

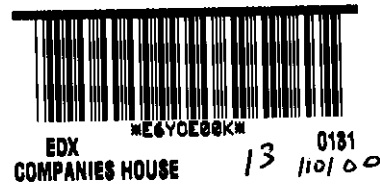
3435 822

365 Corporation plc

Annual Report 2000

get THE message!

365 Corporation Annual Report 2000



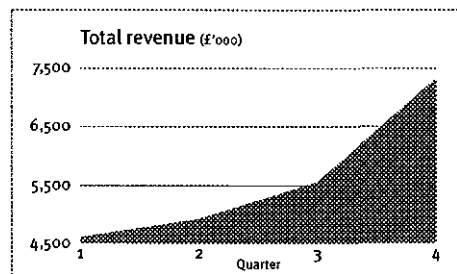
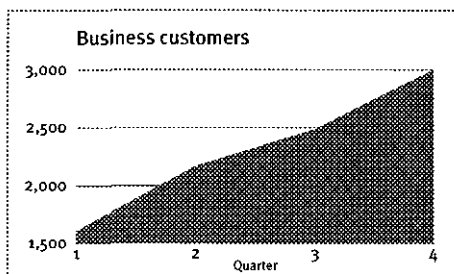
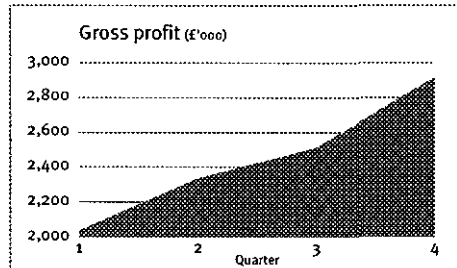
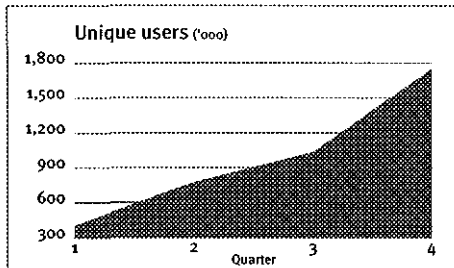
365 Corporation plc

THE
message
IS
growth

365 Corporation is a high growth, high margin, digital media and communications company. It operates two divisions – a Consumer Division which provides sport, entertainment and lifestyle content and services on multiple platforms; and a Business Services Division which provides communication and internet services to small and medium-sized enterprises (“SMEs”).

1 Group Overview and Highlights 2 Chairman's Statement 3 Chief Executive's Review
6 Consumer Division Summary 10 Business Division Summary 14 Board of Directors
16 Operating and Financial Review 26 Directors' Report 29 Corporate Governance 31 Remuneration Report
34 Statement of Directors' Responsibilities 35 Auditors' Report 36 Group Profit and Loss Account
37 Group Statement of Total Recognised Gains and Losses 38 Balance Sheets 39 Group Cash Flow Statement
40 Notes to the Financial Statements *inside back cover* Shareholder Information

Quarterly growth during the year



Financial and Operating Highlights

	Year ended 31 March 2000	8 months ended 31 March 1999*
Operating data		
Unique users	1,751,772	326,954
Business customers	2,989	1,280
Financial data		
Group turnover	£22,420	£2,588
Total gross profit	9,810	1,008
Operating loss**	(5,909)	(863)
Loss on ordinary activities before taxation	(14,755)	(1,154)
Cash and liquid resources	52,633	5,316

* includes results of Symphony Telecom since acquisition in February 1999.

** before amortisation of goodwill, NIC and similar taxes on share options and shares issued at below market value.

Strong growth 365 has experienced outstanding growth this year. Our Consumer and Business Divisions have both performed strongly.

Group turnover for the year is up to £22.4m. The very high margin internet component of Consumer turnover has developed particularly strongly as advertisers, sponsors and commercial partners have been attracted to 365's market leading content and large audiences. Business Division turnover increased rapidly throughout the year.

Gross profits have increased to £9.8m, demonstrating the underlying profitability of our products and services.

Unique users increased to over 1.7m as at March 2000 as we have rapidly expanded and strengthened our content offerings, which are now available in multiple languages to meet the requirements of our global audience.

Business customers have increased by 134% over the year, underlining the success of our "one-stop-shop" telecommunications and internet strategy in the SME sector.

Shareholder Information

Financial Calendar

Full year results	Preliminary announcement on 31 May 2000
Annual Report	Posted to shareholders early June 2000
Annual General Meeting	To be held on 6 July 2000 at 12 noon at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB
1st quarter results	Q1 announcement August 2000
Half year results	Interim announcement November 2000
3rd quarter results	Q3 announcement February 2001

Registrar

Please contact our Registrar at the address below to advise change of address and also for any enquiries relating to lost share certificates or other enquiries relating to share registration:

IRG plc
Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Telephone: 020 8639 2000

Share Dealing Service

365 Corporation plc shares may be dealt through the Company's brokers at a special commission rate. If you would like further information you may contact the brokers at: Cazenove & Co, 12 Tokenhouse Yard, London EC2R 7AN.
Telephone: 020 7588 2828

Share Price Quotation

The Company's share price is quoted daily in national newspapers as well as on BBC2 Ceefax, page 221 and Channel 4 Teletext, page 533 where it is updated at intervals through the day. It may also be found on-line at such sites as <http://www.bloomberg.com/uk> and <http://quote.fool.co.uk> under the symbol "TSF".

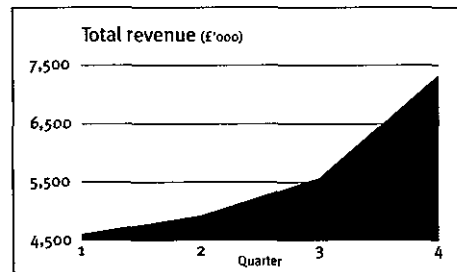
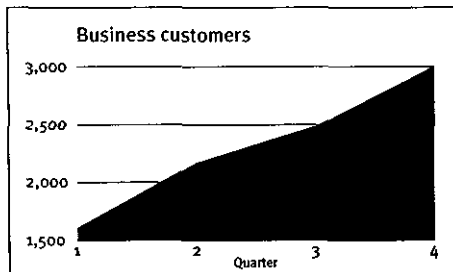
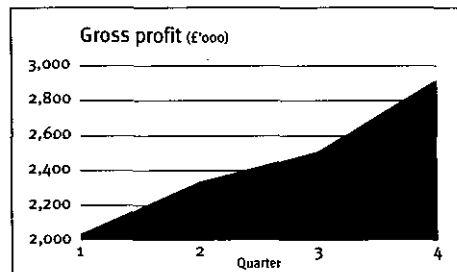
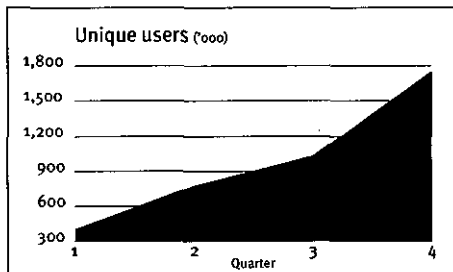
Web Site

Additional shareholder information including press releases and links to the Group's various on-line services can be found on the Company's web site at: <http://www.365corp.com>

Secretary and Registered Office

D E Christopher
52 Gloucester Place, London W1H 3HJ
Telephone: 020 7505 7800
Fax: 020 7505 7706
Registered in England and Wales, No. 3435822

Quarterly growth during the year



Financial and Operating Highlights

	Year ended 31 March 2000	8 months ended 31 March 1999*
Operating data		
Unique users	1,751,772	326,954
Business customers	2,989	1,280
	£'000	£'000
Group turnover	22,420	2,588
Total gross profit	9,810	1,008
Operating loss**	(5,909)	(863)
Loss on ordinary activities before taxation	(14,755)	(1,154)
Cash and liquid resources	52,633	5,316

*includes results of Symphony Telecom since acquisition in February 1999.

**before amortisation of goodwill, NIC and similar taxes on share options and shares issued at below market value.

Strong growth 365 has experienced outstanding growth this year. Our Consumer and Business Divisions have both performed strongly.

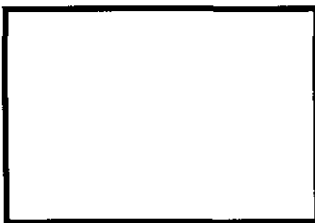
Group turnover for the year is up to £22.4m. The very high margin internet component of Consumer turnover has developed particularly strongly as advertisers, sponsors and commercial partners have been attracted to 365's market leading content and large audiences. Business Division turnover increased rapidly throughout the year.

Gross profits have increased to £9.8m, demonstrating the underlying profitability of our products and services.

Unique users increased to over 1.7m as at March 2000 as we have rapidly expanded and strengthened our content offerings, which are now available in multiple languages to meet the requirements of our global audience.

Business customers have increased by 134% over the year, underlining the success of our "one-stop-shop" telecommunications and internet strategy in the SME sector.

Chairman's Statement



Ian Martin
Chairman

In this, our first annual report, I am pleased to present a year of remarkable growth in all areas of the business.

Users of services provided by our Consumer Division (Internet, Telephone and Television) increased five fold to 1.7m.

Our Business Division (providing Telecommunications and Internet Services) continues to show accelerating growth. Quarterly turnover grew from £1.2m in the first quarter to £2.9m in the final quarter.

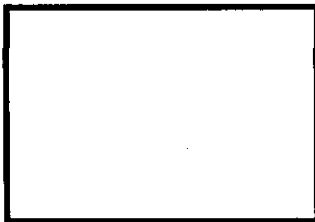
The placing of shares at the time of the Company's flotation on the London Stock Exchange brought a net cash inflow of £60m which has secured the Company's future and provided funds for accelerated growth both organically and through acquisition.

This outstanding growth has been achieved against a background of strictly controlled and targeted consumer marketing campaigns (£3m this year) which effectively complement our uniquely high quality content.

None of the above could have been achieved without the energy, loyalty and dedication of our staff.

The volatility of share prices in the internet and telecoms sectors has not distracted us from the key tasks of increasing market share, maintaining our efficiency and building for the future. We have made significant progress in pursuing our strategic objectives and we remain confident in the prospects for the continuing growth of the Group.

Ian Martin
Chairman



Dan Thompson
Chief Executive Officer

Record Results I am delighted to present a very strong set of results for the financial year ended 31 March 2000. These results demonstrate the success of our business models, not only in terms of growth of users and customers, but also in terms of real growth of revenues and underlying profitability.

