation commences in the period in which ordinary activities begin.

The MGL Group does not hold any finance leases.

Monitise Group Limited
Notes to the financial information (continued)

10. Trade and other receivables

	At 30 June 2006 £'000	At 31 December 2006 £'000
Current:		
Trade receivables	—	324
Other taxes and social security	106	74
Other receivables	391	790
Accrued income	50	68
Prepayments	66	185
Trade and other receivables	613	1,441

The fair values of trade and other receivables are not materially different from their reported values.

Credit risk with respect to trade receivables is limited due to the relative financial stability of the MGL Group's customer base. Management, therefore, believe that no further credit risk provision would be required in excess of normal provision for doubtful receivables.

The bad debt provision as at 31 December 2006 is £nil (£nil: 30 June 2006).

11. Trade and other payables – current

	At 30 June 2006 £'000	At 31 December 2006 £'000
Trade payables	36	104
Other taxes and social security	39	—
Accruals	463	1,011
	538	1,115

12. Financial liabilities – borrowings

	At 30 June 2006 £'000	At 31 December 2006 £'000
Current		
Bank overdraft	—	19
Loan from joint venture party-LINK	795	1,039
Loan from Morse Group	3,533	6,012
	4,328	7,070

The loans are repayable on demand and are non-interest bearing. The unsecured bank overdraft is repayable on demand.

Monitise Group Limited
Notes to the financial information (continued)

13. Called up share capital

Period to 30 June 2006	Ordinary Shares	£
Authorised		
Shares of £0.0001 each	1,000,000	100
Allotted, called up and fully paid		
At 1 October 2005 and 30 June 2006	900,000	90
Period to 31 December 2006		
Authorised		
Shares of £0.0001 each	1,000,000	100
Allotted, called up and fully paid		
At 1 July 2006 and 31 December 2006	900,000	90

14. Share Based Payments

During the year the MGL Group had a share based payment arrangements in operation of which further details are set out below:

Share Option Scheme

A summary of awards outstanding at 30 June 2006 and 31 December 2006 is as follows:

	Date option granted	Exercise Price per share	Exercisable on floatation or sale or as dated below		At	At
			from	to	30 June 2006	31 December 2006
					unexercised	unexercised
Executive directors & management	01 November 2005	£0.0001	01 November 2005	01 November 2015	45,000	45,000
Executive directors & management	18 April 2006	£0.0001	18 April 2006	01 November 2015	10,000	10,000
Executive directors & management	01 October 2006	£0.0001	01 October 2006	01 November 2015	—	5,000
Executive directors & management	09 November 2006	£0.0001	09 November 2006	01 November 2015	—	2,000
Executive directors & management	11 December 2006	£0.0001	11 December 2006	01 November 2015	—	6,000
					55,000	68,000

MGL has used the Black-Scholes model to value its share options as the options have no market-based conditions but are linked to time and continuous service. The share options can only vest on the earlier of a sale or listing. If it is envisaged by the directors that a listing or sale will take place, notice will be given to optionholders of that fact and informing them that their options may be conditionally exercised by such date as may be specified in that notice which shall be a date (not later than the 10th anniversary of the date of grant) which the directors, in their discretion, consider reasonable. Due to the very low exercise price of the options the directors have concluded that the awards are effectively awards of shares and accordingly volatility has been assumed to be nil.

Monitise Group Limited
Notes to the financial information (continued)

Share options granted to executive directors and management

Date of Grant	Grant of share options November 2005	Grant of share options April 2006	Grant of share options October 2006	Grant of share options November 2006	Grant of share options December 2006
Number of instruments granted	45,000	10,000	5,000	2,000	6,000
Exercise price	£0.0001	£0.0001	£0.0001	£0.0001	£0.0001
Share price at date of grant	—	—	£6	£9	£12
Contractual life (years).....	10	9.6	9.1	9.0	8.9
Vesting conditions	Sale or flotation	Sale or flotation	Sale or flotation	Sale or flotation	Sale or flotation
Expected option life at grant (years)	2.6	2.1	1.7	1.6	1.5
Risk free interest rate	4.4%	4.4%	4.93%	5.03%	5.03%
Expected dividend yield ...	0%	0%	0%	0%	0%
Fair value per granted instrument determined at grant date	£ nil	£ nil	£6	£9	£12

The expected life of the share options at the time of granting assumed flotation in June 2008.

The expected dividend yield has been based on £nil dividends being made over the reporting period.

The issues of 45,000 Monitise share options on 1 November 2005 and 10,000 Monitise share options on 18 April 2006 were fair valued at £nil. This is due to the significant uncertainty of the commercial success of the product at the time of the share option grants.

No other features of the options granted were incorporated into the measurement of fair value. The share options have been allocated to senior employees who have to still be employees of the MGL Group at the exercise date in order to exercise the shares.

There are no other performance criteria attached to the share options other than time and continuous service.

Monitise Group Limited
Notes to the financial information (continued)

15. Retained deficit

	Profit and Loss account £'000
1 October 2005	(590)
Loss attributable to all equity shareholders.....	(2,434)
At 30 June 2006.....	<u>(3,024)</u>
1 July 2006.....	(3,024)
Loss attributable to all equity shareholders.....	(2,289)
Credit in respect of share options charge to income statement.....	7
At 31 December 2006	<u>(5,306)</u>

16. Pensions

The MGL Group has a defined contribution pension scheme covering substantially all employees. The MGL Group makes contributions to the plan of up to 5 per cent. of gross salary. Total contributions made by the MGL Group in the two periods ending 30 June 2006 and 31 December 2006 were £15,952 and £19,861 respectively. There were no amounts outstanding from the MGL Group at 30 June 2006 and 31 December 2006 respectively; payments to the provider are made by Morse Group Limited.

17. Deferred Tax Asset

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 30 per cent. (30 June 2006: 30 per cent.).

	9 months 30 June 2006 £'000	6 months 31 December 2006 £'000
Start of period.....	222	311
Credited to the consolidated income statement	89	219
End of period	<u>311</u>	<u>530</u>

The deferred tax asset comprises the future benefit of losses £528,000 (30 June 2006: £311,000) and share based payments of £2,000 (30 June 2006: £nil).

As described in note 2(c) the directors have reviewed the recoverability of the deferred tax assets at the balance sheet dates.

18. Related Party Transactions

Morse Group Limited transferred assets to Monitise International Limited (previously known as Monitise Limited), a subsidiary of MGL, to the value of £32,450 during the period.

Morse Group Limited has loans outstanding with MGL, its 100 per cent. subsidiary, at 31 December 2006 of £6,051,450 (30 June 2006: £3,532,705). These are repayable on demand and are non interest bearing loans. An amount of £nil (£nil: 31 December 2006) has been repaid for the period.

During the period Monilink Limited received a charge for services provided from LINK Group Holdings Limited of £241,781 (30 June 2006: £203,223). The outstanding creditor balance at 31 December 2006 was £84,079 (30 June 2006: £98,890).

Monitise Group Limited
Notes to the financial information (continued)

Monitise International Limited has received services such as legal and IT services from Morse Group Limited without incurring any cost.

On 1 October 2005 MGL acquired intellectual property from Monilink Limited. An amount of £222,500 of this consideration represented the cost to the MGL Group of acquiring LINK Group Holdings Limited share of that intangible asset. Certain services are provided by Morse plc and LINK Interchange Network Limited which have been estimated at a financial value between £100,000 and £150,000 per annum for the periods under review.

The directors have identified 6 key management personnel, being the 6 members of the Executive Management team and senior technical staff comprising 6 staff (as at 31 December 2006) and 4 staff (as at 30 June 2006). Their compensation was as follows:

	9 months 30 June 2006 £'000	6 months 31 December 2006 £'000
Short term employee benefits.....	274	447
Charge in respect of share based payment awards.....	—	4
Post employment benefits	—	—
End of period	274	451

19. Joint venture – Monilink Limited

The Monitise Group's share of its joint venture's assets liabilities, income and expenses are as follows:

	9 months 30 June 2006 £'000	6 months 31 December 2006 £'000
Current assets	419	746
Long term assets.....	561	538
Current liabilities	(1,690)	(2,502)
Long term liabilities.....	—	—
Income.....	7	3
Expenses.....	220	(475)

MGL has a 50 per cent. share in a joint venture Monilink Limited (incorporated in England and Wales on 14 July 2003). The principal activity of this company is the provision of software and consulting services relating to mobile banking and has been proportionately consolidated into the Group's results.

MGL owns 10,000 'A' Ordinary Shares which rank *pari passu* with the 10,000 'B' shares.

On 1 October 2005, certain intangible assets were transferred from Monilink Limited to Monitise International Limited for a consideration of £445,000. Half of the consideration was satisfied by the reduction of an intercompany loan between the two entities. The other half of the consideration represented the cost to the MGL Group of acquiring its joint venture partner's share of the intangible assets. This amounted to £222,500 and has been shown in note 8.

Monitise Group Limited
Notes to the financial information (continued)

20 Commitments and contingencies

MGL Group leases all of its office premises under non-cancellable operating lease agreements.

MGL Group had minimum lease payments under non-cancellable operating leases expiring as follows:

	30 June	31 December
	2006	2006
Commitment expiring:	£'000	£'000
Within one year	55	55
	55	55

There is no material difference between the minimum lease payments due and their fair value.

The MGL Group had no capital commitments at the end of the year for capital expenditure contracted for but not provided for in the financial statements.

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 no provision has been reflected in the accounts.

21. Foreign Currency Risk

The MGL Group has one monetary asset being a euro trade debtor of £89,000 (£nil: 30 June 2006). Foreign exchange differences on retranslation of these balances are taken to the income statement.

22. Derivatives and Other Financial Instruments

All financial assets and liabilities are held in pounds sterling other than a euro asset balance of £89,000.

The Directors consider that the fair values of the loans are the same as their book value because they are repayable on demand. There are no outstanding derivatives or swaps at 31 December 2006 (30 June 2006: £nil) and no finance leases outstanding at 31 December 2006 (30 June 2006: £nil). There were no embedded derivatives at either date, separable or otherwise.

**Part IV
Monilink Limited**

Part (a) Accountants' Report



PricewaterhouseCoopers LLP
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25 June 2007

Dear Sirs

Monilink Limited (“Monilink”) – Financial information for the three periods ended 30 September 2005

Introduction

We report on the special purpose financial information set out below. This special purpose financial information has been prepared for inclusion in the admission document dated 25 June 2007 (the “**Document**”) of Monitise plc on the basis of the accounting policies set out in the notes to the financial information. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the “**AIM Rules**”) and is given for the purposes of complying with that schedule and for no other purpose.

Responsibilities

The Directors of Monitise plc are responsible for preparing the special purpose financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the special purpose financial information gives a true and fair view, for the purposes of the document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the AIM Rules, consenting to its inclusion in the Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the special purpose financial information. It also

included an assessment of significant estimates and judgments made by those responsible for the preparation of the special purpose financial information and whether the accounting policies are appropriate to Monilink's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the special purpose financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the special purpose financial information gives, for the purposes of the document dated 25 June 2007, a true and fair view of the state of affairs of Monilink as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Monilink Limited
Part (b) Financial Information
Income Statement

		12 months ended 30 June 2004 £'000	12 months ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
	Note			
Revenue		—	—	—
Administrative expenses		(176)	(1,128)	(345)
Operating loss	6	(176)	(1,128)	(345)
Finance income		—	27	3
Loss before income tax		(176)	(1,101)	(342)
Income tax credit	7	53	283	103
Loss for the period		(123)	(818)	(239)
Basic and diluted losses per share	4	(£6.15)	(£40.90)	(£11.95)

There were no other items of recognised income and expense other than the losses for the periods shown above.

Monilink Limited
Balance Sheet

		At 30 June 2004 £'000	At 30 June 2005 £'000	At 30 September 2005 £'000
	Note			
Assets				
Non-current assets				
Intangible assets.....	8	193	271	272
Property, plant and equipment	9	373	427	428
Deferred income tax assets.....	16	53	340	442
		619	1,038	1,142
Current assets				
Trade and other receivables.....	10	26	70	5
Cash and cash equivalents		670	182	12
		696	252	17
Liabilities				
Current liabilities				
Trade and other payables.....	11	(138)	(427)	(535)
Financial liabilities – borrowings	12	(1,280)	(1,780)	(1,780)
Current tax liability		—	(4)	(4)
		(1,418)	(2,211)	(2,319)
Net current liabilities		(722)	(1,959)	(2,302)
Net liabilities		(103)	(921)	(1,160)
Equity				
Ordinary share capital	13	20	20	20
Retained deficit.....	14	(123)	(941)	(1,180)
Total shareholders' deficit		(103)	(921)	(1,160)

Monilink Limited
Cash flow statement

	12 months ended 30 June 2004 £'000	12 months ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
Cash used in operating activities:			
Cash used in operations (see below).....	(64)	(883)	(171)
Interest received.....	—	27	3
Net cash from operating activities	(64)	(856)	(168)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(566)	(132)	(2)
Net cash used in investing activities	(566)	(132)	(2)
Cash flows from financing activities:			
Proceeds from equity issue	20	—	—
Proceeds from loans by equity shareholders	1,280	500	—
Net cash used in financing activities	1,300	500	—
Net increase/(decrease) in cash and cash equivalents	670	(488)	(170)
Cash and cash equivalents at beginning of period.....	—	670	182
Cash and cash equivalents at end of period	670	182	12

Cash used in operations

	12 months ended 30 June 2004 £'000	12 months ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
Loss before income tax	(176)	(1,101)	(342)
Adjustments for:			
Interest receivable	—	(27)	(3)
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(26)	(44)	66
Increase in trade and other payables	138	289	108
Cash used in operations	(64)	(883)	(171)

Monilink Limited

Notes to the financial information

1. General information

Monilink Limited ("Monilink") is a joint venture owned by Monitise Group Limited and LINK Group Holdings Limited in equal proportion. It offers services to the mobile banking and payments market. Monilink (previously known as Mobile ATM Limited) was incorporated in England and Wales on 14 July 2003.

2(a). Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial information of Monilink has been prepared for inclusion in the Admission Document of Monitise Plc ("Monitise"). It shows the financial track record of Monilink for the two years ended 30 June 2005 and the subsequent three month period to 30 September 2005.

The financial information presented represents 100 per cent. of the legal entity in order to enhance users' understanding of Monilink, however for the periods presented Monitise Group Limited only owned 50 per cent. of the equity in Monilink in the form of a jointly controlled venture. For the periods subsequent to September 2005 Monitise Group Limited presents the results of this business proportionally consolidated at 50 per cent., being its equity holding.

The financial information has been prepared from the internal financial accounting records of Monilink on the basis of the accounting policies used by Monitise in preparing its financial information for the period ended 31 December 2006 and in accordance with the requirements of the AIM Rules and on the basis of International Financial Reporting Standards as adopted by the European Union ("IFRS") (including International Financial Reporting Interpretations Committee ("IFRIC") interpretations) and the Companies Act 1985.

The financial information has been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Monilink's accounting policies. The areas involving a higher amount of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2(c).

Standards, amendments and interpretations

There are a number of published standards, amendments and interpretations that have not been adopted by Monilink because they are not relevant to Monilink's circumstances. These published standards, amendments and interpretations are:

IAS 21 (Amendment), Net investment in a foreign operation.

IAS 39 (Amendment), Cash flow hedge accounting of forecast group transactions.

IAS 39 (Amendment), The fair value option.

IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts.

IFRS 1 (Amendment), First time adoption of International Reporting Standards and IFRS 6 (Amendment), exploration for and evaluation of mineral resources.

IFRS 6, Exploration and evaluation of mineral resources.

IFRIC 4, Determining whether an arrangement contains a lease.

IFRIC 5, Rights to interests arising from decommissioning, restoration and environment rehabilitation funds.

IFRIC 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment.

Monilink Limited

Notes to the financial information (continued)

IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies.

IFRIC 8, Scope of IFRS 2.

IFRIC 9, Reassessment of embedded derivatives.

IFRIC 10, Interim Financial Reporting and Impairment.

IFRIC 11, Group and Treasury Share Transactions.

IFRIC 12, Services Concession Arrangements.

