



MONITISE™
MONITISE™



Monitise plc.
Interim Results July–December 2007



MONITISE™

INTERIM RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2007

About Monitise plc

Monitise plc (MONI.L) is a specialist in mobile banking & payments technology. It has developed the world's first mobile banking ecosystems, which allow customers of multiple banks and mobile operators to perform banking and payment transactions directly from their mobile handset.

With live services in the UK and the USA, where it has delivered the MONILINK and Monitise networks in partnership with VocaLink and Metavante Corporation respectively, the Company is currently working with international partners to deliver similar safe, secure mobile banking & payment services in territories worldwide. Current key partners include VocaLink Interchange Network, Metavante, Visa Europe, BT Global Services, T-Systems, HSBC, first direct, Alliance & Leicester, Royal Bank of Scotland, NatWest, Vodafone, Orange, O2, T-Mobile and Hutchison 3G.

Monitise was recognised as a 'Technology Pioneer' by the World Economic Forum in 2006; 'Mobile Innovation of the Year' by The Banker Magazine in 2007 and awarded the Innovation in Messaging Award 2007 by the Mobile Messaging Association.

www.monitisegroup.com

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Highlights

- **Continued progress in the UK**
 - Strong interest from HSBC, first direct and Alliance & Leicester for both existing and new MONILINK services
 - Royal Bank of Scotland, NatWest & Ulster Banks live from November 2007 and significant customer acquisition expected in the second half
 - Commencing integration with another Tier One bank which will bring aggregate market coverage of bank current accounts to 53%
- **Momentum ahead of expectations in the US**
 - Service live within six months of signing JV with Metavante Corporation
 - 20 banks already contracted to the Monitise Americas platform
 - Software licence agreement secured with Monitise Americas
- **International roll-out now focused on the joint venture model**
 - Rapid progress in US validates the JV model for further overseas expansion
 - Strong progress being made in Germany, Africa and Australia
- **Strategic partnerships delivering results**
 - Visa Europe and Monitise developing multiple services and innovations for Visa's 348 million cards. First commercial service announced as Visa Shopping Voucher
 - Tuxedo Money Solutions to launch mobile management for pre-pay card services in the second half powered by Monitise's technology
- **Over 110,000 consumer registrations to date**
- **Further product enhancements announced**
 - Market leading product set including SMS alerts, international remittances and Near Field Communications (NFC) payments platform
- **Confident of continued strong progress**
 - Excellent market position
 - Investment phase continues in line with plans
 - Revenue stream at an early stage with take-up rates improving
 - Global mobile banking & payments market momentum building rapidly
 - Strong interest from global partners in a growing number of other international territories

Alastair Lukies
Chief Executive Officer



“The appetite for mobile banking & payments services is continuing to grow and Monitise has exposure to all five of the major global opportunities in that market: mobile banking; mobile payments; pre-paid cards; identity services and NFC. Payments technology, especially NFC services, the burgeoning international remittances market and the growth of pre-pay accounts is driving increased activity and investment in the market. Having established our core platform as a showcase for the growth of mobile banking services, we continue to invest in expanding our suite of products to meet the demands of banks, mobile operators and consumers as they evolve.

“The strong interest shown in our new services makes us confident that we are allocating investment in the appropriate areas and we expect steady revenue growth from this over the coming months.”

Duncan McIntyre
Chairman



“We continue to make very positive progress in the UK mobile banking & payments market and the significant progress in the US demonstrates the success of the joint venture model in developing new geographies. We have undertaken research into which new geographic markets should be a focus for joint venture initiatives and have already made good headway in identifying suitable joint venture partners.

”We are building a new banking & payments channel and, four years into this journey, we are pleased with progress to date and remain confident of our future prospects.”

Operational Review

Monitise has continued to make good progress in its first six months as a listed company. The Company remains in an investment phase, and these interim results are consistent with the Board's expectations, reporting a loss before tax of £7.0 million (six months ended 31 December 2006: £3.3 million) and a turnover of £0.4 million (six months ended 31 December 2006: £0.4 million).