Both our operating divisions – consumer and business – have performed strongly during the year. Group revenue was £22.4m, compared to £2.6m in 1999 (which included only two months in respect of the acquired Symphony business). Our Consumer Division's turnover increased to £14.7m and our Business Division to £7.7m. We continue to generate strong gross margins with a focus on developing profitable revenue streams in all areas of our business.

Growing our Consumer Division users to 1.75m as at March 2000 makes 365 one of the largest European providers of digital content. Equally, the increase in business customers to 2,989 demonstrates the success of our SME offering.

Our IPO Our successful flotation on the London Stock Exchange last December was a highpoint of the year and provided us with both £60m of cash and an acquisition currency to pursue our expansion plans and maintain our first-mover advantages. We were fortunate to complete our IPO before Christmas, before market sentiment in the United States precipitated a broad sell-off in technology media and telecoms ("TMT") stocks worldwide in April which was followed by continuing volatility. While 365 has not been immune to this volatility, it has presented us with some excellent opportunities to expand our business by acquiring TMT assets at significantly lower values. We anticipate that this environment will be highly advantageous to those companies that were early to market and will result in fewer, stronger, faster growing companies in the TMT sector.

Consumer Division The Consumer Services Division has achieved high rates of growth this year, both in terms of revenue – up to £14.7m and users – up to 1.75m. It has also made great progress towards its strategic goals and I think it is worth reviewing this progress.

Audience Users have increased by over 400% to 1.75m during the year, which include approximately

Chief Executive's Review

300,000 acquired with Datanet. The growth has been driven by the quality of our products, acquisitions and marketing.

Revenue has increased by 766% during the year driven by rapid growth in internet revenues (up 574% over 1999), continued growth in our telephone (audiotext) revenues and through acquisitions. Both internet and audiotext revenues have benefited from our ability to transfer content across multiple channels creating products such as The Switch (a companionship service that integrates access by phone and internet) and sports information services over the phone. During the year, we also generated our first revenues from our television arm.

Future revenue growth is expected as we continue to develop existing revenue streams and develop revenue from new channels such as the mobile phone and from new services such as consumer telecoms and betting/gaming.

New content services This year has seen rapid growth in the breadth and depth of the content assets owned by 365. Sports launched Rugby365 and added content assets in the categories of Formula One, Cricket, Rugby and Horse Racing through the acquisition of Datanet. In the Entertainment area we launched Win365 (a multi-channel competition product) and gained Planet Trivia through the Datanet acquisition. In the Lifestyle area we launched companionship services The Switch and Personals365 and added Gardening365 through the acquisition of Oxalis Ltd. Lifestyle continues to increase its market share in the highly profitable companionship market through the recent acquisition of Teletalk Ltd and the launches of new telephone based services throughout the year.

International The 2000 financial year was a year of international expansion. The acquisition of 365 France SA (formerly C-Sports Communication SA) brought with it the leading online French football service. French language services in rugby and music have also been launched. 365 Digital Publishing (Pty) Ltd was opened in Cape Town, South Africa, to create English language content on a cost-effective basis. 365's operation in Santiago, Chile, is developing Spanish language content in football and rugby and provides multi-language translation services to the rest of the Group. Finally, the acquisition of e-Merchants Inc gave 365 a North American base from which to grow and commercialise its North American audience. Our US activities now include the Soccer365 and Rugby Rugby sites.

Multi-channel 365 has ensured that its sports, competition and companionship services are available over the internet and phone. It has also created a number of WAP services (leveraged from existing web services) and signed a deal with BT to enhance access to and revenues from these WAP services. In January 2000 365 launched its television division with the aim of providing content for digital and interactive TV, and of providing visual and audio-visual content for its services, irrespective of the distribution channel. 365 has just reached agreement with Avantgo for distribution of 365's content to PDAs such as the Palm Pilot.

Business Division Our Business Division continues to maintain its impressive rate of growth, both in terms of the number of customers added and in terms of product development. The introduction of mobile and internet services last September enables us to provide a true "one-stop-shop" of telecommunication and internet services to our SME customers.

Quarterly turnover has increased, on average, by over 33% and we see every sign of this growth

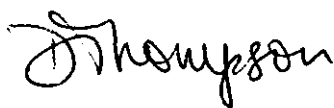
- 365 has 400 employees, based in the UK, France, South Africa, Chile, Ireland and the US
- 365 delivers content and services on the Internet, on fixed-line telephones, by mobile phone, by e-mail, on WAP and through digital interactive TV
- 365 operates 29 web sites worldwide... in English, French, Spanish, German and Italian
- 365 runs ten of Britain's leading premium rate telephone services
- 365 supplies digital communication services to 2,989 businesses in the UK, France and Ireland
- 365 Business Division JV Partners have a pool of an estimated 20,000 customers to whom 365 markets its business services
- 365 has strategic partnerships with BT, Vodafone, ITV, Cable & Wireless, Yahoo!, KLM Airlines, Fox TV, AOL and others

accelerating over the next 12 months. Our total business turnover of £7.7m represents an increase of over 172% on the corresponding period last year (the comparative including revenues received by Symphony prior to its acquisition by 365), and during the year we have continued to maintain gross margin percentages in excess of 30%. We believe that the combination of strong growth and high margins is reflective of the strength and quality of our business products and services.

During the year we made substantial progress in extending our distribution network – we entered into a further three joint ventures and on 4 April 2000 we announced our partnership with MTV Telecom which provides us with exclusive access to over 2,000 active dealers across the UK.

We continue to focus on securing long-term relationships with customers through the provision of multiple products, with particular emphasis on control of the telephone system. The recent acquisition of Fenfonex is confirmation of this strategy and indicative of the nature of future deals that we may pursue. The consolidation of large and loyal customer bases, and the subsequent provision of bundled telecommunication and internet services, represents a significant opportunity for us.

The future The Directors are excited and confident about the Group's future prospects. Growth accelerated during the 2000 financial year and the 2001 financial year has started very promisingly. The pace of technological change continues to create highly profitable opportunities for those with the right expertise and assets. Ever increasing numbers of consumers, through an expanding number of channels, have access to the Digital Network thereby creating ever greater opportunities for the Group to generate revenues from access to, and consumption of, its content and related services. Equally, SME customers are increasingly communicating and conducting their operations digitally and this again provides the Group with outstanding opportunities in high margin areas. I look forward enormously to the next 12 months.



Dan Thompson
Chief Executive Officer

The world is seeing a revolution in how people access entertainment and information; in how they communicate and interact with each other; and in how they consume and pay for services. A Digital Network of content and services is being created and digital channels – the PC, the TV, mobiles and fixed-line telephones – are providing the consumer with ever easier and faster access. In this sea of change, individual passions – a favourite football team; a love of music; a personal relationship – remain constant. 365's Consumer Division provides all the content and related services necessary to fulfil the needs of these passions.

THE message **iS**

THE message

Ownership of content and services in the Digital Network is the key to long-term profitability. In this digital world, ownership of destination assets in the Digital Network is the key to long-term profitability. The network allows direct communication between consumers and their destination cutting out the intermediary. The technology changes – old technologies die, new ones are born – but the importance of the destination remains the same.

365 creates and owns destination content assets. It earns revenues from providing access to its content; from providing third parties with access to its audiences; and from selling its own services to its audiences. It takes advantage of convergence by leveraging its content, brands and audiences across multiple channels, thereby minimising costs and maximising revenues.

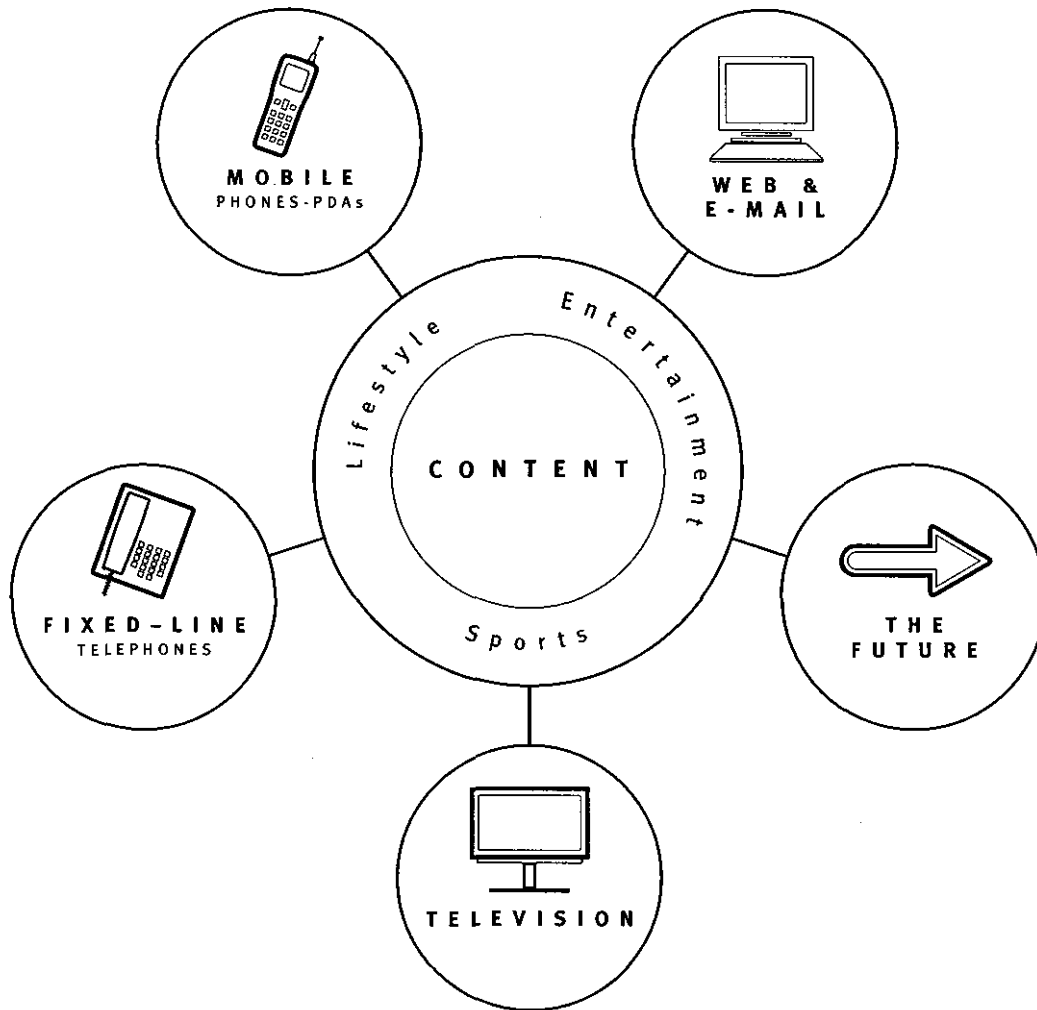
Destination content assets have been extensively developed within the areas of Sport, Entertainment and Lifestyle. Meanwhile My365 provides a common point for consumers to access 365's content, for 365's commercial partners to access its network audience and for 365 to promote its services to this audience.