Two other standards that may impact upon Monilink but that are not applicable for the first year end following the period of the financial information are IFRS 7, Financial instruments: disclosures and IFRS 8, Operating segments. Monilink has not elected to adopt these standards early, as it does not believe that doing so would provide significant additional information beyond that required by IAS 32, Financial instruments: presentation, and IAS 14, Segment reporting, which are the related standards already adopted by Monilink in the presentation of the financial information.

Revenue

There was no revenue during the years ended 30 June 2004 and 2005 and period ended 30 September 2005, as the service did not become live within these periods.

Segmental reporting

A segment is a distinguishable component of Monilink that is engaged in providing services (business segment) or in providing services within a particular economic (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Intangible assets

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

Property, plant and equipment

Property, plant and equipment are stated at cost when acquired, less depreciation and when appropriate, provision for impairment. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment by equal annual instalments over their expected useful lives, having regard to their residual values, and is subject to an impairment review. Depreciation commences in the period in which ordinary revenue earning activities begin. The annual rates applicable are as follows:

Computers and similar equipment	3-5 years
---------------------------------	-----------

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include cash bank balances.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Monilink Limited

Notes to the financial information (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Financial instruments

Monilink's financial assets and liabilities are recorded initially at fair value and subsequently at amortised cost. They are classified as current or non current according to when the receipt or payment falls.

2(b). Financial risk management

Treasury management

Monilink 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 Monilink. Monilink's financial instruments comprise cash along with various items, such as trade creditors. It is and continues to be Monilink's policy that no speculative trading in derivatives shall be undertaken. The main risks arising from Monilink financial instruments are liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks which have remained unchanged throughout the year.

Liquidity risk

Monilink finances its operations through loans from its parent companies. Monilink has continued with its policy of ensuring that there are sufficient funds to meet the expected funding requirements of its operations and investment opportunities. Monilink has continued to monitor its liquidity position through budgetary procedures and cash flow analysis.

Interest rate risk

Interest income arises from investment of cash held by Monilink. Interest rate risk is managed by monitoring market rates to ensure that appropriate returns are achieved.

Credit risk

Monilink has no significant concentrations of credit risk.

2(c). Critical accounting estimates and judgments

Sources of estimation uncertainty

The preparation of the financial statements requires Monilink 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 estimate 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.

Monilink believes that there is one area of critical accounting estimate:

Recoverability of fixed assets and deferred tax assets. The directors have prepared projections of Monilink's anticipated future profitability based on their best estimate of likely future developments within the business. Based on these projections the Directors do not consider that an impairment provision is necessary at the balance sheet date.

Monilink Limited

Notes to the financial information (continued)

The directors believe that the assumption that Monilink is a going concern is a critical assumption. The financial information has been prepared on the "going concern" basis due to continued financial support from Monilink's parent undertakings (Monitise Group Limited and LINK Group Holdings Limited) and Monitise's anticipated future profits and cash inflows, and funding that the Group expects to obtain through the Placing.

3. Segmental reporting

Primary segmental analysis

The business segment is the primary reporting segment for Monilink.

Monilink operates only one business segment, relating to the provision of mobile phone-initiated transactions. Costs are recorded in the income statement under this segment.

Secondary segmental analysis

The UK is the home country of Monilink and the only location of its customers.

The geographical segment is the secondary reporting segment for Monilink.

4. Losses per share

Basic losses per share (EPS) is calculated by dividing the losses attributable to Ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

12 months ended 30 June 2004			12 months ended 30 June 2005			3 months ended 30 September 2005		
Loss £'000	Weighted Average Number of shares	Basic loss per share	Loss	Weighted Average Number of shares	Basic loss per share	Loss £'000	Weighted Average Number of shares	Basic loss per share
(123)	20,000	(6.15)	(818)	20,000	(40.9)	(239)	20,000	(11.95)

There are no share options hence no calculation of a diluted loss per share is presented.

5. Employee benefits expense

Monilink had nil employees during the periods.

Directors

The emoluments of the directors are borne by the related companies, being Link Interchange Network Limited, Monitise Group Limited and Morse Group Limited.

6. Operating loss

	Year ended 30 June 2004 £'000	Year ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
Auditors' remuneration for audit services.....	7	9	2
Auditors' remuneration for non-audit services.....	2	2	1

Non audit services comprise fees for tax compliance.

Monilink Limited

Notes to the financial information (continued)

7. Taxation

a) Analysis of charge in the year

	Year ended 30 June 2004 £'000	Year ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
United Kingdom			
Corporation tax at 30 per cent. (all years)	—	4	—
Total current taxation	<u>—</u>	<u>4</u>	<u>—</u>
United Kingdom			
Origination and reversal of temporary differences	(53)	(288)	(103)
Adjustments in respect of prior years	—	1	—
Total deferred tax	<u>(53)</u>	<u>(287)</u>	<u>(103)</u>
Income tax credit	<u>(53)</u>	<u>(283)</u>	<u>(103)</u>

b) Factors affecting taxation for the year

The following table shows a reconciliation from the theoretical corporation tax charge, using the UK corporation tax rate of 30 per cent. (2005: 30 per cent.) (2004: 30 per cent.), to the reported tax charge.

The total tax charge in future years will be affected by any changes in the corporation tax rates in force in the countries in which Monilink operates.

	Year ended 30 June 2004 £'000	Year ended 30 June 2005 £'000	3 months ended 30 September 2005 £'000
Loss before tax	(176)	(1,101)	(342)
Taxation on loss at standard UK rate of 30%	(53)	(330)	(103)
<i>Effects of:</i>			
Expenses not deductible for tax purposes	—	51	—
Changes in rate	—	(4)	—
Income tax credit	<u>(53)</u>	<u>(283)</u>	<u>(103)</u>

Monilink Limited
Notes to the financial information (continued)

8. Intangible assets – Computer software

Cost	Total £'000
At 14 July 2003	—
Additions at cost	193
At 30 June 2004	193
Additions at cost	78
At 30 June 2005	271
Additions at cost	1
At 30 September 2005	272
Net book amount	
At 30 June 2004	193
At 30 June 2005	271
At 30 September 2005	272

Computer software costs are capitalised as intangible assets and amortised over a period of four years. Depreciation commences in the period in which ordinary activities begin.

9. Computer hardware

Cost	Total £'000
At 14 July 2003	—
Additions at cost	373
At 30 June 2004	373
Additions at cost	54
At 30 June 2005	427
Additions at cost	1
At 30 September 2005	428
Net book amount	
At 30 June 2004	373
At 30 June 2005	427
At 30 September 2005	428

Computer hardware equipment is depreciated over a period of 3 to 5 years. Depreciation commences in the period in which ordinary revenue earning activities begin. Monilink has no finance leases.

Monilink Limited

Notes to the financial information (continued)

10. Trade and other receivables

	30 June 2004 £'000	30 June 2005 £'000	30 September 2005 £'000
Current:			
Other receivables	—	60	5
Prepayments	26	10	—
Trade and other receivables	26	70	5

The fair values of trade and other receivables are not materially different from their reported values.

11. Trade and other payables – current

	30 June 2004 £'000	30 June 2005 £'000	30 September 2005 £'000
Trade payables	31	81	56
Accruals	107	346	479
	138	427	535

12. Financial liabilities – borrowings

	30 June 2004 £'000	30 June 2005 £'000	30 June 2005 £'000
Current			
Loans from equity shareholders.....	1,280	1,780	1,780

The loans are repayable on demand and are non interest bearing.

13. Called up share capital

The 'A' shares and the 'B' shares are each classes of ordinary shares and rank *pari passu*.

30 June 2004	Ordinary Shares	£'000
Authorised		
'A' Ordinary Shares of £1 each.....	10,000	10
'B' Ordinary Shares of £1 each.....	10,000	10
Allotted, called up and fully paid		
At 1 July 'A'	—	—
At 1 July 'B'	—	—
Allotted 'A'	10,000	10
Allotted 'B'	10,000	10
At 30 June 2004 'A'	10,000	10
At 30 June 2004 'B'	10,000	10

Monilink Limited

Notes to the financial information (continued)

Year to 30 June 2005 and 3 months to 30 September 2005	Ordinary shares	£'000
Authorised		
'A' Ordinary Shares of £1 each.....	10,000	10
'B' Ordinary Shares of £1 each.....	10,000	10
Allotted, called up and fully paid		
At 1 July 'A'.....	10,000	10
At 1 July 'B'.....	10,000	10
Allotted 'A'.....	—	—
Allotted 'B'.....	—	—
At 30 June 2005 and 30 September 2005 'A'	10,000	10
At 30 June 2005 and 30 September 2005 'B'	10,000	10

14. Reserves

There are no other reserves apart from retained reserves:

	Retained deficit £'000
1 July 2003.....	—
Loss attributable to equity shareholders.....	(123)
At 30 June 2004	(123)
Loss attributable to equity shareholders.....	(818)
At 30 June 2005	(941)
Loss attributable to equity shareholders.....	(239)
At 30 September 2005	(1,180)

15. Pensions

Monilink does not operate a pension scheme.

16. Deferred Tax Asset

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 30 per cent. (2005 & 2004: 30 per cent.)

	30 June 2004 £'000	30 June 2005 £'000	30 September 2005 £'000
Start of Period.....	—	53	340
Credited to the income statement.....	53	287	102
End of Period	53	340	442

Deferred tax arose in each period in respect of Monilink's trading losses. All deferred tax has been recognised within the income statement.

Monilink Limited

Notes to the financial information (continued)

The deferred tax asset has been calculated assuming that losses carried forward will be available for relief. As described in note 2(c), the directors have reviewed the recoverability of the deferred tax assets at the balance sheet dates.

A review of the deferred tax asset will be performed at each subsequent balance sheet date and adjustments made in the event of a change in this assumption.

17. Related Party Transactions

	Audited Year ended 2004 £'000	Audited Year ended 2005 £'000	Audited 3 months ended 30 September 2005 £'000
Loans from equity share holders – LINK Group			
Holdings Limited	640	890	890
Loans from equity share holders – Morse plc.....	640	890	890
Charge for services provided by LINK Group			
Holdings Limited	320	103	31
Creditor – LINK Group Holdings Limited.....	—	2	—

18. Post balance sheet events

On 4 October 2005 intellectual property with a value of £445,000 was transferred from Monilink Limited to Monitise International Limited (formerly known as Monitise Limited) a subsidiary of Morse plc. Monilink received consideration of £445,000 settled by a reduction in debt.

19. Commitments and contingencies

Monilink had no capital commitments at the end of the periods for capital expenditure contracted for but not provided for in the financial statements.

There are no other contingencies.

20. Financial Instruments

All financial assets and liabilities are held in sterling.

The fair value of the cash and loans was equivalent to its book value. The Directors consider that the fair values of the loans are the same as their book values because they are repayable on demand.

There are no outstanding currency swaps or derivatives at 30 September 2005 (2005: nil) (2004: nil). No such instruments were held during the period of the financial information.

In accordance with IAS 39, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements. No such arrangements have been identified

21. Reconciliation of UK GAAP to IFRS for previously reported results

The financial information has been presented in accordance with IFRS. Previously the Company's financial statements for the years ended 30 June 2004 and 2005 were presented in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The differences between the two are as follows:

- Computer software costs have been classified as intangible fixed assets. Previously under UK GAAP they had been shown as tangible fixed assets.
- A cash flow statement has been presented in accordance with IAS1.

PART V

SHARE PLANS

1 Introduction

The Share Plans have been adopted, along with the Monitise Rollover Plan, for operation on and following Admission. The Share Plans have been adopted to align the interests of Executive Directors and employees with the interests of shareholders.

Awards under the Share Plans will be made by the Remuneration Committee, who shall apply performance conditions to awards to Executive Directors and senior employees which reflect institutional investor guidelines.

The initial performance conditions for awards to Executive Directors and other senior employees will, as described below, initially be based on growth in total shareholder return ("TSR"). The Remuneration Committee will reserve the right to reduce the vesting of awards to Executive Directors and senior employees where TSR performance does not adequately reflect the Company's underlying financial performance.

The performance conditions for awards made to Executive Directors and senior employees in subsequent financial years may be different. The Remuneration Committee shall set these in each case having regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at the time when awards are made.

The terms of the Share Plans, as described below, otherwise reflect the relevant ABI guidelines and the Combined Code.

No Executive Director or senior employee shall be made awards under both the Performance Share Plan and the Share Option Plans in the same financial year.

2 Performance Share Plan

Awards may be made under the Performance Share Plan (the "PSP") by the Remuneration Committee or the trustee of an employee share ownership trust nominated for the purpose by the Remuneration Committee (in either case, the "Grantor"). The principal features of the PSP are:

2.1 Eligibility

Executive Directors and employees of the Monitise Group may be granted awards under the PSP at the discretion of the Remuneration Committee.

It is envisaged that the initial participants in the PSP will be the Executive Directors and other senior employees.

2.2 Form of awards

Awards under the PSP will take the form of a conditional right to acquire Ordinary Shares for nil payment at the end of a vesting period. If the Remuneration Committee so determines, awards may take the form of nil cost options. The vesting of awards will be dependent on performance over a minimum three year period.

It is envisaged that the initial awards granted under the PSP will be subject to performance conditions based on TSR growth measured against the FTSE Techmark 100 index constituents over three years. The Remuneration Committee will 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 will also reserve 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 will be no element of retesting.

The Remuneration Committee may set different performance conditions for future awards, in which case these shall have regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at the time when awards are made.

Performance conditions may be varied at the discretion of the Remuneration Committee if events happen which cause the Remuneration Committee to consider that the performance conditions are no longer an appropriate or fair measurement of performance provided that any varied performance conditions shall, in the opinion of the Remuneration Committee, be no more or less difficult to satisfy than the original performance conditions.

The initial award granted to Duncan McIntyre under the PSP will be made on the basis of a requirement that Duncan McIntyre invests £2,000,000 in Ordinary Shares and retains those Ordinary Shares over the three year performance period. The award will be on the basis of a one for one match for the invested Ordinary Shares, with vesting of the award subject to the same TSR performance condition as the other initial awards under the PSP in addition to the retained investment requirement. As with the other initial awards under the PSP, the Remuneration Committee will also reserve 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 will be no element of retesting. It is not intended that Duncan McIntyre will be made any further award under the PSP or the Deferred Annual Bonus Plan in the same financial year.

2.3 Grant periods

Awards may be granted during a period of 42 days commencing on any of the following: the date on which the PSP is adopted by the Company; the announcement of the Company's results for any period; and the occurrence of exceptional circumstances which the Remuneration Committee considers justify the making of awards. No awards may be made more than ten years after the date on which the PSP is adopted.

2.4 Individual limits

Awards will be determined each year by the Remuneration Committee but will not exceed three times an individual's base salary in any financial year unless the Remuneration Committee determines that there are exceptional circumstances which justify this limit being exceeded. As an operating principle, the Remuneration Committee envisages awards being limited to two times an individual's base salary in any financial year except in exceptional circumstances for the foreseeable future.

2.5 Cessation of employment

Awards made to employees who leave the Monitise Group at any time prior to vesting will, except as noted below, lapse unless they leave by reason of disability, injury, ill-health, retirement, redundancy, the sale of his employing company or the sale of the business by which he is employed ("Good Leavers").

The Remuneration Committee will determine the extent to which awards made to Good Leavers and to employees leaving the Monitise Group by reason of death will vest on cessation of employment. This determination will be based on the extent to which the performance conditions are met and the proportion of the performance period falling prior to the cessation of employment.

2.6 Change of control

In the event of a change of control of the Company, the Remuneration Committee will determine the extent to which an award will vest having regard to the extent that the performance conditions are met by that date and the time that has elapsed between the grant of the award and the date of change of control.

The Remuneration Committee may, with the acquiring company's agreement, offer participants a replacement award over shares in the acquiring company which is equivalent to the participant's award. Any such replacement awards would (unless the acquiring company decides otherwise) be subject to performance conditions which the acquiring company considers equivalent to those applicable to the original awards.

2.7 Adjustment of awards

On the vesting of an award, a participant will receive additional Ordinary Shares representing the value of dividends that would have been paid on the Ordinary Shares in the award during the performance period and reinvested.

If there is a variation in the share capital of the Company (including without limitation a capitalisation, rights issue, open offer, consolidation, sub-division or reduction of capital, a capital distribution, demerger or other event having a material impact on the value of the Ordinary Shares), the number of Ordinary Shares under the award may be adjusted as the Remuneration Committee reasonably considers appropriate to reflect that variation.