We are already a leading player in the UK mobile banking & payments market and have made significant progress in the US during the period, which will help shape the further roll-out of the business overseas. At the same time, we have kept pace with the rapidly developing trends in the market, introducing new products and services and further developing our operations and excellent competitive position.

UK Operations

The MONILINK joint venture with VocaLink has made good progress.

We have consolidated our position in the United Kingdom as the 'industry platform' for mobile banking & payments through our MONILINK joint venture. Alliance & Leicester, first direct and HSBC have continued to add consumers to the service and The Royal Bank of Scotland Group (Royal Bank of Scotland, NatWest and Ulster Bank) is now fully integrated into the MONILINK platform and began offering services to its consumers in November 2007.

We are seeing strong interest from consumers for the service, especially those of the Royal Bank of Scotland Group, and expect its pipeline of mobile banking consumers to grow significantly during the second half due to its major planned marketing activity. There is also strong interest from financial institutions in the 2008 product set which we announced in September 2007, including SMS trigger alerts and additional payments services. We expect a number of banks to offer these new services to their customers during the second half.

We are also pleased to report that another Tier One bank is currently integrating our service and will begin offering MONILINK services to its customers later this year. This will increase our overall current account coverage in the UK from 37% to 53%, further cementing our market-leading position.

US Operations

Monitise Americas is making excellent progress. Our US joint venture with the Metavante Corporation was able to offer services to customers just six months after signing, reflecting the robust and scalable nature of our technology platform. Monitise Americas has benefited from its inclusion in the core service set of Metavante Corporation and the NYCE (New York Cash Exchange) Payments Network, marketed through their sales channels which reach over 8,600 financial institutions. Monitise Americas has already successfully contracted its services to 20 financial institutions. These range from small community banks to larger financial institutions.

A Software Licence Agreement with Monitise Americas was finalised in October 2007 under which a licence fee of US\$1.5 million per annum and royalties of up to US\$20 million based on volume thresholds are paid to Monitise.

We are also continuing to work closely with a number of payment processors and card schemes across North America with a view to pursuing a multi-switch strategy in that market. Availability of our service on US cellular networks is currently close to 50% and the introduction of our BREW client for CDMA networks will deliver penetration across all major US networks during the second half.

Other International Operations

In other international markets we have progressed steadily. T-Systems has extended its exclusivity period for the rights to the Monitise platform in Germany and discussions are ongoing with potential partners for the establishment of the service in Australia, India and Africa. We are also discussing extending the MONILINK service into the Republic of Ireland.

Since we last reported results, BT Global Services has informed us that it no longer wishes to progress licence negotiations for Egypt and the Gulf States as they do not fit within its commercial objective at this time. However, we are continuing to work with other partners in the region and are working with BT Global Services on a global basis to assist our business development in other key markets.

Strategic Partnerships

During the period we made excellent progress, partnering with Visa Europe and also developing other card provider relationships, including Tuxedo Money Solutions.

Our partnership with Visa Europe, which has a long-term outlook of providing full mobilisation services to Visa Europe's range of card and payments products, will initially see the launch of a virtual pre-paid card product, delivered and managed using our technology, during the second half. This partnership provides us with a potential issuer base of 4,600 European member banks and over 348 million Visa cards. Our partnership with Tuxedo Money Solutions, which will provide a complete mobile management and payment service for their range of pre-paid cards, is scheduled for launch in the second half.

These contracts position Monitise as the global leading provider of mobile pre-paid card management services and we believe we are well placed to become a key partner for global card schemes as we continue to work with Visa Europe and other international card schemes.

Products and Services

We have continued to innovate and our investment in product development gives us confidence that we now have the most comprehensive service set of any company operating in this space.

In September 2007 we announced our 2008 product set, which included the addition of a range of new services including international remittances, a wide range of payment services, SMS alerts and NFC.