While 365 is best known for its internet sports sites, such as Football365, it is building a balanced portfolio of content assets. Complementing its content, 365 also provides an expanding range of commercial and community services, which are either integrated into specific content (such as betting services on Football365, or the sale of music CDs on Music365) or offered to the entire customer base through My365 (such as consumer telecoms services).

365 has found that building large audiences is key to maximising revenues from its various content services. Not only do large audiences command disproportionate advertising and sponsorship revenues, but they also create community content which, in turn, increases the audience and loyalty.

365 produces global content that is available in a number of key languages including English, French, Spanish, German and Italian. It has primary offices in the UK, France, Chile, South Africa and the USA, which are involved in creating foreign language services that have global reach, but local "feel".

Content is the central asset to own



To maximise revenue and distribution, 365 ensures that its content is available on all current channels such as the internet and fixed-line telephone and is well-positioned to move onto new platforms, such as third generation mobile telephones and digital television. As the distribution channels converge, an example being the ability to access web-based material through WAP phones, 365 can leverage its content assets (and its brands, audiences and related services) over multiple channels. This is the basis of the "one cost/multiple revenue streams" business model that 365 believes is the key to high levels of long-term profitability. This multi-channel business model is only possible because 365 owns destination assets.

Consumer Division development strategy

Build audience 365 will continue to grow its customer base aggressively through proven, cost-effective marketing techniques.

Develop revenue streams 365 will continue to grow existing revenue streams from advertising and sponsorship, subscription and e-commerce. It will continue to develop My365 and the 365 network as a focus for consumer services, and commercial activities.

Create new content services 365 will continue to invest in new “passion centres” where it believes that it can create quality, profitable content assets.

Grow multi-channel distribution 365 will continue to take advantage of the growth in, and convergence of, digital communication channels to maximise its distribution and revenues.

Expand internationally 365 will continue to leverage its international assets in order to expand its business interests and take advantage of exceptional opportunities arising in the international arena.

the message is

Business Division 365 acquired its Business Division as part of the purchase of Symphony Telecommunications plc ("Symphony Telecom") in February 1999. Its focus is to act as a "one-stop-shop" and single point of contact for all of its customers' communications requirements. Increasingly, this includes the provision of internet-related applications and solutions. With its head offices in Hemel Hempstead, England, it continues to trade under the Symphony brand.

365 believes that while small and medium-sized enterprises ("SMEs") want the benefits that new technology – and particularly the internet – can bring to their businesses, few have the knowledge or time to implement a successful integrated communications strategy. 365's approach has therefore been to focus on understanding customer requirements, develop quality solutions with tangible customer benefits and build channels to market to deliver the necessary service and support.

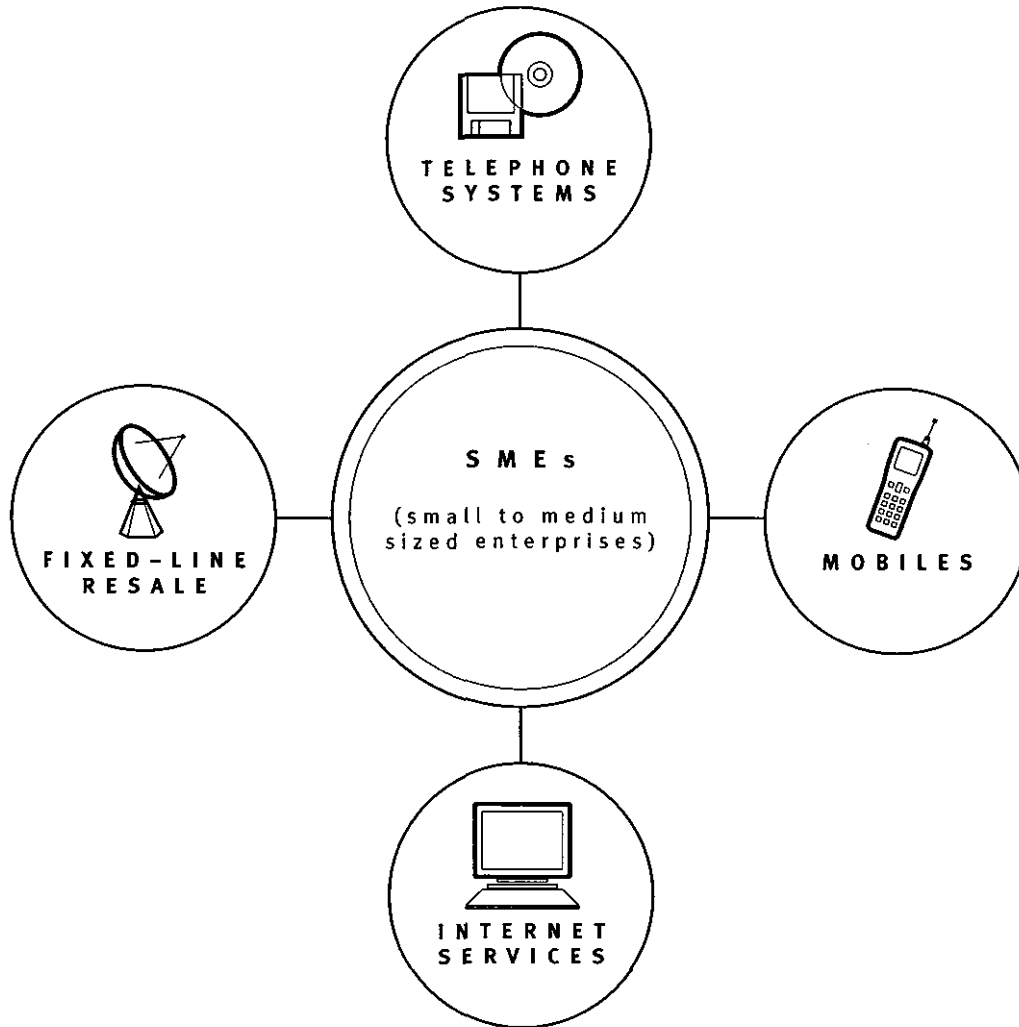
An important element of 365's strategy is recognition that the customer's telephone system (which is quickly converging with computer-based technologies) is the gateway product to the sale of additional value-added telecommunication and internet services. Control of the telephone system, through supply and ongoing maintenance, is central to 365's plans to maximise profit from its customer base and maintain customer loyalty.

In order to gain fast access to large and established customer bases, 365 has supplemented its traditional sales efforts with a series of strategic joint ventures with a number of telephone system resellers across the UK. 365 has formed 11 such joint ventures.

one

One-stop-shop, one supplier relationship, one point of contact, one integrated solution. 365's Business Division provides a broad portfolio of telecommunications services and internet-related applications, principally to SMEs. The portfolio includes telephone systems, fixed-line telecommunications services, mobile services and internet solutions – all billed on one monthly invoice.

Business Division



Telephone systems 365 sells and maintains a range of telephone systems and related solutions, which include hardware and software from manufacturers such as Lucent, LG and Samsung. It is the central product around which other telecommunications and internet services are sold.

Fixed-line resale 365 supplies branded fixed line telecommunications services and chooses to route traffic over a selection of blue chip carriers including Energis, Viatel (previously AT&T UK Limited), WorldxChange (previously ACC Long Distance UK Limited) and Cable & Wireless. It also provides non-geographic numbers (premium, national and local rates) and routes ISDN data traffic.

Mobiles 365 sells mobile handsets, airtime and ongoing support to SMEs. It currently connects its customers to either the Cellnet or Vodafone mobile networks.

Internet services 365's internet products include network access devices, ISDN-2 dial-up, web hosting and web design services.

Business Division development strategy

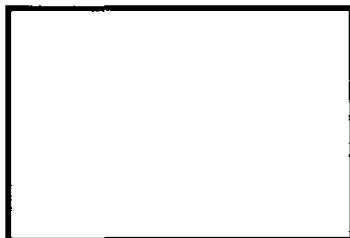
Increase customer base 365 will grow its customer base organically and through acquisition. Acquisitions may include telephone system resellers, with large and established customer bases into which 365 can sell additional products and services, while leveraging its back-office systems and expertise.

Develop new products and services 365 will expand its telecommunications product portfolio, with particular emphasis on the internet. This includes the launch of its SME web site, Business365, as a means of marketing 365's existing services over the internet and of offering new, internet-based services to a wider audience.

Increase customer spend/efficiencies 365 intends to increase average monthly customer spend, which will improve overall profitability, and service large numbers of smaller customers cost-effectively.

Expand internationally Many international telecommunications markets, particularly in Europe, have only recently been opened to competition and consequently present exciting opportunities for 365.

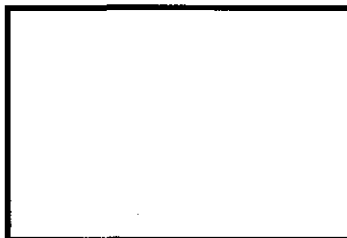
Board of Directors



Ian Martin 65

Non-executive Chairman **

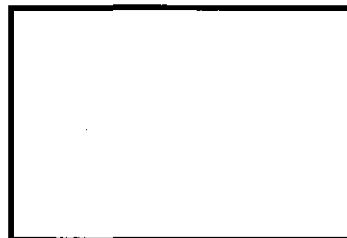
Joined the 365 Board in November 1999 as Chairman. He is also Chairman of Unigate plc, Newmond plc and Erycinus plc. He was formerly Deputy Chairman of Grand Metropolitan plc, the Chief Executive Officer of the Pillsbury Company and Chairman of Burger King worldwide. He qualified as a chartered accountant in 1960.