2.8 Rights attaching to shares

A participant will not have any voting or dividend rights prior to the vesting of the award. All Ordinary Shares allotted under the PSP will carry the same rights as any other issued Ordinary Shares in the Company.

Benefits received under the PSP are not pensionable and may not be assigned or transferred except on a participant's death.

2.9 Amendments to the PSP

In addition to the Remuneration Committee's powers to vary the performance conditions described above, it will have authority to amend the rules of the PSP, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the PSP without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the PSP, to take account of a change or proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax, exchange control or regulatory treatment. Key features are: who can be a participant; the limits on the number of Ordinary Shares which can be issued under the PSP; the basis for determining a participant's entitlement to Ordinary Shares; the rights attaching to an award; the provisions relating to adjustments in the event of a variation in the Company's share capital; and the amendment provisions themselves.

Additional schedules to the rules can be established to operate the PSP outside the UK if relevant. These schedules can vary the rules of the PSP to take account of any securities, exchange control, employment or tax laws or regulations.

3 Deferred Annual Bonus Plan

Awards may be made under the Deferred Annual Bonus Plan (the "DAB") by the Grantor. The principal features of the DAB are:

3.1 Eligibility & form of awards

In any year in which an executive director or other employee is entitled to be considered for a bonus under the annual bonus scheme, the Remuneration Committee may, in its absolute discretion, invite any executive director or employee of the Monitise Group to participate in the DAB ("Invitation") and require the surrender by the employee of a percentage of any such bonus in consideration for receipt of a right to Ordinary Shares (the "Deferred Allocation").

It is envisaged that the initial participants will be the Executive Directors and other senior employees.

Participants who accept the Invitation will be required to defer a minimum percentage of any annual bonus and may voluntarily defer a higher percentage (up to a maximum of 100 per cent. of their annual bonus). These percentages will be determined by the Remuneration Committee when invitations are issued but it is envisaged that the minimum percentage will initially be 40 per cent.. The number of Ordinary Shares in the Deferred Allocation will in the case of the initial awards be 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.

At the end of a three-year performance period, the Deferred Allocation will be released to the participant together with a number of additional Ordinary Shares (the "Matching Award") if the Remuneration Committee determines at the time of Invitation that there will be a Matching Award and certain conditions are met. The maximum number of additional Ordinary Shares that can be made available under a Matching Award is two times the number of Ordinary Shares in the linked Deferred Allocation. The Remuneration Committee envisages

that for the initial awards, a Matching Award will be made and that the multiple will be made and that the multiple will be one Ordinary Share 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. It is envisaged that the initial awards under the DAB will be subject to performance conditions based on TSR growth measured against the FTSE Techmark 100 index constituents over three years. The Remuneration Committee will set a vesting schedule which provides for 30 per cent. vesting at the median TSR joint 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 will also reserve 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 will be no element of retesting.

The Remuneration Committee may set different performance conditions for the vesting of Matching Awards under future awards, in which case these shall have regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at the time when awards are made.

Performance conditions may be varied at the discretion of the Remuneration Committee if events happen which cause the Remuneration Committee to consider that the performance conditions are no longer an appropriate or fair measurement of performance provided that any varied performance conditions shall, in the opinion of the Remuneration Committee, be no more or less difficult to satisfy than the original performance conditions.

3.2 Cessation of Employment

If a participant leaves employment prior to vesting for any reason other than gross misconduct, the Deferred Allocation will be released to him (subject to any income tax and social security deductions). If a participant leaves employment by reason of gross misconduct or if he becomes bankrupt he will immediately forfeit his Deferred Allocation.

Matching Awards made to employees who leave the Monitise Group at any time prior to vesting will, except as noted below, lapse unless they are Good Leavers.

The Remuneration Committee will determine the extent to which Matching Awards made to Good Leavers and to employees leaving the Monitise Group by reason of death will vest on cessation of employment. This determination will be based on the extent to which the performance conditions are met and the proportion of the performance period falling prior to the cessation of employment.

3.3 Change of control

In the event of a change of control, the Deferred Allocation will be released to the participant. The Remuneration Committee will determine the extent to which the Matching Award will vest having regard to the extent that the performance conditions are met by that date and the time that has elapsed between the grant of the award and the date of change of control.

3.4 Adjustment of awards

If there is a variation in the share capital of the Company (including, without limitation, a capitalisation, rights issue, open offer, consolidation, sub-division or reduction of capital, a capital distribution, demerger, or other event having a material impact on the value of the Ordinary Shares) the Ordinary Shares under an award may be adjusted as the Remuneration Committee reasonably considers appropriate to reflect that variation.

3.5 Rights attaching to shares

A participant will not have any voting or dividend rights prior to the vesting of the award. All Ordinary Shares allotted under the DAB will carry the same rights as any other issued Ordinary Shares in the Company.

Upon vesting, a participant will receive additional Ordinary Shares representing the value of dividends that would have been paid on the Ordinary Shares subject to the Deferred Allocation and the Matching Award during the period to vesting and reinvested.

Benefits received under the DAB are not pensionable and may not be assigned or transferred except on a participant's death.

3.6 Amendments to the DAB

In addition to the Remuneration Committee's powers to vary the performance conditions described above, it will have authority to amend the rules of the DAB, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the DAB without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the DAB, to take account of a change or a proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax, exchange control or regulatory treatment. Key features are: who can be a participant; the limits on the number of Ordinary Shares which can be issued under the DAB; the basis for determining a participant's entitlement to Ordinary Shares; the rights attaching to an award; the provisions relating to adjustments in the event of a variation in the Company's share capital; and the amendment provisions themselves.

Additional schedules to the rules can be established to operate the DAB outside the UK if relevant. These schedules can vary the rules of the DAB to take account of any securities, exchange control, employment or tax laws or regulations.

4 Share Option Plans

The Company will adopt an Enterprise Management Incentive Plan (the "EMI Plan"), an Approved Share Option Plan (the "Approved Plan") and an Unapproved Share Option Plan (the "Unapproved Plan") (together the "Share Option Plans").

It is intended that the Share Option Plans will be used primarily to provide long-term incentives for key employees other than senior employees. As noted above, no Executive Director or senior employees will participate in both the PSP and any of the Share Option Plans in the same Financial Year.

The EMI Plan and Approved Plans have been adopted to permit the grant of tax favoured options within the HMRC limits applicable to these plans as they will deliver cost savings to the Company and more attractive incentives to the relevant participants.

4.1 Approved Share Option Plan

Options may be granted under the Approved Plan by the Grantor. The Approved Plan will be approved by HMRC under Schedule 4, Income Tax (Earnings & Pensions) Act 2003 ("ITEPA") shortly after it has been adopted to permit the grant of tax efficient options to Monitise Group employees. The principal features of the Approved Plan are:

4.1.1 Eligibility

Executive Directors and employees of the Monitise Group may be invited to participate in the Approved Plan at the discretion of the Remuneration Committee. Executive Directors must be full-time directors.

Executive Directors and other senior employees who receive initial awards under the PSP will not in the same Financial Year be granted options under the Approved Plan.

4.1.2 Form of awards

Awards under the Approved Plan will take the form of options over Ordinary Shares with an exercise price equal to the market value of the Ordinary Shares on the date of grant (as agreed with HMRC in advance). Options will normally be exercisable on the third anniversary of the date of grant.

It is envisaged that the initial awards under the Approved Plan will be subject to performance conditions based on the participant's contribution to the Monitise Group performance. In all cases the performance conditions will be measured over three years and will be appropriately stretching.

The Remuneration Committee may set different performance conditions for future awards, with regard to the Company's strategic priorities and market conditions at the time of grant.

Performance conditions may be varied at the discretion of the Remuneration Committee if events happen which cause the Remuneration Committee to consider that the performance conditions are no longer an appropriate or fair measurement of performance provided that any varied performance conditions shall, in the opinion of the Remuneration Committee, be no more or less difficult to satisfy than the original performance conditions.

It is not envisaged that initial awards will be granted under the Approved Plan to Executive Directors or other senior employees but if options are granted to these individuals in subsequent financial years, the Remuneration Committee will set appropriate performance conditions having regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at the time when the options are granted.

4.1.3 Grant periods

Options may be granted during a period of 42 days commencing on any of the following: the date on which the Approved Plan is approved by HMRC; the announcement of the Company's results for any period; and the occurrence of exceptional circumstances which the Remuneration Committee considers justify the making of awards. No options may be granted more than ten years following the date on which the Approved Plan is adopted.

4.1.4 Individual limits

Option grants will be determined each year by the Remuneration Committee but the face value of Ordinary Shares under any options granted to a participant under any of the Share Option Plans will not exceed three times an individual's base salary in any financial year unless the Remuneration Committee determines that there are exceptional circumstances which justify this limit being exceeded. As an operating principle, the Remuneration Committee envisages awards being limited to two times an individual's base salary in any financial year (except in exceptional circumstances) for the foreseeable future.

An option may only be granted to an individual if the maximum aggregate exercise price of subsisting options granted to the individual under the Approved Plan or any other HMRC approved discretionary share option plan (established by the Company or any company which is associated with it) does not exceed £30,000 (or any other limit later prescribed by Schedule 4, ITEPA) measured at the relevant date of grant.

4.1.5 Cessation of employment

Options will lapse on cessation of employment except where a participant ceases employment as a Good Leaver or on death.

The Remuneration Committee will determine the extent to which options granted to Good Leavers and to employees leaving the Monitise Group by reason of death will vest on cessation of employment. This determination will be based on the extent to which the performance conditions are met at that time taking account of the curtailed performance period.

4.1.6 Change of control

In the event of a change of control of the Company, the Remuneration Committee will determine the extent to which an option will vest having regard to the extent that the performance conditions are met by that date and the time that has elapsed between the grant of the award and the date of change of control.

In the case of a "company reorganisation", the Remuneration Committee may, with the acquiring company's agreement, offer participants a replacement option over shares in the acquiring company equivalent to the participant's option. Any such replacement options would (unless the acquiring company decides otherwise) be subject to performance conditions which the acquiring company considers equivalent to those applicable to the original options.

For this purpose, the meaning of a company reorganisation is given by Schedule 4, ITEPA, meaning broadly an acquiring company obtaining control of the Company as a result of a general offer to acquire all the Company's shares or under a compromise or arrangement sanctioned by the court under section 425 of the Act or, as applicable, Part 26 of the Companies Act 2006 and an acquiring company becoming bound or entitled to acquire shares in the Company under section 428 to 430 of the Act, or as applicable, Chapter 3 of Part 28 of the Companies Act 2006.

4.1.7 Adjustment of awards

If there is a variation in the share capital of the Company by way of capitalisation or rights issue, sub-division, consolidation or a reduction, the number of Ordinary Shares under option and/or the exercise price of options may be adjusted as the Remuneration Committee reasonably considers appropriate to reflect that variation subject to the agreement of HMRC.

4.1.8 Rights attaching to shares

A participant will not have any voting or dividend rights in relation to the Ordinary Shares under option prior to the exercise of an option. All Ordinary Shares allotted under the Approved Plan will carry the same rights as any other issued Ordinary Shares in the Company from the allotment date. Options shall be satisfied by the issue or transfer of Ordinary Shares within 30 days of the exercise date.

Benefits received under the Approved Plan are not pensionable and may not be assigned or transferred except on a participant's death.

4.1.9 Amendments to the Approved Plan

In addition to the Remuneration Committee's powers to vary any performance conditions described above, it will have authority to amend the rules of the Approved Plan, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the Approved Plan without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the Approved Plan, to take account of a change or proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax or regulatory treatment. Key features are: who can be a participant; the limits on the number of Ordinary Shares which can be issued under the Approved Plan; the basis for determining a participant's entitlement to Ordinary Shares; the rights attaching to an option; the provisions relating to adjustments in the event of a variation in the Company's share capital; and the amendment provisions themselves. All amendments to key features of the Approved Plan (as defined in the relevant tax legislation at Schedule 4, ITEPA) shall require the prior approval of HMRC.

4.2 Enterprise Management Incentive Plan

The terms of the EMI Plan will be substantially similar to the Approved Plan except that:

- 4.2.1 it will not be approved by HMRC but is drafted to meet the statutory requirements for EMI options, as set out primarily in Schedule 5, ITEPA ("Schedule 5");
- 4.2.2 EMI options may only be granted if the Company meets the requirement of having gross assets (measured on a group basis in accordance with normal accounting rules) of £30 million or less (or any other limit later prescribed by Schedule 5) measured at the relevant date of grant and the other detailed requirements specified in Schedule 5 are met;
- 4.2.3 the total value of Ordinary Shares in respect of which unexercised EMI options subsist at any time may not exceed £3 million (or any other limit later prescribed by Schedule 5) measured at the relevant date of grant;
- 4.2.4 a £100,000 limit (or any applicable limit later prescribed by Schedule 5) applies rather than the £30,000 limit referred to above. Any options granted under the Approved Plan or any other HMRC approved company share option plan adopted by the Company or any associated company also count towards this £100,000 limit;
- 4.2.5 EMI options may only be granted to executive directors and employees who meet the commitment of working time requirement in Schedule 5;
- 4.2.6 different (mostly shorter) exercise periods will apply where EMI Plan options become exercisable on cessation of employment or a change in control of the Company, reflecting the requirements for income tax and National Insurance contributions relief on the exercise offer options granted under Schedule 5;
- 4.2.7 adjustments to options and amendments to the EMI Plan do not require the prior consent of HMRC but must meet the requirements of Schedule 5.

4.3 Unapproved Share Option Plan

The Unapproved Plan is substantially similar to the Approved Plan except that:

- 4.3.1 it is not approved by the HMRC so options cannot qualify for favourable tax treatment;
- 4.3.2 the £30,000 individual limit outlined above in relation to the Approved Plan does not apply;
- 4.3.3 adjustments to options and amendments to the Unapproved Plan do not require the prior consent of HMRC; and
- 4.3.4 the Remuneration Committee may establish sub-plans based on the Unapproved Plans but modified to take account of local tax, exchange control, employment or securities laws in different jurisdictions if relevant.

5 Approved SAYE Scheme

The Approved SAYE Scheme (the "SAYE Scheme") will be approved by HMRC under Schedule 3, ITEPA shortly after it is adopted. The principal features of the SAYE Scheme are:

5.1 Eligibility

The Grantor must invite all eligible employees to apply for the grant of options. Employees and full-time executive directors of the Monitise Group are eligible if they:

- 5.1.1 meet any length of service requirement determined by the Grantor (which must not exceed five years or such other period as may later be prescribed by Schedule 3, ITEPA);
- 5.1.2 are chargeable to UK tax in respect of their employment income; and
- 5.1.3 are employed by any Monitise Group company which has been designated by the Company as a constituent company.

In order to be granted an option a participant must take out a savings contract under which he contributes between £5 and £250 per month, at present rates, for a period of three or five years.

5.2 Issue of invitations

The Grantor may issue invitations during a period of 42 days commencing on the date on which the SAYE Scheme is approved by HMRC. Thereafter, invitations may be issued in the 42 day period after the announcement of the Company's results for any period. In exceptional circumstances the Committee may permit the issue of invitations outside these periods.

5.3 Exercise price

The exercise price of the option will be determined by the Grantor and will be specified in the invitation (or notified to participants after the invitation is issued) and will be not be less than the higher of the nominal value of an Ordinary Share (if the option is an option to subscribe for Ordinary Shares) and 80 per cent. of its market value (or such other percentage as may later be prescribed by Schedule 3, ITEPA).

5.4 Grant of options and scaling down

The aggregate exercise price of option may not exceed the savings and bonus payable under the savings contract when it matures. The Remuneration Committee may specify the maximum number of Ordinary Shares available each time invitations are issued and if applications exceed this figure they will be scaled down accordingly. Options will be granted within 30 days of the day invitations are issued (or the day participants are notified of the exercise price if later).

5.5 Exercise of options

Options may normally be exercised during a six month period starting from when the savings contract matures (the "Bonus Date") at the end of which they lapse.

If options are exercised before the Bonus Date they may only be exercised to the extent of the savings accumulated to that date plus interest.

5.6 Cessation of employment

If an option holder ceases employment due to injury, disability, redundancy or retirement, or because the company which employs him leaves the Monitise Group or because the business to which his employment relates is transferred outside the Monitise Group, his options may be exercised for a period of six months after cessation and will then lapse.

