

EZYBONDS (UK) PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2010

EZYBONDS (UK) PLC

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

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EZYBONDS (UK) PLC

CORPORATE DIRECTORY

THE BOARD OF DIRECTORS

Phillip J Pryor
Anthony G Liston
Sean S McShane

COMPANY SECRETARY

Anthony G Liston

REGISTERED OFFICE

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

SHARE REGISTRARS

Capita IRG
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

AUDITOR

Hamlyns LLP, Chartered Accountants
Sundial House
98 High Street
Woking
Surrey
GU21 4SU

BANKERS

National Westminster Bank Plc
Cavell House
2a Charing Cross Road
London
WC2H 0PD

SOLICITORS

Osborne Clarke
One London Wall
London
EC2Y 5EB

CORPORATE ADVISERS

W.H. Ireland Limited
11 St James' Square
Manchester
M2 6WH

EZYBONDS (UK) PLC

NOTICE OF MEETING (*continued*)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held at 10.00 am on Friday 24 December 2010 at 519 Kiewa Street, Albury, New South Wales, Australia.

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of Annual General Meeting (refer pages 4-5). This Notice of Annual General Meeting should be read in conjunction with the Explanatory Memorandum.

1 Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

1.1 Adoption of audited financial statements

To receive and adopt the audited consolidated financial statements of the Group for the financial year ended 30 June 2010 together with the Chairman's Statement, the Directors' Report and the Independent Auditors' Report.

1.2 Re-election of Mr AG Liston

That Mr AG Liston, a Director who retires in accordance with Article 83 of the Articles of Association of the Company, be re-elected as a Director of the Company.

1.3 Re-election of Mr PJ Pryor

That Mr PJ Pryor, having been elected as a Director subsequent to the last Annual General Meeting of the Company and who retires as a Director of the Company in accordance with Article 89 of the Articles of Association of the Company, be re-elected as a Director of the Company.

1.4 Re-appointment of Auditor

To re-appoint Hamlyn's LLP, Chartered Accountants as Auditor to hold office from the conclusion of this Annual General Meeting to the conclusion of the next meeting at which accounts are laid before the Company at a remuneration to be determined by the Directors.

2 Special Business

As special business to consider and, if thought fit, pass the following resolutions; in the case of resolutions 2.1 as an Ordinary Resolution and in the case of resolution 2.2 as a Special Resolution:

Ordinary Resolutions

2.1 Authority to issue shares

That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 549 of the Companies Act 2006 to exercise any power of the Company to allot and grant rights to subscribe for or to convert securities into shares of the Company up to a maximum nominal amount equal to the nominal amount of the authorised but unissued share capital at the date of the passing of this resolution. Provided that the authority hereby given shall expire 5 years after the passing of this resolution unless previously renewed or varied save that the Directors may, notwithstanding such expiry, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the Company before the expiry of this authority.

2.2 Increase in authorised share capital

That the authorised share capital of the Company be and is hereby increased from £40,000,000 to £80,000,000 divided into 800,000,000 shares of £0.10 each by the creation of an additional 400,000,000 shares of £0.10 each ranking *pari passu* in all respects with the existing shares of £0.10 each in the capital of the Company having the rights and privileges and being subject to the restrictions contained in the Articles of Association of the Company in force at the date of the passing of this Resolution.

2.3 Authority to issue a new warrant instrument.

That the Directors be and they are hereby generally and unconditionally authorised to issue a new warrant instrument constituting warrants to subscribe for 30,000,000 ordinary shares of 10p each in the company and exercisable on or before the 31st of July 2011. This warrant instrument is to have the same terms and conditions as the company's existing warrants.

Special Resolution

2.4 Waiver of pre-emption rights

That subject to the passing of Resolution 2.1 above the Directors be empowered pursuant to Section 569 of the Companies Act 2006 until the Company's next Annual General Meeting to allot or agree to allot equity securities pursuant to the authority conferred by the said resolution above as if Section 561 of the Companies Act 2006 did not apply to any such allotment provided that the Company may make any offer or agreement before the expiry of this authority which would or might require equity securities to be allotted after this authority had expired and the Directors may allot equity securities in pursuance of any such offer or agreement. For the purposes of this resolution

EZYBONDS (UK) PLC

NOTICE OF MEETING (*continued*)

the expression 'equity securities' and 'allot' shall bear the meanings respectively given to the same in Section 560 of the Companies Act 2006.

Dated: 30 November 2010

By order of the Board

Anthony G Liston
Company Secretary

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PROXY INSTRUCTIONS

A member (entitled to attend and vote) is entitled to appoint up to two proxies to attend and vote at the meeting in his/her place. A proxy form is included within this Annual Report (refer to pages 28 to 29). A separate proxy form must be used for each proxy. You can obtain an additional proxy form from the Company (or by photocopying the proxy form). You may appoint each proxy to represent a specified proportion or number of your voting rights. To do this, follow the instructions on the proxy form. If you do not specify a proportion or number, each proxy may exercise half of your votes. To be effective, a duly completed proxy form and (where applicable) any power of attorney or a duly certified copy of the power of attorney must be received by the Company not less than 48 hours before the time for commencement of the meeting and if not so deposited shall be invalid. Please send by post to Heathrow Business Centre, 65 High Street, Egham, Surrey, London, United Kingdom TW20 9EY or by facsimile to +44 (0)1784 497 101.

All joint holders of shares must sign the proxy form. If the proxy form is signed by a member's attorney, the power of attorney or a certified copy of it must be lodged with the proxy form. If a member that is a corporation appoints a proxy, the member must execute in accordance with its constitution (if any) and the law of the place of its incorporation.