Dan Thompson 39

Chief Executive

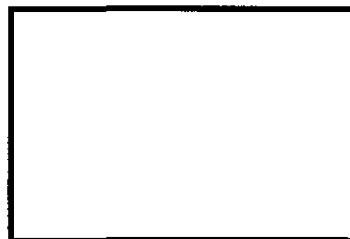
One of the co-founders of 365. He was formerly Publishing Director at GT Interactive, Deputy Managing Director of Time Warner Interactive and Managing Director of Bramblewold Computers Ltd (trading as Renegade Software). He qualified as a chartered accountant in 1985.



Martin Turner 42

Finance Director

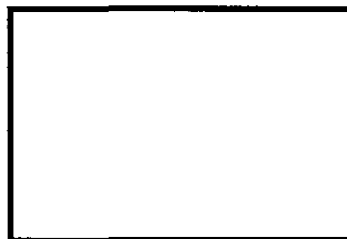
Joined the 365 Board in February 1999 as Group Finance Director and is also responsible to the Board for the Business Division. He was a co-founder of Symphony Telecom and formerly worked for Price Waterhouse in North America and Arthur Andersen & Co in London. He qualified as a chartered accountant in 1983.



David Best 50

Non-executive **

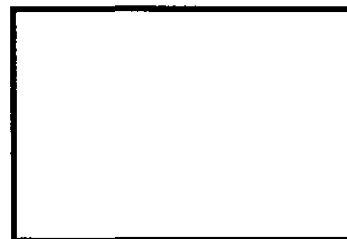
Joined the Board and nominated as Senior Non-executive Director in November 1999 and is Chairman of the Audit Committee. He was formerly Group Finance Director of FI Group plc (a FTSE 250 listed software company) and before that Financial Director of Lucas Management Systems Limited. He qualified as a chartered accountant in 1973 and in the United States as a certified public accountant in 1978.



Nick Alexander 45

Non-executive **

Joined the Board in February 1998 and is Chairman of the Remuneration Committee. He was formerly Chief Executive of Pearson New Entertainment and before that CEO of SEGA Europe and Managing Director of Virgin Games and Virgin Mastertronic.



Neil Macdonald 40

Non-executive **

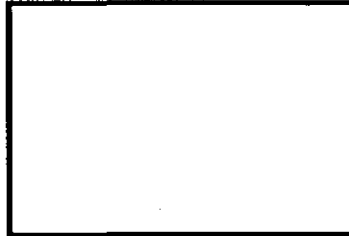
Joined the Board in February 1999 and is Chairman of the Nominations Committee. He was a co-founder of Symphony Telecom. He formerly worked in corporate finance with Standard Merchant Bank in Johannesburg.



Danny Kelly 43

Publishing Director

Joined the Board in October 1997 as Publishing Director. He has special responsibility for the sports and entertainment sectors of the Consumer Division. He formerly presented the Channel 4 TV series *Under the Moon* and co-presented *Baker & Kelly Upfront/United* on Talk Radio. He founded the magazine *Total Sport* for EMAP and has been editor of *Q Magazine* and of *New Musical Express*. He has won various broadcasting and publishing awards.



Nik Philpot 36

Executive Director

Joined the Board in February 1999 and is responsible to the Board for the lifestyle sector of the Consumer Division. He was a co-founder of Symphony Telecom and was formerly Regional Manager of BT's *Talkabout* services. He has extensive experience in the audiotext industry.



Simon Morris 35

Marketing Director

One of the co-founders of 365, he is the Group's Marketing Director. He was formerly Marketing Director of Autonomy Corporation, before that Managing Director of Ginger Productions, Consumer/Programme Marketing Director of BSkyB and Marketing Director at SEGA UK.

Board Committees

365 Corporation plc created Remuneration, Audit and Nomination Committees in November 1999. Membership of these Committees is indicated after Directors' names.

The Remuneration Committee considers and approves the salaries, bonuses and terms of employment of senior executives including the Executive Directors and approves the granting of share options.

The Audit Committee reviews the work of the external auditors, seeks to ensure that appropriate accounting systems and internal controls are in operation, reviews the terms of reference of the auditors and reviews the quarterly, interim and preliminary results before they are submitted to the Board.

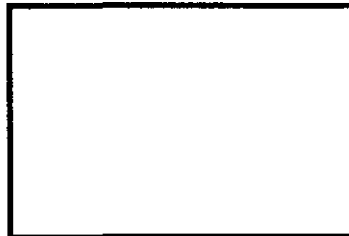
The Nomination Committee is responsible for the selection and recommendation to the Board of candidates for appointment to the Board.

* Member of the Remuneration Committee

† Member of the Audit Committee

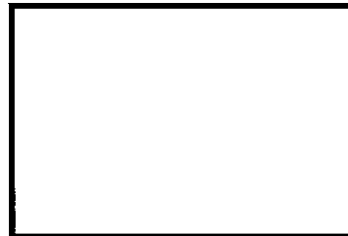
Member of the Nomination Committee

Business Division – Senior Management



Mark Jones 34

Managing Director of the Business Division. A co-founder of Symphony Telecom's Business Division. He has held several senior management roles in the telecommunications industry over the past 12 years, with extensive experience in both fixed-line and mobile communications.



David Crombie 44

Commercial Director of the Business Division. A co-founder of Symphony Telecom's Business Division. He has 15 years experience of senior management roles in the telecommunications industry embracing both fixed-line and mobile communications.

Consumer Division The Consumer Division has grown strongly throughout the year ended 31 March 2000 through a combination of organic growth and acquisitions. A significant amount of new digital content has been developed (including multi-language products) and its means of distribution extended to include the internet, telephone, mobile and television.

In July, 365 completed the acquisition of C-Sports Communication SA (“C-Sports”) and Electron Libre SARL (“Electron Libre”). C-Sports is located in Paris and manages 365’s French language consumer content. 365 issued 700,000 shares (prior to the 4-for-1 share split in November 1999) as consideration for the acquisition of both C-Sports and Electron Libre. Electron Libre has since been integrated into the Business Division.

In August, 365 launched Rugby365 (www.rugby365.com), which is available in English, Afrikaans, French and Spanish. The Rugby365 operation is based in Cape Town, South Africa.

In September, 365 launched Win365 (www.win365.co.uk), a multi-platform competitions product, and in October, 365 launched two new internet lifestyle products – Personals365 (www.personals365.com) and “The Switch” (www.theswitch.co.uk), a cross-platform convergence product (telephone and web site) offering companionship services on a regional and national basis.

In December, 365 advanced its international rugby strategy through the acquisition of US-based e-Merchants Inc., the owners and operators of RugbyRugby.com. RugbyRugby.com is the official rugby web site of Fox Sports World, the US sports television channel. The total consideration for RugbyRugby.com was US\$225,000 in cash and 351,562 shares, with contingent consideration of up to 195,313 shares being payable if e-Merchants achieves certain revenue targets during the year to 31 January 2001.

In January, 365 announced the formation of 365Television, which will make programmes and interactive content for digital television and internet and look to exploit 365’s existing brands and content over broadband and television platforms. To spearhead 365Television, the Company hired a team of three former BBC producers all of whom have been at the forefront of simultaneous TV and Net broadcasting, developments which will accelerate with the advent of broadband delivery.

On 24 February, 365 acquired Datanet Marketing Services Ltd (“Datanet”), one of the most successful and well-established publishers of high quality digital sports and entertainment content on the internet. Its extensive content portfolio includes Planet Rugby (www.planet-rugby.com), one of the foremost rugby sites on the web and other high quality products in Cricket (www.cricketline.com), Formula 1 (www.planet-f1.com), Horse Racing (www.racetips.com) and Planet Trivia (www.planet-trivia.com). Datanet also brought with it content distribution deals with a number of the leading portals and ISPs, and produces the software and technology to deliver its content across multiple platforms. The total consideration for Datanet was £27.9m, satisfied by the issue of 12.42m 365 ordinary shares and £2.13m in cash.

On 14 March 2000, 365 acquired the entire issued share capital of Oxalis Limited (“Oxalis”), a provider of premium quality digital content and commerce relating to gardening and the owner of the British Gardening On-line web site, www.oxalis.co.uk. The total consideration for Oxalis was £225,000, satisfied by the issue of 69,204 shares of 365 and £45,000 cash. A further payment of up to £225,000 in cash will be made, dependent on the turnover of Oxalis in the 12 months following acquisition. Since acquisition, the Oxalis web site has been rebranded Gardening365 (www.gardening365.com).

The Company’s commitment to producing quality content also resulted in new commercial opportunities and contracts during the year. During October 1999, 365 developed, maintained and hosted ITV’s 1999 Rugby World Cup web site and the Company was selected to develop and host ITV’s

Six Nations rugby web site, which ran from 5 February to 2 April 2000. In the same month, 365 successfully created and launched the music web site for the 2000 BRIT Awards and was also chosen to produce all of the content for "G", a new internet e-zine, on behalf of Guinness. The Company is also supplying Yahoo! with multi-sports (including football, rugby, motorsport, cricket and horse racing), multi-lingual (English, French and Spanish) content to its large European audience.

On 9 March 2000, 365 announced that it had partnered with British Telecommunications plc ("BT") to become the provider of WAP sports content for BT Mobility in Europe. BT Mobility is a European network of partners and associates providing mobile, WAP and internet services. The partnership will give users of WAP-enabled devices on the BT affiliate network the opportunity to receive 365 sports content across Europe.

On 28 April 2000, 365 acquired the entire issued share capital of Teletalk Limited ("Teletalk") for a total consideration of up to £6m, satisfied by the issue of 1.3m shares, £3m in cash and up to a further £1m to be paid in cash over two years, subject to performance targets being met. Teletalk was formerly owned by the Financial Times and has since established itself as one of the leading providers to newspapers of audiotext and companionship services in the UK. Many of the principal clients under contract are large UK national and regional newspaper groups.

During the year ended 31 March 2000, Consumer Division unique users increased five-fold from 326,954 in March 1999 to 1,751,772 in March 2000. This growth is the result of the marketing and promotion of existing content, the creation and introduction of new content and the acquisition of complementary businesses during the year. There were also a number of major one-off events during the year which contributed positively to increased numbers of users for the duration of these events, including the 1999 Cricket World Cup, 1999 Rugby World Cup and the BRIT Awards in February 2000.

Turnover During the year to 31 March 2000, Consumer Division turnover has been reported as internet, audiotext and "other" turnover.