If a participant dies before the Bonus Date his options become exercisable for a period of twelve months and then lapse. If he dies within the six month period following the Bonus Date his options remain exercisable and lapse 12 months following death.

If a participant leaves for any other reason his options lapse on cessation of employment.

Cessation of employment for this purpose means ceasing to be employed with the Monitise Group or any associated company.

5.7 Change of control

Options will also become exercisable during limited periods if the Company is taken over, wound up or if there is a scheme of reconstruction.

Where there is a general offer to acquire the Company, options may by agreement between the acquiring company and the option holder be rolled over into options over the shares of the acquiring company.

5.8 Variation of share capital

On a variation of the Company's share capital by way of capitalisation or rights issue, subdivision, consolidation or a reduction, the exercise price and the number of Ordinary Shares subject to option can be varied at the discretion of the Remuneration Committee subject to the prior agreement of HMRC.

5.9 Rights attaching to shares

A participant will not have any voting or dividend rights in relation to the Ordinary Shares under option prior to the exercise of an option. All Ordinary Shares allotted under the SAYE Scheme will carry the same rights as any other issued Ordinary Shares in the Company from the date of allotment. Options shall be satisfied by the issue or transfer of Ordinary Shares within 30 days of the exercise date.

Benefits received under the SAYE Scheme are not pensionable and may not be assigned or transferred except on a participant's death.

5.10 Amendments to the SAYE Scheme

The Remuneration Committee will have authority to amend the rules of the SAYE Scheme, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the SAYE Scheme without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the SAYE Scheme, to take account of a change or proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax or regulatory treatment. Key features are: who can be a participant; the limits on the number of Ordinary Shares which can be issued under the SAYE Scheme; the basis for determining a participant's entitlement to Ordinary Shares; the rights attaching to an option; the provisions relating to adjustments in the event of a variation in the Company's share capital; and the amendment provisions themselves. All amendments to key features of the SAYE Scheme (as defined in the relevant tax legislation at Schedule 3, ITEPA) shall require the prior approval of HMRC.

6 Limits on the issue of shares for all of the Share Plans

The Share Plans will be subject to the limit that, in the ten-year period from the Admission Date, not more than 12.5 per cent. of the issued ordinary share capital of the Company from time to time may be issued or issuable under all the Share Plans ("the Plan Limits"). Options granted under the Monitise Rollover Plan will not count towards the Plan Limits, as detailed below.

The Remuneration Committee will adopt appropriate policies to ensure that sufficient Ordinary Shares are available for these plans throughout the ten-year period, and may purchase Ordinary Shares in the market if desirable.

Where awards are granted over existing Ordinary Shares, these will be held in a discretionary employee share ownership trust. The trust will also have the facility to subscribe for new Ordinary Shares within the limits referred above. The trust will not in any event hold more than 5 per cent. of the Company's issued ordinary share capital.

7 Monitise Rollover Plan

The Company will also adopt the Monitise Rollover Plan prior to the Admission Date. The Monitise Rollover Plan is to be adopted to provide for the grant of equivalent options over Ordinary Shares to replace options currently held over shares in Monitise Holdco ("Old Options") under the Ordinary Share Option Plan (the "Old Plan").

The Old Plan provided for the Old Options to become exercisable in the event of a sale or listing (as defined in the Old Plan rules) or for the exchange of Old Options for equivalent options over shares in an acquiring company.

The board of Monitise Holdco, with the agreement of the Remuneration Committee, have determined that the Old Options should be exchanged for equivalent options over Company's Ordinary Shares in order to secure a further lock-in of the employees who hold the Old Options, granted under the Monitise Rollover Plan ("Replacement Options").

Old Options currently subsist over 78,000 ordinary shares in Monitise Holdco, representing 7.8 per cent. of the issued ordinary share capital. These will be exchanged for Ordinary Shares representing approx. 5.0 per cent. of the Ordinary Shares following Second Admission.

Within this total, the Old Options were held and the Replacement Options will be granted to Executive Directors as follows:

Option-holder	Number of Monitise Group Limited ordinary shares under the Old Options	Percentage of issued ordinary share capital of Monitise Group Limited held under the Old Options	Percentage of issued ordinary share capital in the Company held under the Replacement Options following Second Admission
Alastair Lukies	25,000	2.5	1.6

Replacement Options will vest in three equal tranches on the first, second and third anniversaries of the Admission Date. The Replacement Options will not be subject to additional performance conditions and will not count towards the Plan Limits (reflecting their status as replacements to the Old Options). The Replacement Options will have an option period of ten years from the grant date of the Old Options which they replace.

Replacement Options will be subject to the same cessation of employment and change of control provisions as described in relation to the Approved Plan except that the replacement Options, not being subject to additional performance conditions, are not subject to any scaling back relating to performance conditions which is applicable to early exercises under the Approved Plan; nor will they be scaled back for time.

Replacement options will not give participants any voting or dividend rights in relation to the Ordinary Shares under option prior to the exercise of an option. All Ordinary Shares allotted under the Monitise Rollover Plan will carry the same rights as any other issued ordinary shares in the Company from the allotment date. Options shall be satisfied by the issue or transfer of Ordinary Shares within 30 days of the exercise date. Benefits received under the Monitise Rollover Plan are not pensionable and may not be assigned or transferred except on a participant's death.

The Monitise Rollover Plan has similar variation of share capital and amendment provisions to the Unapproved Plan.

The Monitise Rollover Plan will contain provisions permitting the grant of the Replacement Options as EMI options to the extent that the Schedule 5 requirements detailed at 4.2 above are met including the extent to which the Replacement Options can be granted to any participant within the £100,000 limit detailed at 4.2.4 above. If Replacement Options are granted as EMI options, the Replacement Options will count towards the £3 million limit detailed at 4.2.3 above.

PART VI

ADDITIONAL INFORMATION

1 Responsibility

Monitise, whose registered office appears below, and the Directors, whose names and functions appear in paragraph 4 of Part I, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2 The Group

2.1 The Company

- 2.1.1 The Company was incorporated on 28 November 2006 in England and Wales and registered under English Law as a private company limited by shares with registered number 6011822 and with the name Oscar Ventures Limited.
- 2.1.2 The name of the Company was changed to Monitise Limited on 5 June 2007, and, on 6 June 2007, it was re-registered as a public company limited by shares.
- 2.1.3 The principal legislation under which the Company was formed and now operates is the Act and regulations made thereunder. The Company is domiciled in England and Wales.
- 2.1.4 The address and telephone number of the registered office of the Company is Providian House, 16-18 Monument Street, London EC3R 8AJ. The Company's telephone number is 0207 868 5200.
- 2.1.5 The Group trades under the names Monitise and Monilink.
- 2.1.6 The liability of the members of the Company is limited.

2.2 The Group and principal activities

- 2.2.1 The Company's principal activity is that of a holding company.
- 2.2.2 Immediately following First Admission, the Company will have the following subsidiary undertakings within the meaning of section 258 of the Act:

Name	Company number	Percentage of issued shares owned and owner	Place and date of incorporation	Principal activity
Monitise Group Limited	05590897	100% Company	England and Wales	Holding Company
Monitise International Limited	05556711	85% Monitise Group Limited	England and Wales	Operating Entity
Monitise Business Solutions Limited	05814266	100% Monitise Group Limited	England and Wales	Development of non-banking business
Monitise Inc.	N/A	100%	Delaware, US	Dormant

3 Share capital

- 3.1 The Company's authorised share capital on incorporation was £1,000 divided into 1000 ordinary shares of £1 each in the capital of the Company of which one ordinary share was allotted and fully paid on incorporation. By a written resolution of the shareholders dated 5 June 2007, the 1,000 ordinary shares of £1 each were sub-divided into 100,000 ordinary shares of 1 penny each and the authorised share capital of the Company was increased to £5,000,000 by the creation of one redeemable preference share of £50,000 and 494,900,000 ordinary shares of 1 penny each. The redeemable preference share was allotted and treated as paid up in full on 5 June 2007. No application is being made for the redeemable preference share to be admitted to AIM.
- 3.2 The Ordinary Shares have been created under the Act. The Ordinary Shares are denominated in pounds sterling.

- 3.3 The Ordinary Shares are capable of being held in certificated form or in uncertificated form and traded on CREST. The records in respect of shares held in uncertificated form will be maintained by CRESTCo and Lloyds TSB Registrars.
- 3.4 By written resolution of the Company passed on 6 June 2007 resolutions were duly passed resolving that:
- 3.4.1 the Company's authorised share capital be increased from £1,000 to £5,000,000;
- 3.4.2 conditional on Admission the Company be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of that Act) of Ordinary Shares of 1 penny each in the capital of the Company provided that:
- (a) the maximum number of shares which may be purchased is 20,000,000;
- (b) the minimum price which may be paid for each share is 1 penny (or such higher amount as may be required by law);
- (c) the maximum price which may be paid for a share is an amount equal to the higher of (a) 105 per cent of the average of the closing price of the Company's Ordinary Shares as derived from the AIM Supplement of the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such share is contracted to be purchased, or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003); and
- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2008 or, if earlier 5 September 2008 (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.
- 3.4.3 the new Articles referred to in paragraph 5 of this Part VI be adopted conditional on and with effect from the date thereof;
- 3.4.4 that the Directors be authorised to allot relevant securities (as defined in the Act) for the purposes of section 80 of the Act and disapplying the statutory pre-emption rights contained in section 89(1) of the Act in respect of the issue of the Demerger Shares and the Placing Shares.
- 3.5 The following table shows the authorised and issued share capital of the Company as at the date hereof and as it will be immediately following First Admission and Second Admission:

	Authorised		Issued	
	Nominal Value (£)	Number	Nominal Value (£)	Number
At 25 June 2007.....	0.01	495,000,000	0.01	100
	50,000	1	50,000	1
On First Admission.....	0.01	495,000,000	0.01	156,914,267
	50,000	1	50,000	1
On Second Admission....	0.01	495,000,000	0.01	254,002,748
	50,000	1	50,000	1

- 3.6 The Ordinary Shares will rank *pari passu* with each other in all respects and will rank *pari passu* in all respects for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company following Admission.

4 Memorandum of Association

The Memorandum was amended on 5 June 2007, by amending the objects' clause (clause 3), to include among the objects of the Company, *inter alia*, the carrying on all or any of the business of a mobile banking company.

The Memorandum of Association of the Company does not set out any restrictions on the exercise of the rights, powers and privileges of the Company.

5 Articles of Association

The Articles were adopted pursuant to a written resolution of the Company passed on 5 June 2007 and contain (among others) provisions to the following effect:

5.1 Issue of shares

Subject to the provisions of the Act and to any relevant authority of the Company in general meeting required by the statutes, unissued shares at the date of adoption of the Articles and any shares hereafter created shall be at the disposal of the Board, which may issue (with or without conferring rights or renunciation), grant options over, or otherwise dispose of them at such times and generally on such terms and conditions as the Board may decide.

5.2 General meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be quorum. If within 5 minutes (or such longer interval as the chairman thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to such time and place as may have been specified in the notice convening the meeting, or, if not so specified, to such other day and at such time and place as the chairman may determine. The Company shall, if the meeting is adjourned for 30 days or more, give at least 7 clear days' notice of any meeting adjourned through lack of quorum.

Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he is the holder. In the case of an equality of votes, the chairman of the meeting has a casting vote in addition to any other vote he may have. Unless the directors of the Company otherwise determine, no member shall attend or vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company or upon a poll, either in person or by proxy, in respect of any share held by him or exercise any other right or privilege conferred by membership in relation to any such meeting or poll unless all moneys presently payable by him in respect of that share have been paid.

Annual general meetings shall be held at such time and place as the Board may determine.

5.3 Dividends

Subject to the provisions of the Articles, the Company may by ordinary resolution declare that out of profits available for distribution in accordance with the Companies Act dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. Scrip dividends may also be paid. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

5.4 Distribution of assets on winding up

If the Company is wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

5.5 Variation of rights

If at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. The special rights attached to any class of shares shall not unless otherwise expressly provided by the terms of issue be deemed to be varied by (a) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto or (b) the purchase or redemption by the Company of any of its own shares.

5.6 Uncertificated shares

Subject to the Act, the Board may permit any class or classes of shares to be held and transferred in uncertificated form by means of a relevant system (i.e. CREST) and may determine that any class of shares shall cease to be held and transferred in this way.

5.7 Form and transfer of shares

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares in accordance with the relevant system. Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Company's register of members as the holder of the share.

The Board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is delivered for registration to the office where the Company's register of members is situated for the time being, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that the Board's discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may from time to time determine (subject to the Uncertificated Regulations where relevant). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the Acts.

5.8 Pre-emption rights

The Board may allot equity securities up to a nominal value of £2,500,000 without offering them to existing shareholders at any time until the Company's next annual general meeting or 5 September 2008, whichever is the earlier.

5.9 Disclosure of interests and suspension of interests

The Board may at any time serve a notice upon a member requiring the member to disclose to the Board in writing within such period as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with such a notice and has failed in relation to any shares the subject of such notice to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant notice is due to be received by the Board, serve on the relevant holder a notice whereupon the following sanctions shall apply:

5.9.1 Voting

the member shall not with effect from the service of the notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

5.9.2 Dividends and transfers

where the relevant shares represent at least 0.25 per cent. in nominal value of their class:

- (a) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and
- (b) subject in the case of uncertificated shares to the relevant Uncertificated Regulations, no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant notice and the member provides to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

5.10 Alteration of share capital

The Company in general meeting may from time to time by ordinary resolution:

- 5.10.1 increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- 5.10.2 consolidate and/or divide all or any of its share capital into shares of larger or smaller nominal amount than its existing shares;
- 5.10.3 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- 5.10.4 subject to the provisions of the Act, sub-divide its shares or any of them into shares of smaller nominal value than is fixed by the memorandum of association of the Company and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any undistributable reserve in any manner.

Furthermore, at such time as the Company purchases or redeems its redeemable preference share, such share shall immediately be subdivided into 5,000,000 Ordinary Shares and references to this share in the Articles shall be deleted.

5.11 Purchase of own shares

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may enter into any contract for the purchase of any of its own shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any of such shares. Any shares to be so purchased may be selected in any manner whatsoever provided that if at the relevant date proposed for approval of the proposed purchase there shall be in issue any shares of a class entitling the holders to convert into equity share capital of the Company then no such purchase shall take place unless it has been sanctioned by an extraordinary resolution passed at a separate general meeting (or meetings if there is more than one class) of the holders of the class of convertible shares or the terms of issue of such convertible shares include provisions permitting the Company to purchase its own equity shares or providing for adjustment to the conversion terms upon such a purchase.

5.12 Appointment of directors

Unless otherwise determined by ordinary resolution of the Company, the number of directors of the Company shall not be less than 2 nor more than 10.

Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person who is willing to act as a director either to fill a vacancy or as an additional director of the Company. The Directors may appoint a person who is willing to act as a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors of the Company to exceed any number fixed by or in accordance with the Articles as the maximum number of directors of the Company. A Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

5.13 Retirement of directors

At every annual general meeting any Directors who have served in office for three years are subject to retirement by rotation. If not reappointed at such meeting, he shall vacate office at the conclusion thereof. Any Director who has served in office for over nine years shall retire by rotation at every following annual general meeting.

5.14 Removal of directors by ordinary resolution

The Company may by ordinary resolution remove any Director before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to the Articles) by ordinary resolution elect another person who is willing to act to be a Director in his place.

5.15 Directors' fees

The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £3,000,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Executive Directors may be paid money in addition to any fee payable to him for his services as a Director. Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.

5.16 Directors' indemnity

Subject to the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every Director, alternate Director, secretary or other officer of the Company (other than an auditor) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties.

5.17 Directors' gratuities and pensions

The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any schemes or fund or to pay premiums.

5.18 Permitted interests of directors

Subject to the provisions of the Act and provided that the disclosure requirements set out in the Articles are complied with, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by itself or through his firm in a professional capacity for the Company and in any such case on such terms as to remuneration and otherwise as the remuneration committee may arrange;
- (c) may be a member of or a director or other officer, or employed by, or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested; and
- (d) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate; and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

5.19 Voting at Board meetings

Quorum at a meeting of the Board shall be two, unless otherwise determined by the Board from time to time. Resolutions of the Board are adopted by majority vote of those present at the meeting. In the case of an equality of votes, the chairman of the meeting has a casting vote.