Accode, our mobile security-based authentication solution, has continued to make progress. We have delivered a strong reseller strategy for the product, which spans both the voice and data channel, and have a balanced approach covering the enterprise market.

In anticipation of developing trends in our market, we have developed a NFC service, branded MoniTrust, which acts as a platform for the management of NFC payments. MoniTrust has been successfully launched, with pilots planned with key partners during the second half.

Markets

The appetite for mobile banking & payments continues to grow, driven by five core areas: mobile banking; mobile payments; pre-paid cards; identity services and NFC. Monitise has already established itself as a global leader in the first three segments and our commercial success presents a considerable barrier to competitors. The identity and NFC industries remain at an early growth stage in terms of industry adoption and we are confident that our current investments in these markets position Monitise to take advantage of the opportunities that these industries present.

In particular, a number of new payments technologies including NFC services (e.g. Oyster in London or Visa PayWave™), the burgeoning international remittances market and the growth of pre-pay accounts are now reaching mainstream consumer acceptance. These are driving the mobile banking & payments market faster than initially anticipated as the industry looks to deliver management tools to consumers to support the uptake of these new services.

Strategy

Since the inception of Monitise four years ago, we have invested significantly in building an industry platform that sits at the core of all the services we offer, whether around mobile banking & payments, mobile top-up or security services such as on-line authentication solutions. As each new service function is added to the existing platform, it confines Monitise's investment to building the technology specific to that service, rather than having to invest in building a separate supporting platform. It then becomes immediately available to our network of participating banks, card processors and mobile operators without the requirement for significant additional technical integration. In this way, we uniquely provide our partners with a clear line of sight to future banking and payment innovations.

With the platform model already proven, we have continued to execute against our stated strategy to:

- Sign up the world's leading banks and switches to the Monitise platform.
- Attract the appropriate partners to deliver a sustainable ecosystem.
- Develop a compelling and consumer-centric product roadmap ahead of the market.

In the UK and the US, where we have an established presence, we remain focused on adding new banks and card processors.

In other territories, while negotiations around licensing our technology in Germany and Australia have progressed well, the rapid success of the US operation under the JV model has brought us to the view that pursuing similar joint venture agreements in other strategic regions worldwide is our preference. We also strongly believe that this model will deliver greater value over the long-term.

The US, in particular, has become the showcase for joint ventures in new geographies on the basis that it demonstrates our ability to successfully launch our platform to consumers within six months of signing with a joint venture partner. We believe that this is the right approach to accelerate the roll-out of our international operations and to meet our aspirations for growth. We are already actively engaged in other international markets and have made good headway in identifying suitable joint venture partners. We look forward to making further updates when appropriate.

Finance

Revenues of £0.4 million for the six months to 31 December 2007 reflect a significant increase on revenues of £0.1 million in the preceding six months to 30 June 2007. The mix of revenues is starting to move away from consultancy activity, with licence income (referenced by the US licence and fees paid for the two exclusivity agreements in the period) and transactional income starting to flow. During the second half, it is anticipated that transactional income will form a significantly higher proportion of overall revenues, with the ending of the “free to all” campaign in the UK and the increase in consumer numbers in the US.

Continued investment in the Monitise platform and further development of our intellectual property has generated an operating loss for the period of £7.6 million. This loss includes a non-cash charge of £1.1 million for share-based payments in accordance with IFRS2. Annualised cash costs are approaching £15 million and are starting to plateau. Interest receivable on the cash balances raised via the Placing in June 2007 amounts to £0.6 million and reduces the overall loss before tax to £7.0 million.

Available cash balances at 31 December 2007 across the Group amount to £15.4 million.

Awards

We have continued to be recognised for our considerable market success having won ‘Innovation of the Year 2007’ for the MONILINK service from Banking Technology magazine in the UK. This accolade, alongside existing awards from the World Economic Forum, The Banker Magazine and the Mobile Messaging Association demonstrate that our market leadership is respected by many across the industry.