365's internet turnover is derived principally from the sale of banner advertisements, sponsorship, contract publishing and third party e-commerce. The Company has seen an increase in the level and quality of sponsorship revenues during the year, with advertisers committing to longer contract durations and larger spends. Sponsorship advertising contracts call for more integration with 365's content, as compared to the typical banner advertisements commonly associated with basic internet advertising. 365 typically guarantees a minimum number of "impressions", or times that an advertisement appears in pages viewed by users accessing 365's content. 365 also earns "contract publishing" revenue through arrangements where the Company creates content for third parties, such as the BRIT awards and ITV's 1999 Rugby World Cup web sites. Typically, 365 will only enter into contract publishing deals when it believes it will offer both strategic advantages and clear revenue potential. Third party e-commerce is the selling of third party goods and services to 365's internet user base, whereby 365 receives a share of the revenue (or commission) from such third party transactions and does not enter into a direct contractual relationship with the customer.

Audiotext turnover is generated when users access 365's audio or cross-platform content using the telephone and represents a share of the revenue from the associated telephone call. Calls are routed to 365's call termination equipment on which audio content is hosted using non-geographic number ranges that are charged to the caller at pre-determined "premium" rates, such as 25p, 50p, 60p, £1.00 or £1.50 per minute. The Company generates revenue by negotiating a share of the associated call revenue with the relevant telephone carrier. 365 also offers access to its audio content on a subscription basis, whereby

the Company directly bills its users. They connect using a freephone number (such as 0800). Collection is effected through the use of prepaid accounts using credit and debit cards as the means of payment.

The establishment of 365 Television in January and the creation of 365's first television documentary ("Mike Tyson in the UK") also generated its first television turnover during the year ended 31 March 2000 which has been classified as "other" turnover.

Consumer Division turnover for the year ended 31 March 2000 was £14.72m, compared to £1.94m for the eight months ended 31 March 1999 which included only two months in respect of the acquired Symphony business. Internet turnover grew strongly throughout the year to £1.54m compared to £0.23m for the eight months to 31 March 1999.

Users As shown below, 365 has seen rapid growth in the number of unique users in its consumer division during the year ended 31 March 2000. This includes approximately 300,000 users added as part of the acquisition of Datanet.

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Apr 2000
Consumer Division						
Unique users⁽¹⁾						
Sport						
Football	160,618	186,537	376,161	478,057	606,562	606,753
Cricket	69,157	101,688	148,354	156,595	224,147	258,812
Rugby	-	-	38,719	25,508	186,646	166,281
Other sports	-	-	2,540	248	196,394	211,670
Total sport	229,775	288,224	565,774	660,408	1,213,749	1,243,516
Entertainment	31,750	34,919	117,837	224,062	365,726	322,146
Lifestyle	65,429	78,002	95,980	145,912	172,297	242,478
Total unique users	326,954	401,145	779,591	1,031,282	1,751,772	1,808,140
User sessions⁽²⁾						
Sport						
Football	1,831,348	2,182,961	3,275,769	3,734,444	3,978,832	4,112,883
Cricket	2,143,867	3,050,625	4,598,974	4,697,850	5,348,137	5,516,242
Rugby	-	-	69,603	107,715	896,534	911,175
Other sports	-	-	3,429	269	427,077	454,682
Total sport	3,975,215	5,233,586	7,947,775	8,540,278	10,650,580	10,994,982
Entertainment	126,605	147,952	248,240	558,999	760,129	724,539
Lifestyle	559,254	526,092	571,906	792,391	920,990	1,101,860
Total user sessions	4,661,074	5,907,630	8,767,921	9,891,668	12,331,669	12,821,381
Audiotext minutes⁽³⁾	5,826,875	6,097,658	6,072,885	6,063,240	5,783,772	6,076,274

Notes:

- 365 defines the number of unique users in a month as the number of people who visit one of 365's web sites (including those web sites created and hosted by 365 for third parties) during a month, telephone one of 365's audiotext telephone services during a month or are registered to receive an e-mail product at a selected mid-month date. If a person uses the same 365 service more than once in a month they are counted only once as a unique user. If, however, that person uses more than one 365 service during that month, they are counted as a unique user once for each service used.
- 365 defines the number of user sessions in a month as the number of times that each 365 service is used. If a user leaves a web site and returns more than 30 minutes later the return visit is counted as a separate user session. E-mail user sessions represent the number of registered subscribers at the date selected to determine the number of unique e-mail users multiplied by the number of issues in that month of the e-mail service they are registered to receive. Each incoming call to 365's audiotext telephone services represents a user session.
- 365 defines the number of audiotext minutes in a month as the number of minutes recorded by 365 and its carriers in respect of calls to 365's audiotext services in that month.

Operating and Financial Review • Consumer Division • Business Division

Cost of sales Cost of sales relates primarily to the direct costs of advertising 365's audiotext services in a variety of media, freephone (0800) access charges and commissions or royalties payable to third parties. Cost of sales relating to internet turnover relate only to any commissions paid to third parties. Overall consumer cost of sales during the year ended 31 March 2000 was £7.23m compared to £1.12m for the eight months ended 31 March 1999. As a percentage of turnover, cost of sales reduced to 49.2% for the year ended 31 March 2000 from 57.6% for the eight months ended 31 March 1999 and gross profit increased to 50.8% from 42.4% as a result of lower launch costs during the year in relation to new service launches and improved supplier discounts.

Administrative expenses Consumer Division administrative expenses (excluding amortisation of goodwill and provision for NIC and similar taxes on share options) increased to £9.38m during the year ended 31 March 2000 as 365 increased its investment in new content and services, its internet publishing systems, infrastructure and technology, professional services and personnel. This compares to £1.35m for the eight months ended 31 March 1999. The Company also incurred significant costs in connection with the opening of its South African office, expansion of the Chilean office in Santiago to offer multi-language content services (such as Futbol365) and costs incurred in relation to the operations of 365 France SA. Also included in administrative expenses are content and brand marketing costs which totalled £2.99m for the year ended 31 March 2000 compared with £0.19m for the eight months ended 31 March 1999. The Company anticipates that sales and marketing expenses will increase in future periods as it continues to pursue its brand and content building strategy. 365 does not capitalise costs in relation to content development. These are expensed as they are incurred.

Consumer operating loss Operating losses (before amortisation of goodwill and provision for NIC and similar taxes on share options) increased to £1.90m during the year ended 31 March 2000 from £0.53m for the eight months ended 31 March 1999. The Company's historical consumer operating losses are indicative of its significant investment in content and related infrastructure and it expects to incur additional operating losses in the future as it implements an expansion plan, which may include the creation of new content and services, the acquisition of complementary businesses and the continued development of 365's international assets. This will result in an increase in administrative expenses, particularly in the areas of marketing, content development and brand promotion.

Business Division The Business Division was acquired by 365 as part of the purchase of Symphony Telecommunications plc ("Symphony Telecom") in February 1999, and provides a "one-stop-shop" of telecommunication and internet services to SMEs in the UK, France and Ireland. These services, which initially included only the provision of telephone systems and fixed line resale, were expanded in September 1999 to include mobile and internet services. 365 continues to grow its Business Division aggressively through a combination of direct sales, dealers, joint ventures and complementary acquisitions.

In July 1999, and as part of the C-Sports acquisition, 365 also completed the acquisition of Electron Libre SARL ("Electron Libre"). Electron Libre, which is located in Montpellier, supplies web development and hosting services to the French SME market.

On 29 February 2000, 365 completed the acquisition of the entire issued share capital of Fenfones Communications Limited ("Fenfones"). Established in 1976, Fenfones is one of the UK's leading suppliers of telephone systems and related solutions to SMEs. At the same time, 365 acquired the balance of the whole of the issued share capital of Datacom Networks Limited ("Datacom"), the joint venture company in which 365 and Fenfones previously each held 50% of the issued shares. The total consideration for Fenfones was £4.55m, satisfied by the issue of 1,193,317 shares and £2.02m in cash. The consideration for Datacom was £0.50m in cash.

On 4 April 2000, the Group reached an agreement with MTV Telecom plc to form a new joint venture company, Island6 Limited. MTV Telecom plc is a leading national distributor of telephone systems and related hardware, located in Egham, Surrey. The creation of Island6 has provided 365 with a national distribution capability for the first time, through exclusive access to MTV Telecom's channel of over 2,000 active dealers across the UK.

On 20 April 2000, 365 acquired the balance (52.5%) of shares not owned by the Group in GTel by the issue of 397,760 shares, with additional contingent consideration being payable if GTel achieves certain revenue targets. GTel was 365's joint venture in Cardiff with Glamorgan Telecom and has since been absorbed into 365's Business Division. Glamorgan Telecom continues to sell the Company's business services in the South Wales area under a long-term dealer contract.

Customers 365 increased its number of business customers by 134% during the year to 31 March 2000, from 1,280 in March 1999 to 2,989 at year end.

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Apr 2000
Business customers ⁽¹⁾	1,280	1,613	2,170	2,484	2,989	3,114
Business minutes ⁽²⁾	5,631,912	6,948,406	10,047,227	9,243,583	14,447,806	15,314,675

Notes:

- 365 defines the number of business customers at each month end as the total number of customers at that month end who have been billed for that month.
- 365 defines the number of business minutes in a month as the number of minutes tracked by the carriers' systems which are billed to the Business Division's customers in that month.

Turnover 365 turnover includes that generated by its wholly-owned subsidiaries and its joint ventures which are fully consolidated in 365's financial statements in accordance with UK GAAP, as the Company exercises a dominant influence over the operating and financial policies and activities of these companies. During the year ended 31 March 2000, Business Division turnover increased to £7.70m compared to £0.65m for the eight months ended 31 March 1999, which related to two months in respect of the acquired Symphony business. This growth is reflective of the increase of 133% in business customers

Operating and Financial Review • Business Division

from 1,280 in March 1999 to 2,989 in March 2000 and an increase in the average monthly revenue per customer as 365 introduced new products and services during the year.

Cost of sales Business Division cost of sales includes costs relating to the provision of telephone system equipment; network access charges; mobile handsets and airtime charges; and internet service costs. To date, 365 has written off all installation costs as incurred. Cost of sales for the year ended 31 March 2000 was £5.38m compared to £0.46m for the two months ended 31 March 1999 and gross profit as a percentage of turnover improved from 28.5% to 30.2%, primarily as a result of reduced wholesale prices from 365's carrier suppliers.