5.20 Restrictions on voting

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Except as provided below, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company) or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

- 5.20.1 the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- 5.20.2 the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- 5.20.3 where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- 5.20.4 relating to any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise, provided that he (together with persons connected with him within the meaning of the Act) does not have an interest (as that term is used in Part 22 of the Companies Act 2006) in one per cent or more of the issued equity share capital of any class of such body corporate (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed to be a material interest for this purpose);
- 5.20.5 relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- 5.20.6 concerning an indemnity in favour of the Directors, funding expenditure in the defence of proceedings against any Director, insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors, or any other similar expenditure.

An interest of a person who is connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director otherwise has.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of 2 or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

5.21 *Borrowing powers*

Subject to the other provisions of the Articles and to the Act, the Directors may exercise all the powers of the Company to borrow money, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.22 *Notices*

The Company may, subject to and in accordance with the Act and these Articles, send or supply all types of notices, documents or information to members by electronic means and/or including by making such notices, documents or information available on a website.

5.23 *Overseas members*

Subject to the Act, the Company shall not be required to send notices, documents or information to any member who (having no registered address within the United Kingdom) has not supplied to the Company a postal address within the United Kingdom for the service of notices.

6 *Interests of the directors and others, and related party transactions*

6.1 *Directors' interests*

- 6.1.1 As at 21 June 2007 (being the latest practicable date prior to the publication of this document) none of the Directors or their Connected Persons had any interest in the share capital or loan capital of the Company, whether beneficial or non-beneficial.

6.1.2 The interests in the share capital of the Company which the Directors and their Connected Persons are expected to have following First Admission are as follows (all such interests being beneficial unless otherwise noted):

Name	No. of Ordinary Shares	Per cent. of ordinary share capital
Duncan McIntyre	6,035,087	3.8
Alastair Lukies	37,923	0.0
David Dey	—	—
Peter Radcliffe	25,000	0.0
Colin Tucker	—	—

6.1.3 The interests in the share capital of the Company which the Directors and their Connected Persons are expected to have following Second Admission are as follows (all such interests being beneficial unless otherwise noted):

Name	Number of Placing Shares subscribed to	Resultant No. of Ordinary Shares	Per cent. of ordinary share capital
Duncan McIntyre.....	13,636,363	19,671,450	7.7
Alastair Lukies	—	37,923	0.0
David Dey	136,363	136,363	0.0
Peter Radcliffe	—	25,000	0.0
Colin Tucker.....	227,272	227,272	0.0

Alastair Lukies has elected to invest £170,000 into the Deferred Annual Bonus Plan.

6.1.4 As at 22 June 2007 (being the latest practicable date prior to the date of this document) there were no outstanding loans granted by any member of the Group to any Director, nor by any Director to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director, or by any Director for the benefit of any member of the Group, outstanding.

6.2 Directors' service contracts

6.2.1 Duncan McIntyre entered into a service contract with Monitise dated 7 June 2007. He is the Executive Chairman and has a current base salary of £150,000 per annum, which is reviewed by the Board annually in July, the first review to be on 1 July 2008 (or such earlier date as the Board shall nominate). He may also receive a bonus, depending on whether certain objectives have been met. For the financial year 2008, the maximum bonus awardable is £150,000⁹. His benefits' package includes private health insurance, life assurance, gym membership and 5 per cent. pension contributions. His appointment may be terminated by either Monitise or by himself at any time on 6 months' notice. The parties acknowledge that he also serves as Executive Deputy Chairman of Morse plc.

6.2.2 Alastair Lukies entered into a service contract with Monitise dated 7 June 2007. He is the Chief Executive and has a current base salary of £170,000 per annum, which is reviewed by the Board annually in July, the first review to be on 1 July 2008 (or such earlier date as the Board shall nominate). He may also receive a bonus, depending on whether certain objectives have been met. For the financial year 2008, the maximum bonus awardable is £170,000⁹. His benefits' package includes private health insurance, life assurance, gym membership and 5 per cent. pension contributions. His appointment may be terminated by either Monitise or by himself at any time on 6 months' notice.

⁹ The annual bonus plan for the Executive Directors has a maximum threshold of 100 per cent. of base salary. Target bonuses are set in the range 40 per cent. to 50 per cent. of base salaries. These bonuses are triggered by achieving agreed performance objectives of the Group.

- 6.2.3 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 Non-Executive Directors were appointed on 7 June 2007.
- 6.2.4 Save as referred to in this paragraph 6, there are no service contracts, existing or proposed, between any of the Directors and the Company which cannot be determined by the Company without payment of compensation (other than statutory compensation) within one year.
- 6.2.5 Share options and long-term incentives have been granted to Duncan McIntyre and Alastair Lukies under the Share Plans, as referred to in Part V of this document.¹⁰
- 6.2.6 None of the Non-Executive Directors participates in any of the Monitise Group's annual or long-term incentive arrangements, nor is their remuneration pensionable. The emoluments of the Non-Executive Directors will not vary as a result of Admission.
- 6.2.7 There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

6.3 *Substantial shareholders*

- 6.3.1 As at the date of this document, Richard Godden holds fifty Ordinary Shares and Jeremy Kutner holds fifty Ordinary Shares and one redeemable preference share of £50,000 in the capital of the Company. Both Mr. Godden and Mr. Kutner hold these shares for the purposes of preparing the Company for Admission as described in paragraph 3 of this Part VI. Only Mr. Godden and Mr. Kutner hold shares in the Company as at 22 June 2007, being the last practicable date prior to the date of this document.
- 6.3.2 Save as set out below, the Company and the Directors are not aware of any person, who will, immediately following First Admission, be interested (within the meaning of the Act), directly or indirectly, in three per cent. or more of the issued share capital of the Company.

Holder	Following First Admission		Following Second Admission	
	Number of Shares	Per cent. of Ordinary Share Capital	Number of Shares	Per cent. of Ordinary Share Capital
Harris Associates L.P.....	22,960,900	14.6	37,171,005	14.6
UBS Global Asset Management (UK) Limited.....	15,804,806	10.1	29,439,806	11.6
3i Group plc.....	24,767,399	15.8	24,767,399	9.8
Capital Group International Inc.....	5,529,900	3.5	23,611,600	9.3
Duncan McIntyre	6,035,087	3.8	19,671,450	7.7
Liontrust Investment Services Limited	9,465,044	6.0	9,465,044	3.7

- 6.3.3 The Company and the Directors are not aware of any person who directly or indirectly, jointly or severally, will after First Admission exercise control over the Company.
- 6.3.4 The Company and the Directors are not aware of any arrangements other than the Demerger and the Placing, the operation of which may at a subsequent date result in a change in control of the Company.
- 6.3.5 The persons, including the Directors, referred to in this paragraph 6, will not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

¹⁰ Each of the Non-Executive Directors will be granted Ordinary Shares to an aggregate market value at date of grant of £30,000, less any tax and National Insurance payable, conditional upon the Non-Executive Director purchasing an equal value of shares.

6.4 Other interests

6.4.1 During the five years preceding the date of this document, the Directors listed under the heading "Directors' Service Contracts" in paragraph 6.2 of this Part VI of this document have been directors or partners of the following companies and partnerships (excluding the Company, its subsidiaries and any funds managed or advised by a member of the Group):

Director	Current	Former
Duncan McIntyre	Morse plc Diagonal Limited Profero Limited CSTIM Limited Delphis EBT 1999 Limited Delphis (Holdings) Limited Delphis Consulting Limited Morse Service Holdings Limited Morse Overseas Holdings Limited Morse Group Limited Morse Solutions Limited Morse Engineering Limited Morse Computing Group Limited Appliance Technology Limited Morse IT Limited Morse Spain SL	Quote Monkey Limited Grantham Sutch Associates Limited GSA Technical Services Limited Hughes RAE Limited Red Creation Limited Relational Concepts Limited Sigma 1000 Limited Morse Business Consulting Limited Dauphin Recruitment Limited Portfolio Systems Limited Morse Business Applications Limited Morse Data Systems Limited Morse Computers Limited Morse France SAS Morse SAS Morse GmbH Morse IT Solutions Austria GmbH Morse Inc
Alastair Lukies	Prohemp Limited	MCHEx Holdings Limited MCHEx Limited
David Dey	TFB Group Limited EUNetworks Fiber UK Limited Eurotel Holdings Limited Lanergy Limited (in liquidation) Murray Extra Return Investment Trust plc (in liquidation) Global Numbers Limited (receivership) World Telecom Plc (receivership)	Neos Networks Limited Tele 2 UK Services Limited DMN Limited Sarantel Group plc Sarantel Limited Dot Dash Limited
Peter Radcliffe	Customer First Limited Lifestyle Insurance Services Limited Accountis plc Combined London Colleges Limited Finance Wales plc	M N L Pharma Limited MNL Pharmaceuticals Limited NCI Resources Limited VOCA Limited
Colin Tucker	Sarantel Group plc Oxhill Aviation Limited Morse plc* *(this directorship will cease on First Admission)	TTP Communications Limited Hutchinson Westminster Limited Hutchinson 3G UK Holdings Limited Hutchinson 3G UK Limited

6.4.2 None of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) at any time been adjudged bankrupt or been the subject of any form of individual voluntary arrangement;
- (c) been a director of a company at the time of, or within the 12 months preceding the date of, its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of creditors;
- (d) been a partner in a partnership at the time of, or within the 12 months preceding the date of, its compulsory liquidation, administration or partnership voluntary arrangement;

- (e) owned any asset which has been placed in receivership or been a partner of any partnership at the time at which, or within the 12 months preceding the date on which, any asset of that partnership has been placed in receivership;
- (f) been subject to any public criticism by any statutory or regulatory authority (including a recognised professional body); or
- (g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, are contracts which are material and have been entered into by the Company or any other member of the Group during the period covered by the historical financial information, up to the date of this document.

(a) Working Capital Facility Agreement

Morse has agreed to provide an unsecured working capital facility of up to £20 million to Monitise for a term of up to five years from the Demerger. Drawdowns are limited to agreed monthly limits, which vary from month to month, with an additional available £2 million which may be drawn down across the duration of the facility. All drawdowns may only be made with one week's notice. The rate of interest charged by Morse is equal to the Royal Bank of Scotland's base rate plus 250 basis points. Monitise covenants that it will not enter into any other debt arrangements (other than in the ordinary course of its business) without Morse's consent. The agreement includes customary events of default, as well as an event of default in respect of a change of control of Monitise Holdco or the takeover of Monitise.

In addition, the facility will be reduced by an amount equal to the sum raised by the Placing (net of expenses) although the agreed monthly limits and £2m additional limit will not be so reduced.

(b) Demerger Agreement

Pursuant to the Demerger Agreement, Morse and Monitise have agreed that, subject to certain conditions having been satisfied (including the Board not resolving to abandon or suspend the Demerger, the Nominated Adviser & Broker Agreement and/or the Placing Agreement having been entered into and no rights to terminate either agreement having been exercised prior to First Admission and Morse's obligations pursuant to the Monilink Joint Venture Agreement and the Monitise Joint Venture Agreement being novated to Monitise and First Admission having become effective (subject only to the Demerger)), Morse will transfer the whole of the then issued ordinary share capital of Monitise Holdco to Monitise. In consideration for the transfer, Monitise will allot and issue Demerger Shares to Qualifying Shareholders on the basis of one Demerger Share for one fully paid Morse Share held by them at the Demerger Record Time.

Under the Demerger Agreement, Morse will pay or procure that a member of the Continuing Morse Group (as appropriate) pays the costs and expenses relating to the Demerger. In addition, any outstanding debt due to Morse from the Monitise Group immediately prior to Demerger will be capitalised.

(c) Demerger Tax Deed

Under the Demerger Tax Deed, each party will agree, *inter alia*, following Admission to co-operate in the filing of tax returns and tax claims and to indemnify and apportion liability to the other in relation to any acts or omissions committed by it which give rise to a chargeable payment for the purposes of section 214 of the Income and Corporation Taxes Act 1988. Furthermore, both parties will agree to indemnify each other for any act or omission which will prevent the transfer of shares in Monitise Holdco to Monitise and the issue of Demerger Shares from being an exempt distribution for the purposes of section 213 of the Income and Corporation Taxes Act 1988 and for any secondary liability to taxation of either party and for any costs or expenses properly incurred for which the other is liable.

Morse will also agree to indemnify Monitise for any liability to taxation of the Monitise Group which arises as a result of the exercise of any share option or the vesting of any award held by an employee of the Monitise Group where such option or award was granted on or prior to the completion of the Demerger pursuant to the Share Option and Incentive Schemes.

Each party will be liable to the other under the taxation schedule for seven years following completion of the Demerger.

(d) Transitional Services Agreement

Pursuant to the Transitional Services Agreement, Morse will provide, or procure the provision of, certain services to the Monitise Group in accordance with the relevant service level for such services. Those services will include, *inter alia*, finance and accounting services, payroll services, facilities services, mobile phone services and information technology services, such as technology operations, general operations and information technology infrastructure, dealing with hardware and basic software applications.

Such services will be provided by Morse with reasonable skill and care and Morse will use all reasonable endeavours to obtain and maintain all necessary consents and licences to enable Morse to provide these services.

Morse's aggregate liability under the Transitional Services Agreement will be limited to £95,000 in each 12 month period following the commencement of the agreement.

Monitise shall pay Morse an arm's length fee in respect of all such services which is anticipated to be less than £10,000 per month (excluding VAT).

The Transitional Services Agreement will continue until terminated by either party. Monitise may terminate any or all of the services by giving 90 days' notice to Morse at any time. Morse may also terminate any or all of the services by giving 90 days' notice, but such notice may not expire before the end of the first anniversary of the agreement. The parties will work together to agree a plan for the orderly transition of each particular service to a replacement service provider.

(e) Intellectual Property Transfer Agreement

Pursuant to the IP Transfer Agreement, Morse will assign to Monitise Holdco the right, title and interest in all intellectual property rights which exclusively relate to the Monitise Business. This includes particular registered trade marks and domain names.

Morse will assist, as reasonably necessary in the transfer process.

(f) Nominated Adviser & Broker Agreement

Pursuant to the Nominated Adviser & Broker Agreement, Monitise has appointed Investec as nominated adviser and broker to Monitise in connection with and conditional upon Admission. The Nominated Adviser & Broker Agreement is for a minimum period of 12 months from Admission and continues thereafter until terminated by either Monitise or Investec giving not less than one calendar month's notice. Monitise will indemnify and give certain warranties to Investec. Investec and Monitise are also entitled to terminate the Nominated Adviser & Broker Agreement in certain other circumstances. Under the terms of the Nominated Adviser & Broker Agreement, Monitise has agreed to pay Investec an annual fee for its services of £50,000 which Investec has agreed to waive for the first year and reduce to £30,000 in the second year of such services.

(g) Placing Agreement

Pursuant to the Placing Agreement, Investec has undertaken to use all reasonable endeavours to procure placees for a number of Ordinary Shares at a fixed price, in return for a fee of £200,000 and commission of 4 per cent. of funds raised by Monitise reduced to 2 per cent. in respect of certain placees. As is customary in agreements of this kind, Morse, Monitise and the Directors have given certain representations and warranties to Investec and Morse and Monitise will indemnify Investec. The Placing Agreement will be conditional, *inter alia*, on the Demerger occurring and the Ordinary Shares it is intended to place being admitted to AIM. The Placing Agreement also contains customary lock-ins given by the Monitise directors under which they will agree not to dispose of any of the Ordinary Shares

in which they will be interested on Admission, during the period of 12 months following Admission, save in certain limited circumstances, and for the following 12 months to only dispose of such shares through Investec. The Placing Agreement may be terminated by Investec in certain circumstances at any time up to Second Admission, such as material adverse change or *force majeure*.