Board and People

During the period, we were delighted to welcome to the Board Tom Spurgeon, our Chief Financial Officer, and John Brougham, Finance Director of BT Transformation, who joined as a Non-Executive Director and Chairman of the Audit Committee.

We would also like to take this opportunity to thank all our staff for their continued hard work and commitment.

Outlook

We are positively exposed to all five of the major global market opportunities for mobile banking & payments. The strong interest shown in our new services by participating banks and card scheme members ensures confidence that we are allocating investment in the appropriate areas and we expect considerable revenue upsides from this investment over the coming months.

Longer term, we are tracking market developments and believe our industry platform approach is the most appropriate to maximise on the opportunities presented by new markets including NFC payments, the international remittance industry and remote payments.

Whilst consumer uptake of mobile banking & payments services has been somewhat slower than we initially anticipated, we are pleased to report that, to date, over 110,000 consumers have registered for our services. Importantly, we are also seeing the rate of consumer take-up improving in line with marketing investment by our bank partners and continuing improvements in our customer registration process. We are confident of solid progress over the second half in both the United Kingdom and United States.

Our business development activity continues to grow across a number of international markets and we expect the joint venture model to replicate the success we have experienced in the US in other strategic markets. This activity, coupled with the growing success of our live services in the United Kingdom and United States, ensures that we remain confident of our future progress.

Alastair Lukies
Chief Executive Officer

Consolidated Income Statement

	Notes	For the six months ended 31 December 2007 (unaudited) £'000	For the six months ended 31 December 2006 (unaudited) £'000	For the year ended 30 June 2007 (audited) £'000
Revenue		392	363	472
Cost of sales		(197)	(218)	(327)
Gross profit		195	145	145
Distribution costs		(1,126)	(333)	(912)
Administrative expenses before exceptional costs		(5,537)	(3,056)	(7,142)
Share based payments charge	7	(1,105)	(7)	(183)
Exceptional salary costs		-	-	(596)
Total administrative expenses		(6,642)	(3,063)	(7,921)
Operating loss		(7,573)	(3,251)	(8,688)
Finance income		560	2	8
Loss before income tax		(7,013)	(3,249)	(8,680)
Income tax credit		-	960	2,775
Loss for the period/year		(7,013)	(2,289)	(5,905)
Attributable to:				
Equity holders of the Company		(7,013)	(2,289)	(5,905)
Minority interest		-	-	-
		(7,013)	(2,289)	(5,905)
Loss per share for loss attributable to the equity holders of the Company during the period/year (expressed in pence per share):				
– basic and diluted	6	(2.76)	(1.46)	(3.75)

Consolidated Balance Sheet

	As at 31 December 2007 (unaudited) £'000	As at 31 December 2006 (unaudited) £'000	As at 30 June 2007 (audited) £'000
ASSETS			
Non-current assets			
Property, plant and equipment	390	335	357
Intangible assets	833	616	790
Deferred tax asset	-	530	-
	1,223	1,481	1,147
Current assets			
Trade receivables	189	324	185
Prepayments and other receivables	2,151	1,117	1,936
Cash and cash equivalents	15,410	14	20,373
	17,750	1,455	22,494
Total assets	18,973	2,936	23,641
LIABILITIES			
Current liabilities			
Trade payables	(784)	(104)	(199)
Other payables	(1,421)	(1,068)	(1,212)
Finance lease liability	(17)	-	-
Financial liabilities - borrowings	(1,669)	(7,070)	(1,294)
Current tax liability	-	-	-
	(3,891)	(8,242)	(2,705)
Non-current finance lease liability	(54)	-	-
Total liabilities	(3,945)	(8,242)	(2,705)
Net assets/(liabilities)	15,028	(5,306)	20,936
EQUITY			
<i>Capital and reserves attributable to equity holders of the Company</i>			
Ordinary shares	2,545	-	2,540
Share premium	19,334	-	19,261
Merger reserve	32,952	-	32,952
Reverse acquisition reserve	(25,321)	-	(25,321)
Share-based payments reserve	1,460	7	433
Translation reserve	-	-	-
Retained loss	(15,942)	(5,313)	(8,929)
	15,028	(5,306)	20,936
<i>Minority interest in equity</i>	-	-	-
Total equity	15,028	(5,306)	20,936