The proxy need not be a member, but must be a natural person. A proxy may be appointed by reference to an office held by the proxy (eg "the Company Secretary").

The appointment of a proxy will not prevent you from subsequently attending and voting at the meeting in person..

EZYBONDS (UK) PLC

NOTICE OF MEETING (*continued*)

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Ezybonds (UK) plc ("Ezybonds" or the "Company") in connection with the business to be conducted at the Annual General Meeting of the Company to be held on Friday 24th December 2010 at 10.00 am (Australian time).

This Explanatory Memorandum forms part of the Notice of Annual General Meeting of the Company and comments on the resolutions described below. This Explanatory Memorandum is intended to assist shareholders in understanding the background to and legal and other reasons for the resolutions proposed.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making a decision in relation to the resolutions.

Enquiries

All enquiries in relation to the contents of the Notice of Annual General Meeting or the Explanatory Memorandum should be directed to the Directors, Mr Liston and Mr McShane (telephone: +61 (0)260 235 813).

1.1 Adoption of audited accounts

The Companies Act 2006 requires that the audited consolidated accounts of the Group be laid before the Annual General Meeting.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Group's 2010 audited consolidated accounts.

1.2 Re-election of Mr AG Liston

Resolution 1.2 seeks approval for the re-election of Mr AG Liston, who retires in accordance with Article 83 of the Company's Articles of Association.

Article 83 relevantly provides that at each Annual General Meeting of the Company one third of the Directors shall retire by rotation.

Mr Liston, being eligible, offers himself for re-election as a Director of the Company.

1.3 Re-election of Mr PJ Pryor

Resolution 1.3 seeks approval for the re-election of Mr PJ Pryor, who retires in accordance with Article 89 of the Company's Articles of Association.

Article 89 relevantly provides that any Director appointed since the date of the last Annual General Meeting shall hold office only until the next Annual General Meeting and shall then be eligible to stand for re-election.

Mr Pryor was appointed as a Director on 15 January 2010 and, being eligible, offers himself for re-election as a Director of the Company.

1.4 Re-appointment of Auditor

Resolution 1.4 seeks approval for the re-appointment of Hamlyns LLP, Chartered Accountants, as Auditor of the Company. Such appointment taking effect from the conclusion of this Annual General Meeting until the conclusion of the next meeting at which accounts are laid before the Company.

The remuneration payable to the Auditor shall be as determined by the Directors.

2.1 Authority to issue shares

Under UK company law, specifically section 549, of the Companies Act 2006, directors may not generally allot any shares, issue securities convertible into shares, or grant options to subscribe for shares without authority given either by a provision in the company's articles of association or by ordinary resolution (meaning simple majority) of the shareholders of the company. In addition, the authority granted to directors of a public company may not continue for a period of more than five years.

Resolution 2.1 is required to be passed in order to comply with both section 549 of the Companies Act 2006 and the Company's Articles of Association and to allow the Directors general authority to allot shares for general purposes.

2.2 Increase in authorised share capital

Resolution 2.2 seeks approval to increase the Company's authorised share capital from £40,000,000 to £80,000,000 by the creation of an additional 400,000,000 shares of 10 pence.

At present, the Company's Memorandum and Articles of Association restrict the number of shares that the Company may have on issue, at any time, to a maximum of 400,000,000.

Assuming all existing warrants and options on issue are exercised and the Company exercises the Call Option to acquire all of the issued share capital of Ezy promotions Limited, then the total issued share capital of the Company may increase to approximately 607,000,000 shares of 10 pence.

Given that the total issued share capital of the Company is likely to significantly increase and that the Company intends

EZYBONDS (UK) PLC

NOTICE OF MEETING *(continued)*

to seek a listing on the London Stock Exchange's AIM market, your Directors consider it prudent to increase the Company's authorised share capital by an additional £40,000,000

Your Directors confirm that, aside from the matters raised in this Explanatory Memorandum, and resolution 2.3 to issue a new warrant deed, or previously announced to Plus Markets, there are no proposals (specific or otherwise) under consideration that involve the Company issuing any further securities.

2.3 Authority to issue a new warrant instrument.

Resolution 2.3 hereof seeks approval for the creation of a new warrant instrument constituting warrants to subscribe for 30,000,000 ordinary shares of 10p each in the company and exercisable on or before the 31st of July 2011.

2.4 Waiver of pre-emption rights

Section 561 of the Companies Act 2006 requires that before equity shares are allotted in return for cash they must be first offered to existing shareholders on a right of first refusal basis and in proportion to the respective shareholders' existing holdings (the "Pre-emption Rights").

Section 569 of the Companies House 2006 allows the shareholders of a company to disapply their Pre-emption Rights by passing a special resolution, subject to Resolution 2.1 also being passed.

Resolution 2.4 is the form of resolution which will allow the disapplication of Pre-emption Rights.

The Company is seeking the waiver of Section 561 Pre-emption Rights in order for the Directors to make allotments for general purposes without the need to first offer those shares to existing shareholders.

The waiver of pre-emption rights following the passing of Resolution 2.4 will expire at the Company's 2011 Annual General Meeting.

Registered office:
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

By order of the board

Anthony G Liston
Company secretary

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EZYBONDS (UK) PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 30 JUNE 2010

The last 12 months has seen the continual development of the Ezybonds multi-currency payment system. While integration has continued with merchants, the Directors acknowledge the delays in the implementation phase. However, the Directors have been lead to believe, by the system developers Ezybonds Inc, is that these delays are due to essential enhancements on the payment platform for both merchants and their customers. The board of Directors remain optimistic that there will be a significant rollout of the EzyBonds processes during the 2nd half of the new financial year.