Administrative expenses Business Division administrative expenses include costs related to the development and management of 365's infrastructure, customer services, sales and marketing expenses, general operating expenses and personnel. Sales and marketing expenses consist primarily of advertising, compensation and employee-related expenses and travel costs, including all local costs relating to the operation of the joint ventures. Excluding amortisation of goodwill and provision for NIC and similar taxes on share options, these costs increased to £3.88m for the year ended 31 March 2000 compared to £0.28m for the two months ended 31 March 1999. Sales and marketing costs for the year are £2.15m, compared to £0.24m for the prior period, with most of the balance of the increase relating to the expansion of the Group's billing and customer care systems, including costs relating to the introduction of mobile and internet services, the benefits of which will be realised in future years.

Business operating loss Operating losses (before amortisation of goodwill and provision for NIC and similar taxes on share options) for the year ended 31 March 2000 were £1.56m compared to £0.10m for the eight months ended 31 March 1999 and were primarily due to a significant increase in administrative expenses as the Business Division expanded its customer base, infrastructure and sales and marketing efforts. The operating loss for the eight months ended 31 March 1999 includes Business Division operations for just two months following the acquisition of Symphony Telecom in February 1999.

Minority interests The minority interests represent the aggregate proportionate interests of 365's joint venture partners in the profit or loss of each joint venture company during the relevant accounting period. Minority interests are computed with reference to shares owned by the joint venture partners. In respect of each joint venture company, 365 owns at least 50% of the voting shares and fully consolidates the joint venture companies, in accordance with UK GAAP, on the basis of 365's exercise of dominant influence over the relevant joint venture.

	365 supplies digital communication services to over 3,000 businesses in the UK, France and Ireland		
		365 offers its business customers a one-stop solution to all their telephony, internet, mobile and other communications needs	
	365 has strategic partnerships with BT, Vodafone, ITV, Cable & Wireless, Yahoo!, KLM Airlines, FoxTV, AOL and others		

Corporate During the year ended 31 March 2000, 365's corporate administration costs increased to £2.45m, compared to £0.24m for the eight months ended 31 March 1999. Most of this significant increase has arisen in the last four months of the financial year reflecting requirements arising as a result of the Company's flotation on the London Stock Exchange in December 1999. It includes ongoing expenditure in relation to the expansion of the Board of Directors and other corporate personnel, compliance costs and corporate marketing.

Amortisation of goodwill Goodwill arising on consolidation represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised over its estimated useful economic life in accordance with the provisions of FRS 10 "Goodwill and Intangible Assets" which require that goodwill amortisation be charged to the profit and loss account as an operating expense. The determination of estimated useful economic life takes into consideration a great many factors, both internal and external. These include, for example, the nature of the businesses acquired, the effects of future competition, product lifespans and the stability of the industry in which the business operates. Although estimated useful economic lives for each acquisition must be evaluated with reference to specific circumstances, 365 currently estimates the useful economic lives of internet and telecommunications acquisitions to be between 18 months and five years. These periods are reflective of the relative immaturity of both sectors, particularly the internet. Taking this into consideration, 365 has recorded a goodwill amortisation charge of £5.10m for the year. The corresponding charge of £0.34m for the eight months ended 31 March 1999 relates only to the acquisition of Symphony Telecom.

Provision for NIC and similar taxes on share options On exercise of share options issued after 6 April 1999 (which are exercisable variously over periods of two to ten years from the date of the grant), the Company will be required to pay National Insurance and overseas equivalent taxes on the difference between the exercise price and market value of the shares issued. 365 has made a provision of £2.70m as at 31 March 2000, calculated using the relevant tax rates applied to the difference between the market value of the underlying shares as at 31 March 2000 which was 212.5p, and the option exercise prices. There was no corresponding charge for the eight months ended 31 March 1999. The accounts for the financial year ending 31 March 2001 will include any adjustment required arising from any movement in the Company's share price between 31 March 2000 and 31 March 2001.

Cost of shares issued at undervalue On 10 November 1999, and prior to the 4-for-1 share split, 365 incurred a one-off charge of £2.26m (including related NIC) relating to the allotment of 400,000 ordinary shares of 1p each to two Directors at nominal value.

Net interest income Investment income for the year to 31 March 2000 was £1.21m compared to £0.05m for the eight months to 31 March 1999. The increase was primarily due to the Company's flotation on 2 December 1999 and the investment of the net funds of the flotation for the last four months of the financial year in a variety of interest-bearing deposit accounts. 365's Treasury policy requires that funds are invested in short-term deposit accounts with AA rated banks or building societies with net assets exceeding £1 billion, to ensure that funds are available to meet current and future operating requirements.

Taxation 365 has incurred a cumulative net loss since inception. Due to the uncertainty surrounding the benefits of the net operating loss carry forwards in future tax years, the Group has not recognised deferred tax assets.

Retained loss The Group recorded a net loss of £14.60m, or 9.5p per share for the year ended 31 March 2000, compared to a net loss of £1.12m, or 1.7p per share, for the eight months ended 31 March 1999. Excluding the effect of the amortisation of goodwill, provision for NIC and similar taxes on share options and charges for shares issued at below market value, the retained loss for the year ended 31 March 2000 was £5.91m compared to £0.86m for the eight months ended 31 March 1999. 365 has never paid or declared a dividend on its shares. The Group intends to reinvest any earnings to finance the growth of its business and does not anticipate paying dividends in the foreseeable future.

Liquidity and capital resources During the year ended 31 March 2000, the Group's operating activities used cash totalling £7.47m, primarily due to operating losses, compared to £0.70m during the eight months to 31 March 1999.

Capital expenditure and financial investment during the year totalled £1.23m and related almost entirely to the purchase of telecommunications and computer equipment as 365 expanded its operations. The corresponding figure during the eight months to 31 March 1999 was £0.26m following the acquisition of Symphony in February 1999.

During the year to 31 March 2000 the Group made a number of acquisitions resulting in a net cash outflow totalling £5.41m. This relates to the cash component of these acquisitions, together with related transaction costs. The corresponding amount for the eight months to 31 March 1999 was £4.42m, all of which related to the acquisition of Symphony Telecom in February 1999.

During the year, cash inflows from financing totalled £60.80m. Prior to flotation on 2 December 1999, 365 financed its operations primarily through the private placements of ordinary shares and during the period from 1 April 1999 to 2 December 1999 the Company raised £2.60m (net of expenses) by these means. 365's initial public offering raised net proceeds of £58.22m through the issue of 39,746,875 ordinary shares of 0.25p each at a price of 160 pence per share, after deduction of flotation expenses totalling £5.38m which have been charged against the Company's share premium account. This includes funds raised from the exercise of the over-allotment option by the Company's Sponsor, Cazenove & Co, under which it purchased an additional 5,184,375 shares on 15 December 1999 to raise a further £7.9m for the Company, net of expenses. During the eight months to 31 March 1999 the Company raised cash through private placements of ordinary shares totalling £10.43m (before expenses of £0.51m) primarily to fund the acquisition of Symphony Telecom, and for general working capital requirements.

The Group has no significant bank lending facilities, borrowings (except for finance leases or hire purchase agreements) or lines of credit.

365's principal commitments relate to annual obligations under property and vehicles leases and totalled £0.57m as at 31 March 2000. The corresponding figure as at 31 March 1999 was £0.17m. As at the date of this document, the Group has no material capital expenditure commitments, although it anticipates that it will experience a substantial increase in its capital expenditures and lease commitments in the future which are consistent with the growth of its operations, infrastructure and personnel. 365 also expects to continue to make strategic acquisitions of, or investments in, existing businesses which should enable 365 to accelerate its growth plans in new areas and strengthen its existing operations and which may require the use of cash. The Company believes that existing cash and investments will be sufficient to meet its operating requirements for the foreseeable future.

Directors' Report

The Directors submit their annual report, together with the financial statements of the Company and the Group for the year ended 31 March 2000.

Principal activities The principal activities of 365 Corporation plc and its subsidiary undertakings ("the Group") are the provision of digital media and communications services.

The Group comprises two divisions, a Consumer Division and a Business Division.

The Chairman's Statement (page 2) and the Chief Executive's Review (pages 3 to 5) report on the progress made in the financial year under review.

Details of the performance of the two Divisions of the business and the overall performance are given on pages 16 to 25.

The subsidiary undertakings are listed on pages 48 and 49.

Results and dividends The audited financial statements for the year ended 31 March 2000 are set out on pages 36 to 64. The Group's loss for the year is set out in the Profit and Loss Account on page 36.

The Company intends to reinvest any future earnings to finance the growth of its business and does not anticipate paying any dividends in the foreseeable future.

Annual General Meeting The next Annual General Meeting of the Company will be held on 6 July 2000. Details of the business to be proposed at the Annual General Meeting are contained within the Notice of Meeting which accompanies this Report.

Acquisitions On 23 July 1999 the Group acquired 365 France SA (formerly known as C-Sports Communication SA) and Electron Libre SARL for £0.83m, on 24 December 1999 e-Merchants Inc. for £1.10m, on 24 February 2000 Datanet Marketing Services Limited for £27.71m, on 29 February 2000 Fenfonos Communications Limited for £4.48m and the remaining 50% of Datacom Networks Limited for £0.50m, and on 14 March 2000 Oxalis Limited for £0.23m.

Since the end of the financial year under review, the Group has on 19 April 2000 acquired the balance of shares in G-Telecommunications Limited for up to £1.07m and on 28 April 2000 acquired Teletalk Limited for up to £6.03m.

Description of the impact of these acquisitions is included in the reviews on pages 16 to 25.

Directors The present Directors of the Company are shown on pages 14 and 15. These were the only Directors during the year. Ian Martin and David Best were appointed on 10 November 1999.

The Company adopted new Articles of Association at its last Annual General Meeting in November 1999. The new Articles require that all the Directors should retire at the Annual General Meeting following adoption of the Articles. Accordingly, all of the Directors will retire at the forthcoming Annual General Meeting. Being eligible, all of the Directors offer themselves for reappointment.

At succeeding Annual General Meetings, one third, or as nearly as possible, of the Directors will retire by rotation and all Directors must be re-elected at intervals of not more than three years, in accordance with the provisions of the Combined Code of Corporate Governance appended to the Listing Rules of the United Kingdom Listing Authority.

Directors' interests The interests of the Directors in the share capital of the Company and their options over shares in the Company are shown on pages 33 and 34. No Director has had any material interest in a contract of significance (other than service contracts) with the Company or with any subsidiary company during the year.

Substantial Shareholdings At 30 May 2000, the following persons held an interest in the shares of the Company that is required to be recorded in the register of substantial interests maintained pursuant to section 211 of the Companies Act 1985.