These financial statements were approved and authorised for issue by the Board of Directors on 7 February 2008 and were signed on its behalf by:

Duncan McIntyre
Chairman

Alastair Lukies
Chief Executive Officer

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Merger Reserve	Reverse Acquisition Reserve	Share- based Payments Reserve	Retained Loss	Minority Interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six Months to 31 December 2006								
Balance at 1 July 2006 (audited)	-	-	-	-	-	(3,024)	-	(3,024)
Total recognised income and expense for the 6 months ended 31 December 2006 (unaudited)	-	-	-	-	-	(2,289)	-	(2,289)
Recognition of share- based payments (unaudited)	-	-	-	-	7	-	-	7
Balance at 31 December 2006 (unaudited)	-	-	-	-	7	(5,313)	-	(5,306)
12 Months to 30 June 2007								
Balance at 1 July 2006 (audited)	-	-	-	-	-	(3,024)	-	(3,024)
Shares issued on demerger (audited)	1,569	-	32,952	(25,321)	-	-	-	9,200
Issue of shares on flotation (audited)	971	19,261	-	-	-	-	-	20,232
Recognition of share- based payments (audited)	-	-	-	-	433	-	-	433
Total recognised income and expense for the year (audited)	-	-	-	-	-	(5,905)	-	(5,905)
Balance at 30 June 2007 (audited)	2,540	19,261	32,952	(25,321)	433	(8,929)	-	20,936
Six Months to 31 December 2007								
Balance at 1 July 2007	2,540	19,261	32,952	(25,321)	433	(8,929)	-	20,936
Recognition of share- based payments (unaudited)	5	73	-	-	1,027	-	-	1,105
Total recognised income and expense for the 6 months ended 31 December 2007 (unaudited)	-	-	-	-	-	(7,013)	-	(7,013)
Balance at 31 December 2007 (unaudited)	2,545	19,334	32,952	(25,321)	1,460	(15,942)	-	15,028

Consolidated Cash Flow Statement

	Note	For the six months ended 31 December 2007 (unaudited) £'000	For the six months ended 31 December 2006 (unaudited) £'000	For the year ended 30 June 2007 (audited) £'000
Cash flows utilised in operating activities				
Cash utilised in operations	8	(5,157)	(3,429)	(8,680)
Interest received		383	2	8
Income tax paid		-	-	(56)
Net cash utilised in operating activities		(4,774)	(3,427)	(8,728)
Cash flows utilised in investing activities				
Purchases of property, plant and equipment		(24)	(26)	(104)
Capitalisation and purchases of intangible assets		(165)	(175)	(437)
Net cash utilised in investing activities		(189)	(201)	(541)
Cash flows provided by financing activities				
Proceeds from issuance of ordinary shares (net of expenses)		-	-	20,232
Loan from joint venture parties and subsidiaries		-	244	499
Loan/funding from related party		-	3,219	8,751
Net cash provided by financing activities		-	3,463	29,482
Net increase in cash, cash equivalents and bank overdrafts		(4,963)	(165)	20,213
Cash, cash equivalents and bank overdrafts at beginning of the period/year		20,373	160	160
Cash, cash equivalents and bank overdrafts at end of the period/year		15,410	(5)	20,373

Notes to the Consolidated Financial Statements for the period ended 31 December 2007

1. General Information

Monitise plc ('The Company') was incorporated on 28 November 2006.

On 28 June 2007, the Company acquired the whole issued share capital of Monitise Group Limited, a company incorporated and domiciled in England and Wales. The consideration was satisfied through the issue of shares. This transaction has been accounted for as a reverse acquisition by Monitise plc.