(h) Monilink Joint Venture Agreement

Pursuant to this joint venture agreement as amended and novated from time to time, Monitise Holdco and LINK Group Holdings Limited each hold 50 per cent. of the shares in the joint venture entity Monilink. The purpose of Monilink is to develop and market the Monitise Platform to customers within the UK and the Republic of Ireland. Neither shareholder may transfer, pledge or otherwise encumber its shares in Monilink unless they are offered to the other party first, or that other party consents to the transfer. In addition, any third party purchaser must make an offer for all the shares in Monilink (which offer must remain open for thirty days) before it can acquire any such shares. Each of LINK Group Holdings Limited and Monitise Holdco has the right to appoint two directors to the board of Monilink, and that board makes decisions by simple majority. Where there is deadlock at board level, another board meeting shall be called to resolve the deadlock. Each shareholder may produce a memorandum detailing their position on the matter which cannot be resolved for distribution at this next board meeting. If the matter is then not resolved at this next board meeting, it shall be referred to the chief executives of Morse and LINK Group Holdings Limited for resolution. If these persons cannot resolve the deadlock situation within 30 days, it shall be referred to the chairmen of Morse and LINK Group Holdings Limited for resolution. If the matter cannot be resolved within a further 60 days, either shareholder may serve notice on the other shareholder requiring an orderly rundown of Monilink's business. This is also the ultimate sanction for a breach of the joint venture agreement.

There are restrictive covenants in place to prevent recruitment of Monilink's employees by any of the parties and also to prevent them setting up businesses which compete with Monilink. The obligations of Monitise Holdco and LINK Group Holdings Limited are guaranteed by Morse and LINK, respectively.

A shareholder commits an act of default if it is acquired by a competitor of the other shareholder or the Monitise Business. If the defaulting shareholder is LINK Group Holdings Limited, Monitise Holdco has the option to require LINK Group Holdings Limited to sell all of its shares to it, at a fair value. If the defaulting shareholder is Monitise Holdco, LINK Group Holdings Limited has the option to require the Monitise Holdco to buy its shares in Monitise International, also at fair value.

It is intended that, simultaneously with the Demerger, Morse's obligations under this joint venture agreement will be novated to Monitise (see sub-paragraph (j) below for further detail).

(i) Monitise Joint Venture Agreement

Pursuant to this joint venture agreement, Monitise Holdco and LINK Group Holdings Limited hold 85 per cent. and 15 per cent., respectively, of the shares in Monitise International. The purpose of Monitise International is to own, develop and market the Monitise Platform to customers around the world, other than those customers resident in the UK or the Republic of Ireland. Neither shareholder may transfer, pledge or otherwise encumber its shares in Monitise International, and Morse may not transfer its shares in Monitise Holdco, unless they are offered to the other party first, or that other party consents to the transfer. In addition, any third party purchaser must make an offer for all the shares in Monitise Holdco (which offer must remain open for thirty days) before it can acquire any such shares. Furthermore, this agreement contains a drag-along right, whereby if the majority holder (Monitise Holdco) intends to sell its shares in Monitise International to a third party, it may require the minority holder (LINK Group Holdings Limited) to transfer its shares to the same purchaser at the same price.

The obligations of Monitise Holdco and LINK Group Holdings Limited are guaranteed by Morse and LINK, respectively.

It is intended that, simultaneously with the Demerger, Morse's obligations under this joint venture agreement will be novated to Monitise (see sub-paragraph (k) below for further detail).

All contracts between Monitise International and any of its shareholders or members of their groups must be on competitive commercial terms. Monitise International must provide its shareholders with such information as they reasonably request to ensure that this obligation is adhered to. Monitise Holdco and Monitise International are also required to ensure that they do not enter into arrangements intended to dilute or divert distributable reserves of Monitise International.

There are restrictive covenants in place to prevent recruitment of Monitise International employees by any of the parties, and also to prevent the parties setting up businesses which compete with Monitise.

LINK Group Holdings Limited is entitled to a sales commission on contracts between Monitise and third parties introduced by LINK Group Holdings Limited.

Once a shareholder has transferred its shares, the Monitise Joint Venture Agreement terminates in respect of it (other than certain obligations which arise on such transfer).

(j) Monilink Novation

In this agreement, the parties to the Monilink Joint Venture Agreement consented to the transfer of all of the Morse rights and obligations thereunder to Monitise, subject to the Demerger. In addition, Morse and Monilink agreed to waive any potential breaches of the Monilink Joint Venture Agreement caused by the proposed merger of LINK with VOCA Limited. In addition, LINK, LINK Group Holdings Limited, Monitise Holdco and Monilink also agreed to waive any potential breaches of the Monilink Joint Venture Agreement caused by the Demerger (such as the transfer of shares in Monitise Holdco and to the transfer of all Morse's rights and obligations to Monitise, as the new owner of Monitise Holdco). The parties also reconfirmed the continuing restrictive covenant contained in the Monilink Joint Venture Agreement and Monilink and Monitise confirmed that the current and planned activities of the businesses which will be carried on by the merged VocaLINK group are deemed not to compete with Monilink. Finally, the parties agreed that LINK Group Holdings Limited and LINK would be able to transfer all their rights and obligations, and the shares in Monilink, to either of the holding companies of the new VocaLINK group, VocaLINK Limited or VocaLINK Management Limited.

(k) Monitise Novation

In this agreement, the parties to the Monitise Joint Venture Agreement consented to the transfer of all of the Morse rights and obligations thereunder to Monitise, subject to the Demerger. In addition, Morse and Monilink also agreed to waive any potential technical breaches of the Monitise Joint Venture Agreement caused by the proposed merger of LINK with VOCA Limited. LINK, LINK Group Holdings Limited, Monitise Holdco and Monitise International also agreed to waive any potential breaches of the Monitise Joint Venture Agreement caused by the Demerger (such as the transfer of shares in Monitise Holdco) and to the transfer of all Morse's rights and obligations to Monitise, as the new owner of Monitise Holdco. The parties also reconfirmed the continuing restrictive covenant contained in the Monitise Joint Venture Agreement and Monilink and Monitise confirmed that the current and planned activities of the businesses which will be carried on by the merged VocaLINK group are deemed not to compete with Monitise. Finally, the parties agreed that LINK Group Holdings Limited and LINK would be able to transfer all their rights and obligations, and the shares in Monitise International, to either of the holding companies of the new VocaLINK group, VocaLINK Limited or VocaLINK Management Limited.

(l) Metavante joint venture agreement

Pursuant to a joint venture agreement entered into on 22 May 2007, Monitise Inc., a subsidiary of Monitise International, will hold 49 per cent. and Metavante will hold 51 per cent. of the membership interests in the joint venture entity, Monitise. Closing of the joint venture agreement is conditional on the Demerger (or, if the Demerger does not take place, Shareholder approval which will then be sought separately).

The purpose of Monitize is to develop and market the Monitize Platform to customers within North America. Monitize will enter into certain technology licensing and other commercial arrangements with Metavante and Monitise as of the closing of the joint venture transactions in order to pursue this strategy, under which the parties will be entitled to receive certain license, royalty or marketing fees and payments.

Neither party may transfer its membership interests in Monitize without the consent of the other party unless such interests are first offered to the other party at the same price and terms. If Monitise Inc. does not exercise its right of first refusal, it has the right to participate in any sale by Metavante of its membership interests.

After the third anniversary of the closing of the joint venture agreement, Metavante will have the right to require that Monitise Inc. will sell all of its membership interests if Metavante decides to sell all of its membership interests to a third party. Monitise Inc. has the option, for a 30-day period following the fifth anniversary of the closing of the joint venture transactions, to require that Metavante purchase all of its membership interests in Monitize. Each party has the right, after the expiration of that 30-day period, to offer to sell its membership interests to the other party or to purchase the other party's membership interests (as decided by the party receiving the offer).

Metavante has the right to appoint three managers (one of which shall be the chairman), and Monitise Inc. has the right to appoint two managers (one of which shall be the deputy chairman), to the management committee. Other than with respect to certain material business matters that require the consent of Monitise Inc.'s appointees, the management committee makes decisions by simple majority. Where there is deadlock at the management committee level for a protracted period with respect to any such material business matter, the matter will be referred to the chairman and the deputy chairman of the management committee for resolution. If the business matter is still not resolved, both parties may agree to mediation or either party may submit the dispute for arbitration.

The parties generally have three options in the event of a breach of the joint venture agreement. The non-breaching party may dissolve Monitize, purchase the membership interests of the breaching party at 80 per cent. of fair value or demand the participation of the breaching party in a sale of both parties' membership interests to a third party. In the event that Monitize is sold, Monitise Inc. and its affiliates have agreed to license the Monitize intellectual property on substantially the same terms as the licence in existence prior to the sale. If the sale is to a competitor, Monitise Inc. may change the pricing terms of the licence.

The obligations of Monitise Inc. under the joint venture agreement are guaranteed by Monitise Holdco.

The parties will share in the revenues of Monitize in accordance with their ownership interests. Monitize will pay annual cash dividends to the parties in an aggregate amount equal to 80 per cent. of its net profits, subject to certain limited exceptions.

Each party agrees not to compete with Monitize until the first anniversary of the date on which it ceases to be a member of Monitize, although Metavante will be able to conduct certain ordinary course transactions with its clients.

8 United Kingdom taxation

The following statements are intended to apply only as a general guide to current UK tax law and published practice of the United Kingdom HM Revenue & Customs. They are intended to apply only to shareholders who are resident in the United Kingdom for UK tax purposes (unless the position of non-resident shareholder is expressly referred to), who hold Ordinary Shares as investments and who are the beneficial owners of the Ordinary Shares. The statements may not apply to certain classes of shareholders such as (but not limited to) dealers in securities, insurance companies, collective investment schemes or individuals who have acquired their Ordinary Shares by virtue of their employment. This summary does not therefore purport to be a complete analysis or listing of all of the potential tax consequences of acquiring and holding Ordinary Shares.

Holders of Ordinary Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Ordinary Shares or who are subject to tax in a jurisdiction other than the UK, should consult their own professional advisers.

8.1 Capital gains

A disposal of Ordinary Shares by a shareholder who is either resident or ordinarily resident in the UK for tax purposes, or is not UK resident but carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment may, depending on the shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains.

An individual shareholder who has ceased to be resident or ordinarily resident in the UK for tax purposes for a period of less than five tax years and who disposes of Ordinary Shares during that period may also be liable, on his or her return to the UK, to UK taxation on chargeable gains (subject to any available exemption or relief).

For shareholders within the charge to corporation tax on chargeable gains, indexation allowance should be available to reduce the amount of chargeable gain realised (subject to any available exemption or relief). For such shareholders holding 10 per cent. or more of the Company's ordinary share capital, a gain on the sale of the Ordinary Shares may qualify for an exemption from corporation tax on chargeable gains under the Substantial Shareholding Provisions provided certain conditions are met but such shareholders are strongly advised to take specific advice on this.

For shareholders who are subject to capital gains tax, such as individuals, trustees and personal representatives, taper relief (which reduces the percentage of the gain chargeable by reference to how long the Ordinary Shares have been held) may be available to reduce the amount of chargeable gain realised on a disposal of the Ordinary Shares.

A corporate shareholder who is not resident in the UK for tax purposes will not be subject to UK tax on a gain arising on a disposal of the Ordinary Shares unless such shareholder carries on a trade in the UK through a permanent establishment and has used the Ordinary Shares for the purposes of the permanent establishment.

8.2 Taxation of Dividends

Under current tax law, the Company will not be required to withhold tax at source from dividend payments it makes.

8.2.1 Individuals

Individual shareholders receiving a dividend from the Company receive a tax credit in respect of the dividend of an amount equal to one ninth of the amount of the dividend which is 10 per cent. of the sum of the dividend and the tax credit. Generally, the liability to UK income tax is calculated on the sum of the dividend and the tax credit ("dividend income"). Individual shareholders whose income is within the starting rate or basic rate bands will be subject to income tax at the rate of 10 per cent. on their dividend income, so that such shareholders will have no further liability to income tax on that dividend income. The higher rate of income tax is 32.5 per cent in respect of dividend income. A higher rate tax payer may set the tax credit against his liability to income tax on the dividend income and will have further tax to pay of 22.5 per cent. of the dividend income.

Generally, UK resident individual shareholders who are not liable to income tax in respect of the gross dividend will not be entitled to reclaim any part of the tax credit.

An individual holder of Ordinary Shares who is resident but not domiciled in the UK for tax purposes, or who is resident but not ordinarily resident in the UK for tax purposes, will be liable to UK income tax only to the extent that dividends paid by the Company are remitted or deemed to be remitted to the UK.

8.2.2 Companies

A corporate shareholder resident in the UK for tax purposes will not normally be subject to corporation tax on any dividend received from the Company.

Such corporate shareholders will not be able to claim repayment of the tax credit attached to any dividend.

8.2.3 Pension Funds

UK pension funds will not be entitled to reclaim the tax credit attaching to any dividend paid by the Company.

8.3 Inheritance Tax

Ordinary Shares beneficially owned by an individual may (subject to certain exemptions and reliefs) be subject to UK inheritance tax on the death of the individual or, in certain circumstances, if the Ordinary Shares are the subject of a gift or other transfer of value by the individual.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift under particular rules applied to gifts where the donor reserves or retains some benefit. UK inheritance tax is not generally chargeable on gifts to individuals made more than seven years before the death of the donor.

Holders should consult an appropriate professional adviser if they make a gift or transfer of value of any kind or intend to hold any Ordinary Shares through trust arrangements. Holders should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another jurisdiction.

8.4 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No stamp duty or SDRT will normally be payable on the issue of Ordinary Shares save that special rules apply to persons operating clearance services or depository receipt services.

A transfer or sale of shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such Ordinary Shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. However, if within 6 years of the date of the agreement (or if the agreement was conditional, the date on which the agreement becomes unconditional) a share transfer is executed pursuant to the agreement and duly stamped, the stamping of the transfer will normally cancel the SDRT liability. Any SDRT already paid will be refunded.

When Ordinary Shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

When Ordinary Shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee), no stamp duty or SDRT will generally be payable.

Where a change in beneficial ownership of Ordinary Shares held in uncertificated form occurs and such change is for consideration in money or money's worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

The above statements are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depository arrangements and clearance services are not liable to stamp duty or SDRT and others may be liable at a higher rate or may although not primarily liable for tax be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional tax adviser.

9 US Taxation

This document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Code (as defined below). Each prospective US Investor should consult an independent tax adviser as to the US federal, state, and local income and other tax consequences relating to an investment in the Company, based on such prospective Investor's particular circumstances.

The following is a general summary of certain US federal income tax considerations relating to the purchase, ownership and disposition of Ordinary Shares by US Investors who hold Ordinary Shares as capital assets. This summary is based on the US Internal Revenue Code of 1986 (the "Code"), the Treasury Regulations and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This summary is for general information only and does not address all of the tax considerations that may be relevant to specific US Investors in light of their particular circumstances or to US Investors subject to special treatment under US federal income tax law (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, dealers in securities, brokers, real estate investment trusts, certain former citizens or residents of the United States, persons who acquire Ordinary Shares as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a "functional currency" other than the US dollar, persons that own (or are deemed to own) 10 per cent. or more of the Company's shares or persons that generally mark their securities to market for US federal income tax purposes). This summary does not address any US state or local or non-US tax considerations or any US federal estate, gift or alternative minimum tax considerations.

As used in this summary, the term "US Investor" means a beneficial owner of Ordinary Shares that is, for US federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for US federal income tax purposes, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax regardless of its source or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or an electing trust that was in existence on 19 August 1996 and was treated as a domestic trust on that date.

If an entity treated as a partnership for US federal income tax purposes holds Ordinary Shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for US federal income tax purposes should consult its own tax adviser regarding the US federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of Ordinary Shares.

9.1 Taxation of US Investors

9.1.1 Taxation of Dividends

Subject to the discussion below, under "Passive Foreign Investment Company", a US Investor will be required to include in gross income the gross amount of any distribution paid on the Ordinary Shares out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). Distributions in excess of the Company's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Investor's adjusted tax basis in the Ordinary Shares and thereafter will be treated as a gain from the sale of the Ordinary Shares.

The US Dollar value of any non-US currency distribution will be the US Dollar value of the payment calculated by reference to the exchange rate in effect on the day the payment is received, or treated as received, by the US Investor, regardless of whether the non-US currency distribution is in fact converted into US Dollars. If the non-US currency so received is converted into US Dollars on the day it is received, or treated as received, the US Investor generally will not be required to recognise foreign currency gain or loss upon such conversion. If the non-US currency so received is not converted into US Dollars on the date

of receipt, such US Investor will have a basis in the non-US currency equal to the US Dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the non-US currency generally will be treated as ordinary income or loss to such US Investor and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

Dividends paid on the Ordinary Shares generally will constitute income from sources outside the United States and be categorised as “passive income” or, as “general category income” for US foreign tax credit purposes. Dividends paid on the Ordinary Shares will not be eligible for the “dividends received” deduction generally allowed to corporate shareholders with respect to dividends received from US corporations.