This year the Group turnover is £210,302. The Group's revenue accrues from two independent sources. These are the trading activities of Beijing Ozland Technology (BOT) which was purchased by the Group in February 2009 and the consulting revenue received from the company's agreement with Ezybonds Inc. The Group has reported a net loss of £71k, compared to the net loss in 2009 of £67k.

The sales of prepaid electronic mobile phone PIN's from which BOT generates its prime source of commission for the twelve months ended 30 June 2010 was US\$90,934,050; this is an improvement of US\$1,702,138 when compared to the same period in 2009. BOT continues to sell its quota of PIN's each month, and is in negotiations with the Telecom authorities in an endeavour to have the companies quota increased.

The Company advises that BOT and the Beijing Transport Authority (YKT) have continued to work together to increase the functionality of the YKT card within the BOT terminal network and the Post Office Terminal Network. There are a number of projects that BOT and the YKT are cooperating on, and details of these projects will be released to the market should contracts be entered into. As at the end of September 2010, YKT had advised that they have issued over 30 million YKT cards in Beijing alone.

On 15th January 2010, Phillip John Prior was elected to the Board. Phillip is also currently a director of International Marketing Partnerships, Bellwether Group and the Essendon Football Club. His past experience in operating businesses in China has proved invaluable to the company. Phillip offers himself for re election at the Annual General Meeting.

During the year, two variations to the Royalty Agreement with Ezybonds Inc were signed. The effect of these variations was that for a consideration of 125,000,000 fully paid 10 pence shares in Ezybonds UK Plc, the commission rate increased from 25% to 50% of the net income of Ezybonds Inc that is generated from all transactions undertaken by members.

During the year and subsequent to year end, there were a number of changes to the Companies Warrants. The first was at a meeting of the warrant holders held on 7 August 2009 it was agreed to change the value and expiry date of all 20p warrants to 10p warrants exercisable at any time before 30 July 2010.

Subsequent to the year end, at a meeting of the warrant holders held on 5 July 2010 it was agreed to amend the expiry date of all 10p warrants from 30 July 2010 to be exercisable at any time before 30 July 2011.

With the 2010 financial year now behind us, we are in a position to embrace the exciting opportunities ahead. The next financial period will undoubtedly present many challenges and opportunities that the Directors are keen to tackle in order to return the company to a period of sustainable growth.

The Directors remain confident that the Ezybonds brand will secure a prominent place in the emerging global payment and funds transfer sector and BOT's operations will generate significant interest in China.

Anthony Liston
Chairman

EZYBONDS (UK) PLC

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2010

The directors present their report and the financial statements of the group for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the promotion of Ezybonds™ through its marketing entity, Ezypromotions. Ezypromotions Limited has the worldwide marketing and distribution rights for the Ezybonds intellectual property. Attaching to these rights is the right in perpetuity to 50% of all the revenue received by Ezybonds Inc (excluding revenue derived from funds held in the Bonus Pool Account).

The principal activity of its fully owned subsidiary, Beijing Ozland Technology Co Limited ("BOT"), located in Beijing, China, is the sale of prepaid mobile phone PINs and the operation of a terminal network through China Post Office and many retail organisations.

RESULTS AND DIVIDENDS

The loss for the year amounted to £71,683. The directors have not recommended a dividend.

A review of the Group's business and future prospects are given in the Chairman's Statement.

At the present time the directors do not consider the use of Key Performance Indicators appropriate for evaluating the performance of the group.

FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in note 15 to the accounts.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2010	At 1 July 2009
Phillip J Pryor	Ordinary shares of 10p each	18,606,000	-
	Share warrants (10p)	1,160,000	-
Anthony G Liston	Ordinary shares of 10p each	5,048,380	5,048,380
	Share warrants (100p)	200,000	200,000
	Share warrants (50p)	-	200,000
	Share warrants (10p)	450,000	450,000
Sean S McShane	Ordinary shares of 10p each	4,500,000	4,500,000
	Share warrants (100p)	200,000	200,000
	Share warrants (50p)	-	200,000
	Share warrants (10p)	700,000	700,000

The directors warrants referred to above represent 400,000 warrants to subscribe for 10 pence ordinary shares at 100p per ordinary share at any time before 30 September 2010, and a further 2,310,000 warrants to subscribe for 10 pence ordinary shares at 10p per ordinary share at any time before 30 July 2011. At 1 July 2009 the directors also held 400,000 warrants to subscribe for 10 pence ordinary shares at 50p per ordinary share at any time before 30 April 2010 which have now lapsed.

The Plus Markets quoted share price of the Company's ordinary shares as at 30 June 2010 was 2.0p (2009 - 1.62p) per ordinary 10p share and has varied between 1.62p and 5.75p (2009 1.25p and 3p) per ordinary 10p share during the year.

Phillip J Pryor was appointed as a director on 15 January 2010.

SUBSTANTIAL INTERESTS

At 30 June 2010 the following interests in three per cent or more of the issued ordinary share capital were noted in the Company's share register:

	% of ordinary £0.10 shares
Pershing Nominees Limited	14.0%
Lone Mountain Developments Pty Ltd	6.3%
Rainforest Pty Ltd	5.0%
Telica Nominees Pty Limited	3.6%
Athol Hodgetts	3.4%

EZYBONDS (UK) PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2010

GOING CONCERN

The directors believe it is appropriate for the group's financial statements to be prepared on this basis for the reasons explained under note 1.