The consolidated financial statements have been prepared using reverse acquisition accounting principles with the period from 28 June 2007 representing a continuation of the consolidated financial statements of Monitise Group Limited, the legal subsidiary acquired. The retained earnings shown as at 31 December 2006 are those for Monitise Group Limited and its subsidiaries and joint venture.

The use of reverse acquisition accounting was a departure from the Companies Act which required the use of acquisition accounting. In the opinion of the Directors, the departure was necessary for the financial statements to show a true and fair view. The effect on the position shown in the financial statements as a result of this departure has not been quantified as, in the opinion of the Directors, it is unwarranted.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial information for the six months ended 31 December 2007 and the six months ended 31 December 2006 has been neither audited nor subject to an interim review and does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. The financial statements are presented as unaudited interim Group financial statements.

The information provided in this report for the year ended 30 June 2007 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 30 June 2007 has been delivered to the Registrar of Companies. The Auditors' report on those accounts was unqualified.

The financial statements have been prepared under the measurement principles of IFRS, using accounting policies and methods of computation consistent with those set out in the 2007 Monitise plc Annual Report and Accounts. The financial statements have been prepared under the historical cost convention.

The accounting policies, as set out in the 2007 Monitise plc Annual Report and Accounts, have been extended to include the following accounting policies with regards to foreign currency translation and finance leases to take into account ongoing developments in the Group's activities.

2.2 Foreign Currency

On consolidation, assets and liabilities of foreign subsidiaries (with a functional currency other than £ sterling) are translated into £ sterling at the period end exchange rate. The results of foreign subsidiaries are translated into £ sterling at the average rate of exchange for the year (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Foreign exchange differences arising on retranslation of assets and liabilities are recognised directly in a separate component of equity, the translation reserve. In the event of the disposal of a subsidiary with assets and liabilities denominated in foreign currency, the cumulative translation difference associated with the undertaking in the translation reserve is charged or credited to the gain or loss on disposal.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3 Finance Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

3. Critical Accounting Estimates and Judgements

Sources of estimation uncertainty

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

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

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 Group's employee share option schemes. Details of the assumptions are set out in Note 7.

c) *Development costs*

The 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 Monitise Group. Management has made an assumption that all such expenditure incurred since 30 September 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) *Going concern*

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

e) *Impairment of assets*

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

4. Segment Information

Primary segmental analysis

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

Notes to the Consolidated Financial Statements (continued)

5. Interest in Joint Ventures

The Group has a 50% interest in a joint venture, MONILINK Limited, which provides mobile phone-initiated services to the banking industry. As at 31 December 2007 the Group's share of the joint venture assets was £0.8m (31 December 2006 £1.3m, 30 June 2007 £0.9m) and its share of liabilities was £3.0m (31 December 2006 £2.5m, 30 June 2007 £2.7m). The Group proportionally consolidates MONILINK Limited into its results on the basis that it has joint control of the strategic financial and operating decisions relating to the entity's activities, in line with the requirements of International Accounting Standard 31.

The Group has a 49% interest in a joint venture, Monitise Americas LLC (a company incorporated in the United States of America), which provides mobile phone-initiated services to the banking industry in North America. Monitise Americas LLC was incorporated on 28 August 2007. As at 31 December 2007 the Group's share of the joint venture assets was £0.5m and its share of liabilities was £0.4m. The Group proportionally consolidates Monitise Americas LLC into its results on the basis that it has joint control of the strategic financial and operating decisions relating to the entity's activities, in line with the requirements of International Accounting Standard 31.

The interests in the assets and liabilities of the joint ventures set out above are stated before consolidation adjustments are made to eliminate inter-company balances.

6. Loss Per Share

Basic & Diluted

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

Reconciliations of the loss and weighted average number of shares used in the calculation are set out below. The calculation for 2006 has been presented in line with the reverse acquisition accounting principles applied under IFRS 3.