For US Investors who are individuals, dividends received in taxable years beginning on or before December 31, 2010 from certain “qualified foreign corporations” are eligible to be taxed at reduced rates applicable to capital gains rather than at rates applicable to ordinary income. A foreign corporation is a “qualified foreign corporation” if (i) such corporation is eligible for benefits under a qualifying income tax treaty with the United States, or (ii) its stock with respect to which such dividends are paid is readily tradable on an established securities market in the United States. However, a “qualified foreign corporation” does not include a foreign corporation which for the taxable year of the corporation in which such dividends were paid, or the preceding taxable year, is a “foreign personal holding company,” a “foreign investment company” or a “passive foreign investment company,” as defined under the Code. US Investors are urged to consult their own tax advisors regarding the US federal income tax rate that will be applicable to their receipt of any dividends paid with respect to the Ordinary Shares.

9.1.2 Taxation of Sale, Exchange or other Disposition of Ordinary Shares

Subject to the discussion below, under “Passive Foreign Investment Company”, a US Investor generally will recognise capital gain or loss upon the sale, exchange or other disposition of Ordinary Shares in an amount equal to the difference, if any, between the amount realised on the sale, exchange or other disposition and the US Investor’s adjusted tax basis in such Ordinary Shares. This capital gain or loss will be long-term capital gain or loss if the US Investor’s holding period in the Ordinary Shares exceeds one year. For tax years beginning on or before December 31, 2010, long-term capital gains of non-corporate US Investors are taxable at a maximum rate of 15 per cent.. The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for US foreign tax credit purposes. Generally, a redemption of Ordinary Shares held by a US Investor will be treated as a sale, exchange or other disposition for US federal income tax purposes only if the redemption is not “essentially equivalent to a dividend” or is “substantially disproportionate” with respect to the US Investor or results in a complete termination of the US Investor’s interest in the Company, in each case after taking into account applicable attribution rules. If a redemption of Ordinary Shares is not treated as a sale, exchange or other disposition, it will be treated as a distribution from the Company for US federal income tax purposes (see the sub-section headed “Taxation of Dividends” above).

9.2 Passive Foreign Investment Company

In general, a corporation organised outside the United States will be treated as a “passive foreign investment company” (“PFIC”) for US federal income tax purposes in any taxable year in which either (i) at least 75 per cent. of its gross income is “passive income” or (ii) on average at least 50 per cent. of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, and rents (subject to prescribed exceptions for certain items received from affiliates and for certain items derived in the active conduct of a leasing or licensing business), gains from commodities and securities transactions, and gains from the sale or exchange of property that gives rise to passive income. Cash should be treated as a passive asset for purposes of these rules. In determining whether a non-US corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25 per cent. interest (by value) is taken into account.

Based on the nature of the Company's income, assets and activities, the Company believes that it is not currently a passive foreign investment company ("PFIC"). However, the Company will hold passive assets (including cash) and will earn passive income on funds (including the proceeds of the Placing). Furthermore, the extent and timing of the Company's non-passive income and of its ownership and acquisition of assets or activities that produce non-passive income cannot be predicted with certainty. Because the PFIC tests are applied on an annual basis, the Company's current belief that it is not a PFIC could change in the future.

If the Company is treated as a PFIC, a US Investor generally would be subject to a tax at ordinary income rates on certain "excess distributions" made by the Company and on gains from the sale, redemption or other disposition of Ordinary Shares and, if one or more entities in which the Company invests is treated as a PFIC, on such US Investor's proportionate share of "excess distributions" made by such entities and gains from the sale, redemption or other disposition of shares in such entities. In each case, the amount of income tax will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions or gains were earned ratably over the period the US Investor held such Ordinary Shares or is deemed to have held the shares of such entities. To the extent a US Investor is taxed on "excess distributions" or gain from its indirect ownership of shares in any entity in which the Company invests, the US Investor should not be taxed again when the corresponding amounts are distributed by the Company to the US Investor or realized by the US Investor upon a disposition of the Ordinary Shares.

To avoid the disadvantageous tax treatment described above, a US Investor may generally make a "qualified electing fund" ("QEF") election with respect to each of the Company, and any entity in which the Company invests that is treated as a PFIC. Generally, to be timely a QEF election must be made on or before the due date for filing the US Investor's US federal income tax return for the first taxable year for which it holds its Ordinary Shares. If the US Investor makes a timely QEF election in respect of the Company and such entities, the US Investor generally will be required to include in gross income its rateable share of the ordinary income of the Company and such entities and to include as long-term capital gain its rateable share of the net capital gain of the Company and such entities, whether or not distributed. The US Investor's US tax basis in the Ordinary Shares will be increased to reflect undistributed amounts included in gross income by the US Investor. Distributions of previously included income generally will result in a corresponding reduction in US tax basis and generally will not be taxed again as a distribution to the US Investor. Even if a US Investor makes a QEF election with respect to the Company and such entities, the US Investor will not be able to take advantage of its rateable share of any net losses of the Company and such entities.

The disadvantageous tax treatment described above (if the Company were to be classified as a PFIC) may also be avoided with respect to the Company if a "mark-to-market" election is available and a US Investor validly makes such an election as of the beginning of such US Investor's holding period. If such election is made, such US Investor generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, the Ordinary Shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of such Ordinary Shares. In addition, any gain from a sale, exchange or other disposition of the Ordinary Shares will be treated as ordinary income, and any loss will be treated as ordinary loss (to the extent of any net mark-to-market gains previously included in income). A mark-to-market election is available to a US Investor only if the Ordinary Shares are considered "marketable stock". Generally, shares will be considered marketable stock if the shares are "regularly traded" on a "qualified exchange" within the meaning of applicable Treasury Regulations. A class of shares is regularly traded during any calendar year during which such class of shares is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. A non-US securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in Treasury Regulations.

As discussed above, it is the Company's belief that it does not qualify as a PFIC. If this belief should change, then upon request, the Company will use commercially reasonable efforts to provide, within 90 days after the end of the fiscal year, all information that a US Investor reasonably requires to make a QEF election in respect of the Company, including a "PFIC Annual Information Statement" (as described in the Treasury Regulations). However, there can be no assurance that a QEF election will be available with respect to any entity in which the Company invests that is treated as PFIC. As a result, even if a timely QEF election is made for the Company, the disadvantageous consequences of PFIC classification summarised above may therefore apply to an investment in an entity that itself is treated as a PFIC and for which no QEF election is made.

9.3 Certain Reporting Requirements

Certain US Investors are required to file Form 926, Return by US Transferor of Property to a Foreign Corporation, and certain US Investors may be required to file Form 5471, Information Return of US Persons With Respect to Certain Foreign Corporations, reporting transfers of cash or other property to the Company and information relating to the US Investor and the Company. Certain US Investors may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. Substantial penalties may be imposed upon a US Investor that fails to comply. Each US Investor should consult its own tax adviser regarding these requirements.

9.4 Taxation of Tax-Exempt US Investors

Organisations exempt from US federal income tax under Section 501(a) of the Code, including ERISA plans, are subject to the tax on unrelated business taxable income ("UBTI") imposed by Section 511 of the Code. UBTI arises primarily as income from an unrelated trade or business regularly carried on, income from property as to which there is acquisition indebtedness or certain insurance income received from or attributable to controlled foreign corporations. Since the Company does not expect to invest in insurance companies, assuming that a tax-exempt US Investor has not incurred any acquisition indebtedness with respect to its Ordinary Shares, tax-exempt US Investors that invest in the Company should not be treated as incurring any UBTI with respect to any distributions or gains in respect of their Ordinary Shares.

9.5 Reportable Transactions

A US Investor that participates in any "reportable transaction" (as defined in Treasury Regulations) must attach to its US federal income tax return a disclosure statement on Form 8886. US Investors should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the sale, exchange or other disposition of any non-US currency received as a dividend on, or as proceeds from the sale of, the Ordinary Shares.

9.6 Backup Withholding Tax and Information Reporting Requirements

Under certain circumstances, US backup withholding tax and/or information reporting may apply to US Investors with respect to payments made on or proceeds from the sale, exchange or other disposition of the Ordinary Shares, unless an applicable exemption is satisfied. US Investors that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the backup withholding tax rules will be allowed as a credit against a US Investor's US federal income tax liability, if any, or will be refunded, if such US Investor furnishes required information to the Internal Revenue Service.

10 Securities laws and transfer restrictions

10.1 General

No action has been or will be taken in any jurisdiction by the Company or Investec that would permit a public offering of the Ordinary Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable

rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Ordinary Shares, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or buy any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

10.2 United Kingdom

This document is only being distributed to and is only directed at: (a) persons who are outside the United Kingdom or (b) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”) or (c) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as “relevant persons”). The Ordinary Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Ordinary Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Persons outside the United Kingdom into whose possession this document comes are required by the Company and Investec to inform themselves about and to observe any restrictions as to the Placing and the distribution of this document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or Investec that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where actions for that purpose are required.

The Ordinary Shares are subject to restrictions on transfer, and may not be reoffered, resold, pledged or otherwise transferred except as permitted by the Articles and as provided in this document.

10.3 European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**relevant member state**”), an offer to the public of any Ordinary Shares which are the subject of the Placing may not be made in that relevant member state except that an offer to the public in that relevant member state of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant member state:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company or by Investec of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this paragraph the expression an “offer to the public” in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer of any Ordinary Shares to

be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

Save as otherwise provided, each subscriber of Ordinary Shares located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company has not authorised and does not authorise the making of any offer of Ordinary Shares through any financial intermediary on its behalf, other than offers by a financial intermediary with the consent of Investec and offers made by Investec with a view to the final placement of the Ordinary Shares as contemplated by this document.

Accordingly, no purchaser of the Ordinary Shares, other than Investec, is authorised to make any further offer of the Ordinary Shares on behalf of the Company or Investec.

10.4 United States

As a result of the following restrictions, prospective purchasers are advised to contact legal counsel prior to making any resale, pledge or transfer of the Ordinary Shares in the United States.

The Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be major US institutional investors and also institutional accredited investors in reliance on an exemption from the registration requirements of the US Securities Act, and to persons outside the United States in accordance with Regulation S. Terms used in this section that are defined in Regulation S are used herein as so defined.

Except as otherwise agreed with the Company in its sole discretion, each purchaser in the United States of the Ordinary Shares offered hereby who is a major US institutional investor and also an institutional accredited investor will be required to execute and deliver to the Company and Investec a certificate, pursuant to which such purchaser will make substantially the following representation, warranties, acknowledgements and agreements:

- (i) It is an institution that is an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act.
- (ii) It is aware that the Ordinary Shares have not been and will not be registered under the US Securities Act and that the sale to it of Ordinary Shares is being made in reliance on an exemption from the registration requirements of the Securities Act and it certifies that: (a) it is both an accredited investor and a major US institutional investor and will be acquiring Ordinary Shares for its own account, or it will be acquiring Ordinary Shares for the account of another institution that is both an accredited investor and a major US institutional investor; and (b) it has received a copy of this Admission document, and all information, financial and other, with respect to the Company which it has requested.
- (iii) It consents to the Company making a notation on its records or giving instructions to any transfer agent of the Ordinary Shares in order to implement the restrictions on transfer set forth and described herein.
- (iv) It has sufficient knowledge and experience in financial and business matters to evaluate investments of the type subscribed for herein, including the merits and risks of such an investment, and has determined that the purchase of the Ordinary Shares is consistent with its investment objectives. It acknowledges that it has had access to such information concerning the Company as it has deemed necessary to make an informed decision to acquire the Ordinary Shares, and has been afforded the opportunity to ask questions and receive answers from representatives of the Company regarding the Company and the terms and conditions relating to investment in the Company, and all such questions have been answered to its full satisfaction.
- (v) It has the ability to bear the economic risk of its investment in the Ordinary Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in the Ordinary Shares and at the present

time is, and in the foreseeable future will be, able to afford a complete loss of the investment in the Ordinary Shares and will not look to the Company or Investec for all or part of any such losses it may suffer.

- (vi) It is not purchasing the Ordinary Shares as a result of general solicitation or general advertising, as such terms are defined in Regulation D under the US Securities Act, including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (vii) It (or, if it is acting for the account of another person, such person has confirmed to it that such person) will not offer, resell, pledge or otherwise transfer such Ordinary Shares except: (a) in accordance with Rule 144A under the US Securities Act (“Rule 144A”) or another exemption from, or a transaction not subject to, the registration requirements of the US Securities Act to a QIB within the meaning of Rule 144A or a person that the holder and any person acting on its behalf reasonably believes is a QIB (within the meaning of Rule 144A) purchasing for its own account or for the account of another QIB; (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act; (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available); or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with all applicable securities laws of any State, territory or other jurisdiction of the United States.
- (viii) Ordinary Shares so acquired (which will only be in certificated form) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Ordinary Shares. Notwithstanding anything to the contrary in the foregoing paragraphs, the Ordinary Shares may not be deposited into any unrestricted depository facility established or maintained by a depository bank, unless and until restrictions lapse in accordance with Rule 144(k) under the US Securities Act.
- (ix) Certificates representing the Ordinary Shares purchased by it hereunder, and all certificates issued in exchange for or in substitution of such certificates, will bear the following legend upon the original issuance of the Ordinary Shares and until the legend is no longer required under applicable requirements of the US Securities Act or applicable state securities laws:

THE ORDINARY SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A OR ANOTHER EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A OR A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR

RESALES OF THESE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF MONITISE'S SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

- (x) The Company, Investec and their respective affiliates and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs, and agrees that if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Ordinary Shares are no longer accurate, it will promptly notify the Company. If it is acquiring Ordinary Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

11 Working capital

The Directors, having made due and careful enquiry, are of the opinion that taking into account the net proceeds of the Placing together with existing cash, and the working capital facility available to the Company pursuant to the Working Capital Facility Agreement, the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12 Litigation

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

In February and March 2007, Mobile VPT commenced proceedings against Morse, Monitise International, Monilink and LINK alleging that these entities infringe certain aspects of its Mobile VPT Patent. The Mobile VPT Patent relates generally to communications means such as to a mobile phone handset that allows direction of incoming authentication signals from third parties to be directed away from the network provider's SIM. Mobile VPT has applied for, and in some cases has been granted, patents in a number of jurisdictions, with claims similar to those in the Mobile VPT Patent.

The defendants believe that they will succeed in defending Mobile VPT's claims. The proceedings are at an early stage and Mobile VPT has not yet finalised its pleadings and so the amount of the claim is unquantifiable, although an injunction has also been sought. Monitise International and Monilink will deny the allegations of infringement, and will be defending the proceedings and, at this stage, plan to counterclaim for revocation of the Mobile VPT Patent. Further details of this claim are set out on page 25 of this document.

13 Takeover bids

There have been no public takeover bids by third parties in respect of the Company's issued share capital which has occurred during the current and last financial year.

The following summary is not complete and is intended as a general guide only. If you are in any doubt you should seek advice from an appropriate independent advisor.

13.1 Mandatory Bids

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This

requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company, if the effect of such acquisition were to increase that person's percentage of the voting rights.

13.2 Squeeze-out

Under the Act if an offeror were to acquire or contract to acquire 90 per cent. in value of the Ordinary Shares to which the offer relates and 90 per cent. of the voting rights attaching to such shares, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. This notice must be sent no later than three months after the end of the acceptance period. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

13.3 Sell-out

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. in value of the Ordinary Shares to which the offer relates and 90 per cent. of the voting rights attaching to such shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The rights of minority Shareholders to be bought out must be exercised no later than three months after either the end of the acceptance period or the date on which sell-out notices were given (whichever is later). If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such terms as may be agreed.

14 Consents

- 14.1 Investec Bank (UK) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 14.2 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this document of their accountants' reports set out in Part IV of this document and the references to the same in the form and context in which they are included and has authorised the contents of their reports for the purposes of the AIM Rules. A written consent under the AIM Rules is different from a consent filed with the SEC under Section 7 of the US Securities Act which is applicable only to transactions involving securities registered under the US Securities Act. As the offered securities have not been and will not be registered under the US Securities Act, PricewaterhouseCoopers LLP has not filed a consent under Section 7 of the US Securities Act.