	Number of shares	% of issue
Cliquot Investments Limited	25,375,000	12.76
Durlacher Limited	12,248,938	6.16
Symphony Telecom Limited	6,606,997	3.32
D. J. Thompson	6,372,129	3.20

Share capital and reserves Details of changes in the authorised and issued share capital and reserves of the Company are shown in Notes 16 and 17 to the financial statements.

Stock Market Listing The Company's ordinary shares of 0.25p are listed in the Official List of the Financial Services Authority and since December 1999 have been traded on the London Stock Exchange.

Auditors During the year Baker Tilly resigned as auditors and PricewaterhouseCoopers were appointed to fill a casual vacancy. PricewaterhouseCoopers have indicated their willingness to continue in office. A resolution proposing their reappointment as Auditors of the Company and authorising the Directors to set their fees will be submitted to the forthcoming Annual General Meeting.

Charitable and political donations The Group made no charitable or political donations during the year.

Employees The Directors believe that the Group's staff are a source of competitive advantage. The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre.

The Group is committed to the principle of equal opportunity in employment. It seeks to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, race, colour, nationality, ethnic or national origin, religion, disability or sexual orientation or is disadvantaged by conditions or requirements, including age limits, which cannot be objectively justified. Entry into and progression within the Group are solely determined by the application of job criteria, personal aptitude and competence.

It is the Group's policy to apply best practice in the employment of disabled people. Full and fair consideration is given to every application for employment from disabled persons whose aptitude and skills can be utilised in the business and to their training and career development. This includes, wherever possible, the retraining and retention of staff who become disabled during their employment.

Directors' Report

All staff are informed of matters concerning their interest as employees and the financial and economic factors affecting the business. Established management communication channels have been supplemented by direct presentations to staff by Directors to explain developments of particular significance.

Share schemes The Directors believe that a key element in attracting, motivating and retaining employees of the highest calibre is employee involvement in the performance of the Group through participation in share schemes. The schemes are described in the Remuneration Report and details of the options granted under the schemes are set out in Note 18 to the financial statements. All permanent employees are eligible to join a scheme.

Year 2000 365 commenced its planning for the year 2000 in October 1998. To date, 365 has not suffered any detrimental effect of the year 2000 event and believes that its year 2000 programme was fully successful. The Company estimates that the total external cost of its year 2000 programme was £31,000, and does not envisage any further material expenditure in this area.

The Euro The Company's main currency of trading is Sterling. The Directors are satisfied that all systems that will be required to take account of the Euro are fully compliant.

Payments to creditors The Company and its subsidiaries have a variety of payment terms with their suppliers. The Group agrees payment terms with its suppliers when it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are, in that way, made aware of these terms. The Company seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. A 31 March 2000 the amount of trade creditors shown in the balance sheet represents 60 days of average purchases for the Company (1999: 29 days).

By order of the Board

David Christopher
Secretary



2 June 2000

Compliance statement Since the listing of its shares on the London Stock Exchange in December 1999 the Company has been in compliance with the provisions set out in the Combined Code of Corporate Governance appended to the Listing Rules of the United Kingdom Listing Authority (the "Combined Code"). The Board has adopted the transitional approach to implementation of the Turnbull guidance on the review of internal controls. The following is a statement, as required by the Listing Rules, as to how the Company has complied with the Combined Code. The Combined Code covers four principal areas which are dealt with below.

Board of Directors The Chairman is responsible for the effective running of the Board of Directors. The Board has nine members, comprising the Chairman, the Chief Executive and four other Executive Directors and three other Non-executive Directors. The Board considers that three of the Non-executive Directors, including the Chairman, are independent and that they neither represent a major shareholder group nor have any involvement in the day-to-day management of the Company or its subsidiaries. The fourth Non-executive Director, Neil Macdonald, is not considered to be independent in this sense due to his former executive directorship of Symphony Telecommunications.

The biographical details of the Board members are set out on pages 14 and 15. The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business.

The Board generally meets each month. There is a formal schedule of matters specifically reserved for the full Board's decision, together with a policy enabling Directors to take independent advice in the furtherance of their duties at the Company's expense. The Board programme is designed so that Directors have a regular opportunity to consider the Company's strategy, policies, budgets, progress reports and financial position and to arrive at a balanced assessment of the Company's position and prospects.

As recommended by the Code, the Company has a clear division of responsibility between Chairman and Chief Executive roles within the business.

The Non-executive Directors have a responsibility to ensure that the strategies and policies proposed by the Executive Directors are fully discussed and critically examined, not only with regard to the best long-term interests of shareholders, but also having regard to the Company's relationships with its employees, customers and suppliers. The Board and its Committees are supplied with information and papers to ensure that all aspects of the Company's affairs are reviewed on at least an annual basis.

Day-to-day management of the business is delegated to the Operating Board, consisting of the Executive Directors, together with certain senior managers, which meets fortnightly. The Board is dependent on the Operating Board for the provision of accurate, complete and timely information and the Directors may seek further information where necessary. The Chairman is responsible for ensuring that all Directors are properly briefed on issues arising at Board meetings.

The Board and the Operating Board are assisted by the Secretary who provides a point of reference and regular support for all Directors and Senior Managers. He has responsibility for ensuring that Board procedures are followed, for establishing the Group's corporate governance policies with the Chairman and the Chief Executive and for assisting the Board in facilitating compliance by the Company with its legal obligations. The appointment and removal of the Secretary is one of the matters reserved for the full Board's decision, in accordance with the formal schedule referred to above.

In addition to the Operating Board, certain responsibilities are delegated to the Remuneration Committee (details of which are contained in the Remuneration Report on pages 31 to 34) and the Audit and Nomination Committees.

Corporate Governance

Audit and internal control The Audit Committee, on behalf of the Board, is responsible for overseeing the Group's system of internal controls, including suitable monitoring procedures, and for keeping under review the scope, results and cost effectiveness of the audit and the independence of the external auditors. The Committee assists the Board in its presentation of the Company's financial results and position through its review of the quarterly and full year accounts before approval by the Board, focusing on compliance with accounting principles, changes in accounting practice and major matters of judgement.

The Audit Committee comprises the Non-executive Directors of the Company and is chaired by David Best. The Committee generally meets four times a year.

The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Corporate policies are established for financial accounting and reporting, risk management, project appraisal, capital expenditure and treasury management. Management identifies and evaluates risks and opportunities to the Company on a corporate scale as part of its strategic planning process. Such risks can be of a financial or operational nature and can be from a macroeconomic scale down to company specific.

The annual operating budget and long-term business plan are prepared by management and are reviewed and approved by the Audit Committee and the full Board. Risks identified are managed at an operational level. Monthly reporting and analysis of results against budget, and a monthly reforecast, are reviewed and discussed by management and reported to the Board. Since December 1999 the Directors, through the Audit Committee, have reviewed the effectiveness of the Group's financial controls, which provide reasonable but not absolute assurance against material misstatement or loss.

Since flotation, the Company has complied with the Ruttman guidelines on internal control. The Board has adopted the transitional approach to implementation of the Turnbull Committee report on internal control. The Company expects to be fully compliant with Turnbull by January 2001.

Shareholder relations The Company holds meetings with its major institutional investors and collective, general presentations are given covering the quarterly and preliminary results. All shareholders have the opportunity to put questions at the Company's Annual General Meeting when the Chairman will give a statement on the Group's performance during the year, together with a statement on current trading conditions. All shareholders have the opportunity to put questions at the meeting or leave written questions, which will be answered in writing as soon as possible afterwards. The Chairmen of the Audit, Nomination and Remuneration Committees will normally attend the AGM.

In addition to regular financial reporting, significant matters relating to the trading or development of the business are disseminated to the market by way of Stock Exchange announcements. The Company's Report and Accounts, Quarterly Statements and other major announcements are published on the internet at www.365corp.com.

Going concern Under company law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice the Group prepares annual and longer term plans and in reviewing this information, the Company's Directors are satisfied that the Group and the Company have reasonable resources to enable them to continue in business for the foreseeable future. For this reason the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Remuneration Report
for the year ended 31 March 2000

Constitution The Remuneration Committee of 365 Corporation plc is constituted in accordance with the Combined Code of Corporate Governance appended to the Listing Rules of the United Kingdom Listing Authority (the "Combined Code"). The Remuneration Committee as presently constituted was appointed by the Board on 10 November 1999 and comprises the independent Non-executive Directors: Nick Alexander, Ian Martin and David Best. It is chaired by Nick Alexander. The Committee meets as appropriate during the year. Except when matters concerning his own position are being considered, the Chief Executive, Dan Thompson, is invited to attend the meetings to assist the Committee as set out in the Combined Code.

Policy The Committee has given full consideration to the provisions of Schedule A of the Combined Code.

Remuneration of Executive Directors and senior management is reviewed each year by the Committee, except that having performed such a review in November 1999, the next review will be in April 2001. The main aim of the Company's executive pay policy is to secure the skills and experience the Group needs to meet its objectives and satisfy shareholder expectations. Each review is set in the context of Group needs, individual responsibilities, performance and market practice. It also has regard to the approach to remuneration across the Group as a whole.

Executive Directors' and senior management's remuneration is designed to be competitive in the market place and to have a significant performance-related element.

Directors' remuneration The remuneration of the Directors of the Company for the year ended 31 March 2000 was as follows:

	Salary and fees £'000	Performance bonus £'000	Other benefits £'000	Total £000	Prior year total £'000
I A Martin	44	-	-	44	-
D J Thompson	127	50	-	177	65
M R Turner	120	45	-	165	15
D J Kelly	120	45	758	923	63
S E Morris	115	45	758	918	50
N B Philpot	120	45	-	165	15
N E Alexander	21	-	-	21	5
D G Best	22	-	-	22	-
N W Macdonald	28	-	-	28	1
	717	230	1,516	2,463	214

The benefits recorded for D J Kelly and S E Morris derive from the allotment and issue to each of them of 200,000 1p shares (prior to the 4:1 share split) at undervalue in November 1999.

There were no pension costs and no other benefits were provided to Directors during the year.

Subject to an overriding discretion of the Remuneration Committee after taking an overall view of the Company's performance, annual bonuses may be earned by the Executive Directors based on the achievement of pre-agreed targets and the Remuneration Committee's assessment of strategic and personal performance. A bonus of 25% of basic salary has been awarded in respect of the year under review. From 1 April 2000 the bonus is capped at 60% of basic salary. The bonus is not pensionable.