POLICY ON THE PAYMENT OF CREDITORS

It is the general policy of the company to pay for the supply of goods and services within 30 days of the date of any invoice or, in the case of certain suppliers, in accordance with the terms and conditions of each transaction. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the amounts invoiced by suppliers during the year was 116 (2009 - 370) days.

CORPORATE GOVERNANCE

The Board supports the highest standards of corporate governance and requires its members and the staff of the Company to act with integrity and objectivity in relation to:

- * compliance with the law;
- * record keeping;
- * conflicts of interest;
- * confidentiality;
- * professional conduct;
- * dealing with suppliers, advisers and regulators; and
- * dealing with the community and employees.

The Board's primary role is the protection and enhancement of long-term shareholder value. The Board is responsible for the overall corporate governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Given the current size and scope of the operations of the Company, the full Board has assumed those responsibilities that are ordinarily assigned to a Nomination Committee, a Remuneration Committee and an Audit Committee.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives.

The composition of the Board will be reviewed during the forthcoming year to ensure that the Board has the appropriate mix of expertise and experience.

The Board reviews its processes to ensure that it is able to carry out its functions in the most effective manner.

EZYBONDS (UK) PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2010

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Hamlyns LLP, Chartered Accountants are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

Signed by order of the directors

Anthony G Liston
Company Secretary

Approved by the directors on

EZYBONDS (UK) PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EZYBONDS (UK) PLC

YEAR ENDED 30 JUNE 2010

We have audited the group and parent company financial statements ("the financial statements") of Ezybonds (UK) PLC for the year ended 30 June 2010 on pages 12 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure concerning the following two uncertainties.

GOING CONCERN

We have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's ability to continue as a going concern. This depends upon the raising of funds for the group via the issue of shares and the generation of income under a licence agreement with Ezybonds Inc. In respect of the forecast income streams we have relied on the representations of the directors' which is the primary audit evidence available to us relating to the ability of the group to continue as a going concern.

FUNDAMENTAL UNCERTAINTY

In respect of the carrying value of goodwill in the group balance sheet and investments in the company balance sheet, notes 10 and 12, the validity of which depends upon the future income streams referred to in note 1. The financial statements do not include any adjustments that may be necessary to reduce the carrying value of goodwill within the group or the value of the investments in the company to their recoverable amounts should the group be unable to continue as a going concern.

In view of the significance of these matters we consider that they should be drawn to your attention but our opinion is not qualified in this respect.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

EZYBONDS (UK) PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EZYBONDS (UK) PLC *(continued)*

YEAR ENDED 30 JUNE 2010

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Sundial House
98 High Street
Woking
Surrey
GU21 4SU

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David Cooper FCCA (Senior Statutory
Auditor)
For and on behalf of
HAMLINS LLP, CHARTERED
ACCOUNTANTS
Chartered Accountants
& Statutory Auditor

EZYBONDS (UK) PLC

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2010

	Note	2010 £	2009 £
GROUP TURNOVER	3	210,302	52,238
Direct costs		(16,222)	–
Gross Profit		194,080	52,238
Administrative expenses		265,803	119,979
OPERATING LOSS	4	(71,723)	(67,741)
Interest receivable		40	–
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(71,683)	(67,741)
Tax on loss on ordinary activities	7	–	–
LOSS FOR THE FINANCIAL YEAR	8	(71,683)	(67,741)
Earnings per share (pence)			
Basic	9	(0.03)	(0.05)
Diluted	9	(0.03)	(0.05)

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 16 to 25 form part of these financial statements.

EZYBONDS (UK) PLC

GROUP BALANCE SHEET

30 JUNE 2010

		2010		2009	
	Note	£	£	£	£
FIXED ASSETS					
Positive goodwill	10		39,838,093		21,759,195
Negative goodwill	10		(443,848)		(443,848)
			<u>39,394,245</u>		<u>21,315,347</u>
Intangible assets	10		39,394,245		21,315,347
Tangible assets	11		347,738		450,649
			<u>39,741,983</u>		<u>21,765,996</u>
CURRENT ASSETS					
Debtors	13	104,445		72,220	
Cash at bank		30,008		73,536	
		<u>134,453</u>		<u>145,756</u>	
CREDITORS: Amounts falling due within one year	14	<u>206,816</u>		<u>249,347</u>	
NET CURRENT LIABILITIES			(72,363)		(103,591)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>39,669,620</u>		<u>21,662,405</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		41,968,943		23,890,045
Share premium account	18		1,724,550		1,724,550
Merger reserve	18		916,320		916,320
Other reserves	18		17,400		17,400
Profit and loss account	18		(4,957,593)		(4,885,910)
SHAREHOLDERS' FUNDS	19		<u>39,669,620</u>		<u>21,662,405</u>

These financial statements were approved by the directors and authorised for issue on, and are signed on their behalf by:

.....
Anthony G Liston

The notes on pages 16 to 25 form part of these financial statements.