15 General

- 15.1 The Ordinary Shares have not been admitted to dealings on a recognised investment exchange and, save in relation to the application for Admission, no application for such admission has been made.
- 15.2 There has been no significant change in the financial or trading position of Monitise which has occurred since 6 June 2007, being the date in respect of which the last financial statements of Monitise have been prepared.
- 15.3 There has been no significant change in the financial or trading position of the Monitise Group which has occurred since 31 December 2006, being the date in respect of which the last interim accounts of the Monitise Group for the preceding six month period have been prepared.

15.4 The ISIN number for the Ordinary Shares is GB00B1YMRB82 .

15.5 The Company's accounting reference date is 30 June.

16 Admission document availability and documents on display

Copies of this document and the following documents are available at the registered office of the Company and at the offices of Investec during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Admission:

- (A) the Memorandum and Articles of Association referred to in paragraphs 4 and 5 of Part VI of this document;
- (B) the letters of consent referred to in paragraph 14 of Part VI of this document; and
- (C) the Accountants Report from PricewaterhouseCoopers LLP set out in Part IV of this document.

25 June 2007

DEFINITIONS

In this document the following terms and abbreviations are used:

“€ or “Euro”	the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community
“£”	the lawful currency of the United Kingdom
“ABI”	means the Association of British Insurers
“Act”	the Companies Act 1985 (as amended) or the Companies Act 2006 to the extent in force at the relevant time
“Admission”	admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules for companies quoted on AIM and nominated advisers published by the London Stock Exchange, as amended from time to time
“Approved Plan”	means the approved plan, as described in paragraph 4 of Part V of this document
“Articles of Association” or “Articles”	the articles of association of the Company
“ATM”	means automatic teller machine, a machine at a bank branch or other location which enables a customer to perform basic banking activities even when the bank is closed
“Audit Committee”	the audit committee of the Board of Directors from time to time as described in paragraph 12 of Part I of this document
“Bank-Grade Security”	means systems, procedures and safeguards, both physical and logical, that meet the stringent requirements of banks to protect assets and information and minimise the risk of fraud
“Board of Directors” or “Board”	the board of directors of the Company whose names appear on page 7 of this document
“Bonus Date”	means the bonus date, as set out in paragraph 5 of Part V of this document
“Business Day”	a day excluding a Saturday or a Sunday on which banks in London are open for business
“Cardholder not present”	refers to financial transactions, usually purchases, undertaken with a debit or credit card where the cardholder is not face to face with the vendor, for instance over the telephone or over the internet
“Circular”	the Morse shareholder circular dated 8 June 2007 containing its notice of extraordinary general meeting
“City Code”	the City Code on Takeovers and Mergers
“Code”	means the US Internal Revenue Code
“Combined Code”	the revised combined code on the principles of good governance and code of best practice published in June 2006 by the Financial Reporting Council
“Company” or “Monitise”	Monitise plc, a company incorporated in the England and Wales in accordance with the Act and registered with number 6011822
“Connected Person”	has the meaning given to that term in section 346 of the Act
“Continuing Morse Group”	Morse and its subsidiary companies following completion of the Demerger, which, for the avoidance of doubt, will exclude all members of the Monitise Group

“Contactless Payments”	refers to the use of payment cards, key fobs, or other devices which use RFID for making secure payments. The built in chip and antenna in the devices enable consumers to wave their card or fob over a reader at the point of sale. The “oyster” transit card in London is an example of a contactless card
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertified securities operated by CRESTCo in accordance with the Uncertified Securities Regulations 2001
“CRESTCo”	CRESTCo Limited, the operator of CREST
“Cryptography”	refers to the encryption or concealment of data for security purposes. Cryptography is central to the techniques used in computer and network security for such things as access control and information confidentiality. It is also used in many applications encountered in everyday life; the security of ATM cards, passwords and electronic commerce all depend on cryptography
“Deferred Allocation”	the deferred allocation in respect of the Deferred Annual Bonus Plan as set out in paragraph 3 of Part V of this document
“Deferred Annual Bonus Plan” or “DAB”	the deferred annual bonus plan, as described in paragraph 3 of Part V of this document
“Demerger”	the demerger of Monitise Holdco from the Morse Group pursuant to the Demerger Agreement
“Demerger Agreement”	the conditional agreement entered into by Morse and Monitise relating to the Demerger, as described in paragraph 7 of Part VI of this document
“Demerger Date”	the date upon which the Demerger Agreement becomes wholly unconditional, expected to be 28 June 2007
“Demerger Record Time”	5.00 pm on the Business Day prior to the Demerger Date, expected to be on 27 June 2007
“Demerger Resolution”	the resolution set out in the notice of extraordinary general meeting in the Circular
“Demerger Shares”	the Ordinary Shares being issued by the Company pursuant to the Demerger
“Demerger Tax Deed”	the deed entered into by Morse and Monitise relating to the treatment of tax at the time of, and following, the Demerger as described in paragraph 7 of Part VI of this document
“Desktop”	an independent personal computer, as opposed to other forms of PCs, such as a mobile laptop or notebook
“Directors”	the Executive Directors and the Non-Executive Directors
“Dual Factor Authentication”	refers to the use of two factors to authenticate a user or transaction – the first factor being something the user knows, such as a PIN or password and the second factor being something the user has in their possession, such as a mobile phone or hardware dongle which can be used to receive a one-time code
“e-cash”	is short for electronic cash, an electronic payment option, rather than a physical payment using notes and coins, for example
“EMI Plan”	the Enterprise Management Incentive Plan, as described in paragraph 4 of Part V of this document
“Excluded Territories”	Australia, Canada or Japan or any of their states, provinces, territories or possessions and areas subject to their jurisdiction and any other jurisdictions where the extension or availability of the Placing would breach any applicable law or regulation

“Executive Directors”	Duncan McIntyre and Alastair Lukies
“First Admission”	the admission of the Demerger Shares to AIM
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005
“FSA”	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VIII of the Financial Services and Markets Act 2000
“Good Leavers”	shall have the meaning set out in paragraph 2 of Part V of this document
“Grantor”	means the grantors, as set out in paragraph 2 of Part V of this document
“HMRC”	HM Revenue & Customs or either of Inland Revenue or HM Customs and Excise as appropriate
“IFRS”	the International Financial Reporting Standards maintained by the International Accounting Standards Board and which are in force from time to time, as adopted by the European Union
“Investec”	Investec Bank (UK) Limited and its divisions Investec Investment Banking and Investec Securities, as the context requires
“Invitation”	shall have the meaning set out in paragraph 3 of Part V
“IP Transfer Agreement”	the agreement for the transfer of certain intellectual property rights from Morse to Monitise, as described in paragraph 7 of Part VI of this document
“IT”	“information technology”, namely the development, installation, and implementation of computer systems and applications
“ITEPA 2003”	means the Income Tax (Earnings and Pensions) Act 2003
“LINK”	LINK Interchange Network Limited, a company incorporated in England and Wales with registered number 03565766
“London Stock Exchange”	London Stock Exchange plc or any successor thereto from time to time
“Management”	the Executive Directors of the Company and the Senior Management
“Matching Allocation”	the matching allocation in respect of the DAB
“MBS”	Monitise Business Solutions Limited, a subsidiary of Monitise Holdco, incorporated in England and Wales with registered number 05814266
“Metavante”	the Metavante Corporation, a company incorporated in Wisconsin, USA
“MGL”	Monitise Group Limited
“MGL Group”	Monitise Group Limited and all its subsidiaries and excluding Monitise plc
“Mobile Banking Platform”	means software applications which, when combined with hardware and infrastructure, provide secure mobile banking and payment services to consumers. The Monitise Platform is a Mobile Banking Platform
“Mobile Handset”	is another term for a mobile phone
“Mobile VPT”	means Mobile VPT Limited, a company incorporated in England and Wales with registered number 05714517
“Mobile VPT Patent”	means the Mobile VPT Patent, as set out in Part II of this document
“Monilink”	Monilink Limited, a company incorporated in England and Wales in accordance with the Act and registered with number 04831976

“MONILINK[™]”	the mobile banking service provided in the UK by Monilink
“Monilink Joint Venture”	the joint venture between, <i>inter alia</i> , Morse, LINK, LINK Group Holdings Limited and Monitise Holdco to develop, market and deliver the Monitise Platform within the UK and the Republic of Ireland
“Monilink Joint Venture Agreement”	the agreement in relation to the Monilink Joint Venture, as described in paragraph 7(h) of Part VI of this document
“Monilink Novation”	the agreement to novate Morse’s obligations in respect of the Monilink Joint Venture to Monitise, as described in paragraph 7(j) of Part VI of this document
“Monitise”	Monitise plc, a company incorporated in England and Wales with registered number 6011822
“Monitise Business”	the business of providing the switch infrastructure and software to carry out personal banking transactions and enquiries securely on mobile phones undertaken by the Monitise Group
“Monitise Group” or “the Group”	Monitise, Monitise Group Limited and all subsidiaries, subsidiary undertakings and joint venture interests thereof, including Monilink Limited, Monitise Group Limited to become a subsidiary of Monitise on completion of the Demerger
“Monitise Holdco”	Monitise Group Limited, a company incorporated in England and Wales in accordance with the Act and registered with number 05590897
“Monitise International”	Monitise International Limited, a subsidiary of Monitise Holdco, incorporated in England and Wales with registered number 05556711
“Monitise Joint Venture”	the joint venture between, <i>inter alia</i> , Morse, LINK, LINK Group Holdings Limited and Monitise Holdco to own, develop, market and deliver the Monitise Platform to customers around the world (other than those customers in the UK or the Republic of Ireland)
“Monitise Joint Venture Agreement”	the agreement in relation to the Monitise Joint Venture, as described in paragraph 7(i) of Part VI of this document
“Monitise Novation”	the agreement to novate Morse’s obligations in respect of the Monitise Joint Venture to Monitise, as described in paragraph 4.2(f) of Part VIII of this document
“Monitise Platform”	the software applications owned and developed by Monitise International which, when combined with hardware and infrastructure in a region, is used to provide secure mobile banking and payment services to consumers in that region
“Monitise Rollover Plan”	the grant of equivalent options over shares in Monitise to options currently held over shares in Monitise Group Limited under the Old Options
“Monitize”	Monitize LLC, which will be incorporated as a Delaware, US limited liability corporation for the purpose of the joint venture with Metavante, as described in paragraph 7(l) of Part VI of this document
“Morse”	Morse plc, a public limited company incorporated in England with registered number 03108179
“Morse Group”	Morse and its subsidiaries, prior to First Admission
“Morse Shareholders”	shareholders on the register of Morse
“Morse Shares”	ordinary shares of 10 pence each in the capital of Morse and includes the ordinary shares issued by Morse without the right to Demerger Shares

“Nominated Adviser & Broker Agreement”	the agreement to be entered into between Monitise and Investec pursuant to which Investec will agree to provide services as nominated adviser and broker to Monitise, as described in paragraph 7(f) of Part VI of this document
“Nomination Committee”	the nomination committee of the Board of Directors from time to time as described in paragraph 12 of Part I of the document
“Non-Executive Directors”	David Dey, Peter Radcliffe and Colin Tucker
“Official List”	the Official List of the UK Listing Authority
“Old Options”	shall have the meaning given in paragraph 7 of Part V of this document, in connection with the Rollover Plan
“Ordinary Shares” or “Shares”	ordinary shares of 1 penny each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Passive Foreign Investment Company” or “PFIC”	a passive foreign investment company, under US legislation
“Phone Resident Contactless”	a mobile phone with in-built RFID and software enabling, for example, the phone to be waved over a reader at the point of sale to make a contactless payment. The phone substitutes for the payment card or key fob. Such a mobile phone could act as a transit card (e.g. “oyster” cards)
“Placing”	the Placing of Ordinary Shares as described in paragraph 3 of Part III of this document
“Placing Agreement”	the conditional placing agreement entered into in connection with the Placing, as described in paragraph 7(g) of Part VI of this document
“Placing Price”	22 pence
“Placing Shares”	the Ordinary Shares issued by the Company pursuant to the Placing
“Plan Limits”	the limits under all the Share Plans, as described in paragraph 6 of Part V of this document
“Portal”	a web site or service on the world wide web that offers a broad array of resources and services. Enterprise portals are often password protected restricting access to authorised users only
“Prospectus Directive”	Directive 2003/71/EC
“Prospectus Rules”	the rules produced by the FSA pursuant to section 73A(4) of the Financial Services and Markets Act 2001
“Provisioning”	this refers to delivering mobile content, such as a mobile banking application to a mobile phone, agnostic of the features of the handset (e.g. operating system type and versions, java version, browser version, screen form factors, language settings and a plethora of other characteristics). Mobile content provisioning facilitates a common user experience, though delivered on wildly different handsets
“Performance Share Plan” or “PSP”	the long-term incentive plan described in paragraph 2 of Part V of this document
“PwC”	PricewaterhouseCoopers LLP
“Qualified Electing Fund” or “QEF”	a qualified electing fund, under US legislation
“Qualified Investor”	a person who is within the meaning given to that term in article 2.1(e) of the Prospectus Directive (2003/71/EC)
“Qualifying Shareholders”	Morse Shareholders who hold Morse Shares at the Demerger Record Time, save to the extent such shareholders hold Morse Shares without the right to the Demerger Shares

“Regulation S”	the rules covering offers and sales of securities made outside the US without the need for registration under the Securities Act
“Remuneration Committee”	the remuneration committee of the board of Directors from time to time as described in paragraph 12 of Part I of this document
“RFID”	radio frequency identification, which is an automatic identification method, relying on storing and remotely retrieving data using devices called RFID tags or transponders. An RFID tag is an object that can be attached to or incorporated into a product for the purpose of identification using radio waves
“Roll Over Plan”	the replacement option plan, as described in paragraph 7 of Part V of this document
“SAYE Scheme”	the approved SAYE Scheme, as described in paragraph 5 of Part V of this document
“Second Admission”	admission of the Placing Shares to AIM
“Securities Act”	the US Securities Act 1933 (as amended)
“Senior Management”	Steven Atkinson, Mike Keyworth, Tom Spurgeon, Lee Cameron, Richard Johnson and Darren Sugden and “Senior Manager” shall be construed accordingly
“Share Option Plans”	any or all of the EMI Plan, the Approved Plan and the Unapproved Plan
“Share Plans”	any or all of the Share Option Plans, the PSP, the DAB and/or the SAYE Scheme
“Shareholders”	holders of Ordinary Shares
“SIM Toolkit”	small programmes loaded on the SIM card, that provide mobile phones with increased functionality, such as the ability to check bank account balances, by using SMS
“SMS”	another term for a text, Short Message Service is a service for sending messages of up to 160 characters to mobile phones that use global system for mobile communication
“Stored Value Card”	a stored value card represents money on deposit with an issuer of the card, and is similar to a debit card. One major difference between stored value cards and debit cards is that debit cards are usually issued in the name of individual account holders, while stored value cards are usually anonymous. The value associated with the card can be accessed using a magnetic stripe embedded in the card, on which the card number is encoded; using radio-frequency identification (RFID); or by entering a code number, printed on the card, into a telephone or other numeric keypad. The oyster transit card in London is an example of a stored value card
“Subsidiaries”	the subsidiaries (construed in accordance with section 736 Act) of the Company
“switch”	a switch is a network device that acts like a gateway to establish communication channels and monitor and control the flow of traffic between end-users. An example of a switch is the LINK interchange network, the UK’s national cash machine network, that connects millions of users to numerous financial institutions and allows them to obtain information about their bank accounts and undertake financial transactions
“T-Systems”	T-Systems Enterprise Services GmbH
“Transitional Services Agreement”	the agreement to be entered into by Morse and Monitise pursuant to which Morse will agree to provide certain services to Monitise

“Treasury Regulations”	the Treasury Regulations of the US, as set out in paragraph 9 of Part VI
“UBTI”	unrelated business taxable income, under US legislation
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“Unapproved Plan”	the unapproved plan, as described in paragraph 4 of Part V of this document
“Uncertificated Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“United States” or “US”	the United States of America, its territories and possessions and the District of Columbia
“US Investors”	has the meaning set out in paragraph 9 of Part VI
“Working Capital Facility Agreement”	the agreement entered into by Morse and Monitise pursuant to which Morse has agreed to provide a working capital facility to Monitise as described in paragraph 7(a) of Part VI of this document