Six months to 31 December 2007

	Losses £'000	Weighted average number of shares (thousands)	Loss per share amount (pence)
Losses attributable to ordinary shareholders	(7,013)	254,295	(2.76)

Six months to 31 December 2006

	Losses £'000	Weighted average number of shares (thousands)	Loss per share amount (pence)
	(2,289)	156,914	(1.46)

Year ended 30 June 2007

	Losses £'000	Weighted average number of shares (thousands)	Loss per share amount (pence)
Losses attributable to ordinary shareholders	(5,905)	157,368	(3.75)

Notes to the Consolidated Financial Statements (continued)

7. Share-based Payments

During the period Monitise plc issued Directors and staff with a total of 31,629,577 options. These options vest between July 2008 and December 2010. The options expire on 30 June 2017. The options were valued based on an assumed volatility of 40 per cent and risk free interest rates, where applicable, of between 5.6 per cent and 5.7 per cent. Options under the Monitise Rollover Plan and the Monitise Share Save Scheme were valued using the Black Scholes methodology as no performance hurdles (other than retention of employment) apply to options under these plans.

The Deferred Annual Bonus Plan, the Performance Share Plan and the Monitise Option Plan will vest based on Total Shareholder Return (TSR) growth measured against the FTSE Techmark 100 index constituents over three years. The vesting schedule provides for 30 per cent vesting at the median TSR point for FTSE Techmark 100 constituents rising on a straight-line basis to 100 per cent vesting at the upper quartile point for FTSE Techmark 100 constituents. The Remuneration Committee also reserves the right to reduce the number of ordinary shares over which awards vest if overall financial performance is not adequately reflected in TSR performance. There is no element of retesting. These options have been valued using a Monte Carlo valuation method.

As transactions made through the above schemes are effectively 'equity-settled' transactions, they have been accounted for as a movement through equity. Options are expensed on a straight-line basis between issue date and the date they vest. The total amount expensed during the period as a result of option issues was £1,027,552.

During the period Monitise plc issued 545,452 shares to Non-Executive Directors in lieu of cash consideration for their service as directors. These issues resulted in increases of the Ordinary Share Capital and Share Premium accounts in Equity of £5,455 and £72,272 respectively.

The total amount expensed for the period, through the Income Statement, in relation to share based payments was £1,105,279 (six months to 31 December 2006 £6,949, 12 months to 30 June 2007 £432,665, of which £250,000 formed part of the Exceptional salary cost disclosed separately on the face of the Consolidated Income Statement).

8. Reconciliation of Net Income to Net Cash Utilised by Operating Activities

	For the six months ended 31 December 2007 (unaudited) £'000	For the six months ended 31 December 2006 (unaudited) £'000	For the year ended 30 June 2007 (audited) £'000
Loss before income tax	(7,013)	(3,249)	(8,680)
Adjustments for:			
Depreciation	66	29	84
Amortisation	119	37	126
Share-based payments	1,105	7	433
Finance income – net	(560)	(2)	(8)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Trade and other receivables	332	(828)	(1,508)
Trade and other payables	794	577	873
Cash utilised in operations	(5,157)	(3,429)	(8,680)

Notes to the Consolidated Financial Statements *(continued)*

9. Contingencies

Legal Contingencies

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

Mobile VPT Limited has issued a UK infringement claim against Monitise International Limited (formerly known as Monitise Limited) and other related parties. Following advice from leading counsel, the Directors believe that the Monitise Business's activities in the UK do not infringe any valid claim of Mobile VPT's Patent and that the Mobile VPT Patent may be invalid. As a result no provision has been reflected in the accounts.

Company Information

Registered Office	Providian House 16-18 Monument Street London EC3R 8AJ
Nominated Adviser & Broker	Investec Bank (UK) Limited 2 Gresham Street London EC2V 7QP
Registered Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Equiniti The Causeway Worthing West Sussex BN99 6DA



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