EZYBONDS (UK) PLC

BALANCE SHEET

30 JUNE 2010

	Note	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		–		–
Investments	12		38,921,773		20,842,875
			<u>38,921,773</u>		<u>20,842,875</u>
CURRENT ASSETS					
Debtors	13	30,241		14,042	
Cash at bank		2,204		2,195	
		<u>32,445</u>		<u>16,237</u>	
CREDITORS: Amounts falling due within one year	14	86,834		112,797	
NET CURRENT LIABILITIES			(54,389)		(96,560)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,867,384</u>		<u>20,746,315</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		41,968,943		23,890,045
Share premium account	18		1,724,550		1,724,550
Other reserves	18		17,400		17,400
Profit and loss account	18		(4,843,509)		(4,885,680)
SHAREHOLDERS' FUNDS			<u>38,867,384</u>		<u>20,746,315</u>

These financial statements were approved by the directors and authorised for issue on, and are signed on their behalf by:

.....
Anthony G Liston

Company Registration Number: 2359322

The notes on pages 16 to 25 form part of these financial statements.

EZYBONDS (UK) PLC

GROUP CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2010

	2010		2009	
	£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(42,839)		(35,074)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	-		-	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-		-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(689)		-
CASH OUTFLOW BEFORE FINANCING		(43,528)		(35,074)
FINANCING				
Issue of equity share capital	-		133,089	
Discount on purchase of own equity shares	-		17,400	
BOT asset purchase	-		(44,368)	
NET CASH INFLOW FROM FINANCING		-		106,121
(DECREASE)/INCREASE IN CASH		(43,528)		71,047

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010		2009
	£		£
Operating loss	(71,683)		(67,741)
Depreciation	103,600		37,602
Increase in debtors	(32,225)		(51,596)
(Decrease)/increase in creditors	(42,531)		46,661
Net cash outflow from operating activities	(42,839)		(35,074)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010		2009
	£		£
(Decrease)/Increase in cash in the period	(43,528)		71,047
Movement in net funds in the period	(43,528)		71,047
Net funds at 1 July 2009	73,536		2,489
Net funds at 30 June 2010	30,008		73,536

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jul 2009	Cash flows	At 30 Jun 2010
	£	£	£
Net cash:			
Cash in hand and at bank	73,536	(43,528)	30,008
Net funds	73,536	(43,528)	30,008

The notes on pages 16 to 25 form part of these financial statements.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

1. BASIS OF PREPARING THE FINANCIAL STATEMENTS

The group incurred a loss of £71,683 in the year ended 30 June 2010.

The group's future income will be derived from the licence agreements secured by Ezypromotions Limited with Ezybonds Inc. This agreement entitles Ezypromotions Limited to a 50% share of all revenue received by Ezybonds Inc (excluding revenue derived from funds held in the Bonus Pool Account).

Income is expected to be generated under these agreements during the year ended 30 June 2011 and the directors have prepared forecasts on this basis. The directors anticipate that, once income starts to be generated, the group will be profitable and will be cash generative.

During the prior Financial Year, the company purchased Beijing Ozland Technology Co Ltd (BOT). This is a fully owned subsidiary of Ezybonds (UK) Plc. BOT operates in Beijing China, and generates its income from two main streams, the sales of prepaid mobile phone Pins' and the provision of a point of sale network that is used by the Beijing transit Card.

In the meantime, the company is raising funds for the group via the issue of shares, and the directors are aware of several interested parties who they believe are willing to subscribe to sufficient share capital to enable the group to continue trading.

The commencement of the income streams and the issue of shares are not certain, although, based on their current knowledge, the directors are confident that forecast results and cash flows for the next 12 months will be achieved. Consequently, the accounts have been prepared on the going concern basis.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements comprise the financial statements for Ezybonds (UK) PLC and its subsidiary undertakings Ezymarketing Limited, Ezypromotions Limited and Beijing Ozland Technology Co Limited. No profit and loss account is presented for Ezybonds (UK) PLC as permitted by Section 408 of the Companies Act 2006.

Turnover

The turnover shown within the profit and loss account represents income received in accordance with the license agreement between Ezybonds Inc, Ezymarketing Limited, Ezypromotions Limited and Beijing Ozland Technology Co Limited.

All income is stated net of VAT.

Goodwill

Goodwill arising from the purchase of subsidiary undertakings represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired.

The goodwill is capitalised as an intangible asset and amortised on a straight line basis from the time of acquisition over its useful economic life unless a permanent diminution in value occurs, in which case the goodwill is written down to the appropriate carrying value.

Negative goodwill arising from the purchase of subsidiary undertakings represents the excess of the fair value of the net assets acquired over the fair value of the purchase consideration.

Amortisation

Amortisation is calculated to write off the cost of goodwill over the period of its useful economic life as follows:-

Goodwill on acquisition of subsidiary undertakings	- 20 years straight line
Negative goodwill on acquisition of subsidiary undertakings	- 20 years straight line

No amortisation has been charged in the year because the business to which the goodwill and negative goodwill relates has not yet commenced trading activities.

Fixed asset investments

Fixed asset investments are included in the company's balance sheet at cost after provision for any permanent diminution in value. The company has taken advantage of Section 612 of the Companies Act 2006 and where consideration for purchase of a subsidiary undertaking includes the issue of shares, these have been included at nominal value.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

2. ACCOUNTING POLICIES (*continued*)

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	-	33 1/3% per annum
Point of sale terminals	-	20% per annum

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Company

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Group

For the purposes of preparing consolidated financial statements, the assets and liabilities of foreign subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date. Profit and loss items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly in the year, in which case the exchange rates ruling at the dates of the transactions are used. Exchange differences arising are taken to the Group's foreign currency translation reserve. Such exchange differences are recognised in the profit and loss account in the year in which a foreign subsidiary undertaking is disposed of.

Goodwill and fair adjustments arising on the acquisition of a foreign subsidiary undertaking are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

2. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment is derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

Derivative financial instruments

The group does not use derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and currency fluctuation risk.

Segmental information

The group has an investment in Ezymarketing Limited, Ezypromotions Limited and Beijing Ozland Technology Co Limited. Ezypromotions Limited has the worldwide marketing and distribution rights for the Ezybonds intellectual property. Attaching to these rights is the right in perpetuity to 50% of all the revenue received by Ezybonds Inc (excluding revenue derived from funds held in the Bonus Pool Account). Beijing Ozland Technology Co Ltd has a number of contracts with Government agencies in Beijing, China. It earns its revenue through the sale of prepaid mobile phone PIN's and through the provision of a point of sale network.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

3. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2010 £	2009 £
Overseas	210,302	52,238

4. OPERATING LOSS

Operating loss is stated after charging:

	2010 £	2009 £
Depreciation of owned fixed assets	103,600	37,602
Net loss on foreign currency translation	3,546	-
Auditor's remuneration	10,999	4,000

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2010 No	2009 No
Administrative staff (including directors)	3	2

The aggregate payroll costs of the above were:

	2010 £	2009 £
Wages and salaries	44,891	15,908
Social security costs	10,960	4,447
	55,851	20,355

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2010 £	2009 £
Remuneration receivable	8,475	3,091

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

7. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2009 - 20%).

	2010 £	2009 £
Loss on ordinary activities before taxation	(71,683)	(67,741)
Loss on ordinary activities by rate of tax	(13,619)	(12,871)
Capital allowances for period in excess of depreciation	19,684	7,144
Unrelieved tax losses	(6,065)	5,727
Total current tax	-	-

Factors that may affect future tax charges

The group has excess management costs of £2,063,495 (2009 - £2,113,416) which are available for carry forward against future taxable profits of the parent company only.

No deferred tax asset has been recognised in respect of the above losses because their utilisation is not considered sufficiently certain.

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £42,171 (2009 - (£43,351)).

9. EARNINGS PER SHARE

The basic earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year.

The diluted earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year (after adjusting both figures for the effect of dilutive potential ordinary shares).

The calculation of basic and diluted earnings per ordinary share is based upon the following data:

Earnings

	2010 £	2009 £
Earnings for the purposes of basic earnings per share	(71,683)	(67,741)
Earnings for the purposes of diluted earnings per share	(71,683)	(67,741)

Number of shares

	2010 No	2009 No
Basic weighted average number of shares	240,649,959	138,659,042
Weighted average number of shares for the purposes of diluted earnings per share	240,649,959	138,659,042

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

A proposal to authorise the issue of a new warrant instrument constituting warrants to subscribe for 30,000,000 ordinary shares of 10p each in the company and exercisable on or before the 31st of July 2011 has, however, been made.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Negative goodwill £	Total £
COST			
At 1 July 2009	21,759,195	(443,848)	21,315,347
Additions	18,078,898	—	18,078,898
At 30 June 2010	<u>39,838,093</u>	<u>(443,848)</u>	<u>39,394,245</u>
AMORTISATION			
At 1 July 2009 and 30 June 2010	—	—	—
NET BOOK VALUE			
At 30 June 2010	<u>39,838,093</u>	<u>(443,848)</u>	<u>39,394,245</u>
At 30 June 2009	<u>21,759,195</u>	<u>(443,848)</u>	<u>21,315,347</u>

The positive goodwill above arises on the consolidation of Ezypromotions Limited into the group accounts. At the date of acquisition, Ezypromotions Limited has no identifiable assets or liabilities other than the worldwide marketing and distribution rights to the Intellectual Property of Ezybonds Inc. The entire fair value of the consideration of £39,838,093 has therefore been allocated to goodwill.

This consideration constituted cash paid of £1,000,000 and the fair value of non-cash consideration of £38,838,093. The non-cash consideration represents shares issued to Ezybonds Inc. and also an estimate of the fair value of shares still to be issued to Ezybonds Inc. in accordance with the purchase agreement (refer to note 17).

The goodwill arising on the acquisition was attributable primarily to the fact that Ezypromotions Limited has been granted a licence entitling it to 50% of the fees generated by the online payment gateway website currently being developed by a company known as Ezybonds Inc.

The website is expected to generate significant profits in the future and, as a result, Ezypromotions Limited is expected to be profitable once the income stream begins to be generated. The directors currently anticipate that profits will begin to be generated in the year ended 30 June 2011. However, there can be no certainty with regards to the level of income that might be generated and if the directors' projections are not fulfilled this will adversely affect the value of goodwill. The directors consider the future value of the income stream is at least the carrying value of the investment in Ezypromotions Ltd, and therefore no provision against the investment is necessary.

The negative goodwill above arises on the consolidation of Beijing Ozland Technology Co Limited into the group accounts. At the date of acquisition, 4 February 2009, Beijing Ozland Technology Co Limited has identifiable fair value assets of £443,849 and the consideration paid was £1.

The individual company has a deferred consideration creditor of £146,500 owed to its previous owners, which is recorded in their accounts. As this year is the year of acquisition, no impairment review is required in accordance with FRS 11 and the directors have yet to decide on the policy by which the credit will be released to the profit and loss account.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

11. TANGIBLE FIXED ASSETS

Group	Computer equipment £
COST	
At 1 July 2009	499,879
Additions	689
At 30 June 2010	<u>500,568</u>
DEPRECIATION	
At 1 July 2009	49,230
Charge for the year	103,600
At 30 June 2010	<u>152,830</u>
NET BOOK VALUE	
At 30 June 2010	<u>347,738</u>
At 30 June 2009	<u>450,649</u>
Company	Computer equipment £
COST	
At 1 July 2009 and 30 June 2010	<u>11,663</u>
DEPRECIATION	
At 1 July 2009 and 30 June 2010	<u>11,663</u>
NET BOOK VALUE	
At 30 June 2010	<u>-</u>
At 30 June 2009	<u>-</u>

12. INVESTMENTS

Company	Investment in subsidiary undertakings £
COST	
At 1 July 2009	21,291,375
Additions	18,078,898
At 30 June 2010	<u>39,370,273</u>
AMOUNTS WRITTEN OFF	
At 1 July 2009 and 30 June 2010	<u>448,500</u>
NET BOOK VALUE	
At 30 June 2010	<u>38,921,773</u>
At 30 June 2009	<u>20,842,875</u>

During the year ended 30 June 2006 the group acquired 100% of the share capital of Ezypromotions Limited, a company registered in the Cook Islands. During the year ended 30 June 2010, shares were issued as further purchase consideration in respect of this purchase agreement, making the total cost £38,921,773.

During the year ended 30 June 2009 the group acquired 100% of the share capital of Beijing Ozland Technology Co Limited, a company registered in Australia at a cost of £1.

The results and balance sheet assets and liabilities of Beijing Ozland Technology Co Limited have been consolidated within these financial statements.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

12. INVESTMENTS (continued)

Included within the investment brought forward, £448,500 relates to Ezymarketing Limited, a wholly owned subsidiary, which was acquired in December 2000 and is incorporated in Great Britain.

In light of the fact that Ezymarketing are no longer trading and have no immediate intentions to return to a trading position, full provision has been made against the asset.

		Location of Incorporation	Share Ownership	Profit / (Loss) £	Shareholder Reserves £
Ezymarketing Ltd	- 2010	England & Wales	100%	-	14,957
	- 2009			10,898	14,957
Ezypromotions Ltd	- 2010	Cook Islands	100%	-	20,102
	- 2009			-	20,102
Beijing Ozland Technology Ltd	- 2010	China	100%	(106,414)	336,575
	- 2009			(110,308)	442,989

13. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other debtors	104,445	72,220	30,241	14,042

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	200,066	242,597	80,084	106,047
Accruals and deferred income	6,750	6,750	6,750	6,750
	206,816	249,347	86,834	112,797

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise cash, liquid resources and various items, such as debtors and creditors that arise directly from its operations. It is, and has been throughout the year of review, the Group's policy that financial derivatives shall not be used. As a result, the Group has not used interest rate hedges and currency swaps during the year.

The main risk arising from the Group's financial instruments is interest rate risk. The Group monitors its interest rate risk primarily through monthly cash flow forecasting.

Short term and debtors and creditors

Short term debtors and creditors have been excluded from the following disclosures.

Interest rate risk

The Group finances its operations through shareholder equity and working capital. Throughout the year the Group's exposure to interest rate fluctuations was on its cash deposits which are held at variable rates of interest.

Foreign currency risk

The Group enters into certain transactions in Euros, US dollars, Australian Dollars, and Chinese RMB. The risk of currency fluctuations was not considered sufficiently significant to take specific steps to mitigate the risk.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the Group's financial assets and liabilities were:

	Financial Assets/(Liabilities)	
	2010	2009
	£	£
Financial assets		
Sterling cash balances and Chinese RMB	30,008	73,536

Fair value of financial instruments

The Group's financial instruments, which comprise cash and short-term deposits, are carried at cost, which is also considered to be equivalent to their fair value.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

16. RELATED PARTY TRANSACTIONS

During the year the following payments were due in respect of consultancy services provided and other reimbursed associated expenses.

Payment to	Director concerned	2010 £	2009 £
JR Henry Plc	Mr SS McShane	8,475	3,091

At 30 June 2010 there was an amount of £nil (2009 - £3,484) owed from affiliated companies of Ezybonds Inc..

17. SHARE CAPITAL

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
Ordinary shares of £0.10 each	295,307,493	29,530,749	170,307,493	17,030,749
Shares still to be issued in respect of purchase consideration for subsidiary undertakings of £0.10 each	124,381,941	12,438,194	68,592,965	6,859,296
	<u>419,689,434</u>	<u>41,968,943</u>	<u>238,900,458</u>	<u>23,890,045</u>

The shares to be issued above, refer to additional shares expected to be issued in accordance with the original purchase agreement for Ezypromotions Limited.

This agreement requires sufficient shares to be issued as to provide Ezybonds Inc with 29.9% of the company's issued share capital.

Share issues

During the period the company has issued 125,000,000 Ordinary shares of 10p each.

These issues were made up as follows:

(a) 125,000,000 Ordinary shares of 10p each, issued at 10p.

Included within the shares issued above are 125,000,000 Ordinary shares of 10p each, which have been issued as additional consideration in accordance with the purchase agreement to acquire Ezypromotions Limited.

All other share issues have been undertaken in the normal course of business.

Share options and warrants

At 30 June 2010 the following share options and warrants were in issue:

(a) 600,000 (2009 - 600,000) outstanding share options issued under the Group's Unapproved Share Option Scheme, exercisable at 20p at any time before 31 May 2011.

(b) 100,668,508 (2009 - 100,669,508) outstanding share warrants exercisable at 10p at any time before 30 July 2011.

(c) 1,000,000 (2009 - 1,000,000) outstanding share warrants exercisable at 100p at any time before 30 September 2010.

Each of which permit the holder to subscribe for one Ordinary 10p share at the specified exercise prices and before the stated expiration dates.

EZYBONDS (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

18. RESERVES

Group	Share premium account £	Other reserves £	Merger reserve £	Profit and loss account £
Balance brought forward	1,724,550	17,400	916,320	(4,885,910)
Loss for the year	–	–	–	(71,683)
Balance carried forward	<u>1,724,550</u>	<u>17,400</u>	<u>916,320</u>	<u>(4,957,593)</u>
Company		Share premium account £	Other reserves £	Profit and loss account £
Balance brought forward		1,724,550	17,400	(4,885,680)
Profit for the year		–	–	42,171
Balance carried forward		<u>1,724,550</u>	<u>17,400</u>	<u>(4,843,509)</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Loss for the financial year	(71,683)	(67,741)
New ordinary share capital subscribed	18,078,898	9,240,699
Warrants issued	–	17,400
Net addition to shareholders' funds	<u>18,007,215</u>	<u>9,190,358</u>
Opening shareholders' funds	21,662,405	12,472,047
Closing shareholders' funds	<u>39,669,620</u>	<u>21,662,405</u>

20. CAPITAL COMMITMENTS

As at 30 June 2010 the company had no capital commitments (2009 - £nil).

21. CONTINGENT LIABILITIES

As at 30 June 2010 the company had no contingent liabilities (2009 - £nil).

22. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, at a meeting of the warrant holders held on 5 July 2010 it was agreed to amend the expiry date of all 10p warrants from 30 July 2010 to be exercisable at any time before 30 July 2011.

23. ULTIMATE CONTROLLING ENTITY

The ultimate controlling entity cannot be determined as no one party has sufficient interest in the group's share capital to be able to control the actions of the group.

EZYBONDS (UK) PLC

MANAGEMENT INFORMATION

YEAR ENDED 30 JUNE 2010

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 10 to 11.**

EZYBONDS (UK) PLC

DETAILED GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2010

	2010		2009	
	£	£	£	£
TURNOVER				
License revenue received		210,302		52,238
COST OF SALES				
Direct costs		<u>16,222</u>		<u>-</u>
GROSS PROFIT		194,080		52,238
OVERHEADS				
Directors salaries	8,475		3,091	
Wages and salaries	47,376		17,264	
Office costs	15,735		9,615	
Travel and subsistence	17,279		2,410	
Telephone	4,773		1,956	
Sundry expenses	9,587		-	
Advertising, marketing consultancy and PR	8,669		(8,028)	
Legal and professional fees	2,004		38,336	
Consultancy fees and other associated costs	19,752		10,435	
Accountancy fees	10,030		3,013	
Auditors remuneration	10,999		4,000	
Depreciation of computer equipment	103,600		37,602	
Bank charges	3,977		285	
Foreign currency gains / losses	<u>3,546</u>		<u>-</u>	
		265,803		119,979
OPERATING LOSS		<u>(71,723)</u>		<u>(67,741)</u>
Bank interest receivable		<u>40</u>		<u>-</u>
LOSS ON ORDINARY ACTIVITIES		<u><u>(71,683)</u></u>		<u><u>(67,741)</u></u>

EZYBONDS (UK) PLC

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

EZYBONDS (UK) PLC

(Registered in England and Wales under company number 2359322)

The Company Secretary
Ezybonds (UK) Plc
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY
United Kingdom

Proxy Form

I/We

*

of

being a member of Ezybonds (UK) plc ("Company") appoint:

name **

.....

of

.....

failing whom, or if no person is named, the chairman of the meeting as my proxy to vote and act on my behalf at the Annual General Meeting of the Company to be held on Friday 24 December 2010 at 10.00 am at 519 Kiewa Street, Albury, New South Wales, Australia and any other day to which that meeting is adjourned or postponed. My/Our proxy is authorised to exercise *** all of my/our voting rights. I/We direct that my/our proxy vote in the following manner:

Agenda Item

	For	Against	Abstain
1.1 Adoption of audited accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Re-election of Mr AG Liston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Re-election of Mr P J Pryor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Re-appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.1 Authority to issue shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Increase in authorised share capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3 Authority to issue new warrants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4 Waiver of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

****Executed by the member

Signature(s):

Name:

Capacity (eg director, attorney, or joint holder):

Date:

EZYBONDS (UK) PLC

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

Explanatory notes

- * Insert name(s) of member, as it appears in the register of members.
- ** Insert name and address of proxy. The proxy need not be a member, but must be a natural person. A proxy may be appointed by reference to an office held by the proxy (eg "the Company Secretary").
- *** A member is entitled to appoint up to two proxies to attend and vote at the meeting. A separate form must be used for each proxy. You can obtain an additional form from the Company at the address shown below (or by photocopying this form). You may appoint each proxy to represent a specified proportion or number of your voting rights. To do this, delete the word "all" and specify the proportion or number of your votes the proxy is to exercise. If you do not specify a proportion or number, each proxy may exercise half of your votes.
- **** All joint holders of shares must sign this form. If the form is signed by a member's attorney, the power of attorney or a certified copy of it must be lodged with the proxy form. If a member that is a corporation appoints a proxy, the member must execute in accordance with its constitution (if any) and the law of the place of its incorporation.

To be effective, a duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office not less than 48 hours before the time for commencement of the meeting. Please send by post to Heathrow Business Centre, 65 High Street, Egham, Surrey, London, United Kingdom TW20 9EY or by facsimile to +44 (0) 871 666 0639.