Remuneration Report

for the year ended 31 March 2000

Directors' service agreements Each Executive Director's Service Agreement can be terminated by either party giving to the other not less than 12 months' notice in writing at any time. If the Company terminates the contract by notice but other than on giving full notice, the Service Agreements provide for the payment of a fixed amount equal to salary and other contractual benefits for the unexpired portion of the duration of the appointment or entitlement to notice, as the case may be. It is the Committee's view that they should not change the term of existing Executive Directors' Service Agreements.

Ian Martin has a fixed three-year appointment until 9 November 2002 but the appointment may be terminated at any time without compensation in accordance with the Articles. He is entitled to receive a fee of £50,000 per annum with no pension, bonus, benefits or share options.

David Best and Nick Alexander similarly have fixed three-year appointments until 9 November 2002. Neil Macdonald's appointment can be terminated by the Company on 12 months' notice. The Non-executive Directors, other than the Chairman, receive a basic fee which is currently £24,000 each per annum. The Non-executive Directors do not participate in any incentive, pension or benefit schemes.

Special bonuses of £25,000 and £12,500 were paid to Ian Martin and David Best in November 1999.

Share options The Company has an Inland Revenue Approved and an Unapproved Share Option Scheme. A grant of an option to an individual over shares in the Company up to a total market value on the date of grant of £30,000 may be made under the Inland Revenue Approved Scheme. Grants that cannot be made under the Approved Scheme are made under the Unapproved Scheme.

Options granted under the Approved and Unapproved Share Option Schemes (1999) are normally exercisable between the third and tenth anniversaries of the date of grant. The rules of the schemes require that grants be made at not less than market price at the date of grant.

Options granted under the Approved and Unapproved Share Option Schemes (1999) are not normally exercisable unless a performance target is satisfied; in this case the target is that the closing middle market price of a share on any day on which the London Stock Exchange is open for the transaction of business following the third anniversary of the date of grant must be greater than the exercise price of the option by RPI plus 15%.

The grant of Share Options is on a discretionary basis within the limits set down in the rules of the Share Option Scheme (1999). It is the policy of the Committee to consider carefully both the maximum grant of options and the spread of time over which they are granted to ensure an appropriate long-term incentive. Generally, new recruits to the Group receive a grant of options to the value of one year's salary. The Committee keeps under review the structure and mix of incentives overall.

At 31 March 2000 the closing middle market price of a share was 212.5p. The Directors' interests in share options, both under the Share Option Scheme (1999) and under an earlier Plan, are shown opposite:

Directors' share options		At 31 March 2000 (Number)	Granted in year (Number)	Exercised in year (Number)	At 1 April 1999 (Number)	Exercise price Pence	Earliest date for exercise	Latest date for exercise
D J Thompson	b	600,000	600,000	-	-	20	30.4.01	29.4.06
	b	400,000	400,000	-	-	75	12.10.01	11.10.06
	b	260,000	260,000	-	-	135	10.11.01	9.11.06
	c	18,750	18,750	-	-	160	30.11.02	29.11.09
	d	231,250	231,250	-	-	160	30.11.02	29.11.09
M R Turner	b	400,000	400,000	-	-	20	30.4.01	29.4.06
	b	400,000	400,000	-	-	75	12.10.01	11.10.06
	b	260,000	260,000	-	-	135	10.11.01	9.11.06
	c	18,750	18,750	-	-	160	30.11.02	29.11.09
	d	206,250	206,250	-	-	160	30.11.02	29.11.09
D J Kelly	a	640,000	-	-	640,000	0.75	29.2.00	31.12.04
	b	400,000	400,000	-	-	20	30.4.01	29.4.06
	b	400,000	400,000	-	-	75	12.10.01	11.10.06
	b	260,000	260,000	-	-	135	10.11.01	9.11.06
	c	18,750	18,750	-	-	160	30.11.02	29.11.09
	d	206,250	206,250	-	-	160	30.11.02	29.11.09
S E Morris	a	640,000	-	-	640,000	0.75	29.2.00	31.12.04
	b	400,000	400,000	-	-	20	30.4.01	29.4.06
	b	400,000	400,000	-	-	75	12.10.01	11.10.06
	b	260,000	260,000	-	-	135	10.11.01	9.11.06
	c	18,750	18,750	-	-	160	30.11.02	29.11.09
	d	206,250	206,250	-	-	160	30.11.02	29.11.09
N B Philpot	b	400,000	400,000	-	-	20	30.4.01	29.4.06
	b	400,000	400,000	-	-	75	12.10.01	11.10.06
	b	260,000	260,000	-	-	135	10.11.01	9.11.06
	c	18,750	18,750	-	-	160	30.11.02	29.11.09
	d	206,250	206,250	-	-	160	30.11.02	29.11.09
N E Alexander	b	100,000	-	-	100,000	8.625	2.5.00	1.5.05
	b	100,000	100,000	-	-	20	30.4.01	29.4.06
N W Macdonald	b	100,000	100,000	-	-	20	30.4.01	29.4.06

Notes:

a Granted at an Extraordinary General Meeting of the Shareholders on 14.1.98.

b Granted under the Company's Unapproved Employee Share Option Plan (adopted by ordinary resolution of the Company on 16.1.98). These options are exercisable 50% between two and seven years from the date of grant and 50% between three and seven years from the date of grant. The rules of the Plan require that grants be made at not less than market price at the date of grant. No further options will be granted under the Unapproved Employee Share Option Plan which was terminated with effect from December 1999.

c Granted under the Inland Revenue approved Appendix to the 365 Corporation plc Share Option Scheme (1999).

d Granted under the 365 Corporation plc Share Option Scheme (1999) but not qualifying for Inland Revenue approval.

Remuneration Report

for the year ended 31 March 2000

Directors' interests – shares The interests, all of which are beneficial, of the Directors (and their immediate families) in the share capital of the Company, as shown in the register kept by the Company, are set out below:

	31 March 2000 Ordinary shares of 0.25 pence each	1 April 1999 Ordinary shares of 1 pence each
I A Martin	62,500	–
D J Thompson	6,372,129	1,751,500
M R Turner ^{(i) (ii)}	1,139,493	–
D J Kelly	1,491,129	318,750
S E Morris	1,425,293	302,291
N B Philpot ⁽ⁱ⁾	2,062,861	–
N E Alexander ⁽ⁱⁱⁱ⁾	654,400	103,600
D G Best	10,937	–
N W Macdonald ^{(i) (iv)}	978,692	–

(i) M R Turner, N B Philpot and N W Macdonald are amongst a class of potential beneficiaries under the discretionary trust established by Symphony Telecom Limited for the benefit of all employees within its group. The trust has an interest in 6,606,997 shares in the Company.

(ii) M R Turner is a potential beneficiary under an Isle of Man discretionary trust which has an interest in 1,073,692 shares in the Company.

(iii) N E Alexander's spouse is the beneficial owner of 100,000 shares in the Company held in the name of MH Nominees.

(iv) N W Macdonald is a potential beneficiary under an Isle of Man discretionary trust which has an interest in 978,692 shares in the Company.

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the Directors in relation to the financial statements. The report of the Auditors, shown on page 35, sets out their responsibilities in relation to the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the Directors are required to:

- select appropriate accounting policies and apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless they consider it to be inappropriate.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and its subsidiaries and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries, and in that context must have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud, theft and other irregularities.

Auditors' Report to the Members of 365 Corporation plc

We have audited the financial statements on pages 36 to 64.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 34, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 29 to 30 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2000 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London
2 June 2000

Group Profit and Loss Account

for the year ended 31 March 2000

	Notes	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Turnover	1		
Continuing operations		21,638	2,588
Acquisitions		782	-
		22,420	2,588
Cost of sales	1,2	(12,610)	(1,580)
Gross profit	1,2	9,810	1,008
Administrative expenses before amortisation of goodwill, provision for NIC and similar taxes on share options and shares issued at below market value	2	(15,719)	(1,871)
Amortisation of goodwill		(5,097)	(338)
Provision for NIC and similar taxes on share options		(2,696)	-
Shares issued at below market value		(2,261)	-
Total administration expenses		(25,773)	(2,209)
Operating loss before amortisation of goodwill, provision for NIC and similar taxes on share options and shares issued at below market value		(5,909)	(863)
Continuing operations	2	(11,534)	(1,201)
Acquisitions	2	(4,429)	-
Operating loss		(15,963)	(1,201)
Net interest receivable	1,3	1,208	47
Loss on ordinary activities before taxation		(14,755)	(1,154)
Taxation	5	(6)	(4)
Loss on ordinary activities after taxation		(14,761)	(1,158)
Minority interests	19	158	38
Retained loss for the financial period	17	(14,603)	(1,120)
Basic and diluted loss per 0.25p share	7	(9.5p)	(1.7p)
Basic and diluted loss per 0.25p share before goodwill amortisation, NIC and similar taxes on share options and shares issued at below market value	7	(3.0p)	(1.2p)

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

Group Statement of Total Recognised Gains and Losses

for the year ended 31 March 2000

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Loss for the financial period	(14,603)	(1,120)
Exchange adjustment offset in reserves	(17)	31
Total recognised losses for the period	(14,620)	(1,089)

Reconciliation of Movements in Group Shareholders' Funds

for the year ended 31 March 2000

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Loss for the financial period	(14,603)	(1,120)
Exchange adjustments offset in reserves	(17)	31
New share capital (net of expenses) issued for cash (note 16, 17)	60,826	9,922
Nominal value of shares issued for acquisitions (note 16)	42	63
Merger reserve arising on shares issued for acquisitions, net of expenses (note 17)	29,907	4,937
Shares to be issued as contingent consideration for subsidiary acquired (note 17, 21(b))	80	-
Employee share options exercised (note 17)	9	-
Reversal of UITF 17 charge for shares issued at below market value (note 17)	2,076	-
Net increase in shareholders' funds	78,320	13,833
Shareholders' funds at beginning of period	14,629	796
Shareholders' funds at end of period	92,949	14,629

Balance Sheets

at 31 March 2000

	Notes	Group		Company	
		31 March 2000 £'000	31 March 1999 £'000	31 March 2000 £'000	31 March 1999 £'000
Fixed assets					
Intangible fixed assets	8	40,660	9,798	-	-
Tangible fixed assets	9	1,675	728	210	98
Investments	10	-	-	11,053	5,738
		42,335	10,526	11,263	5,836
Current assets					
Stock – finished goods		587	16	-	-
Debtors	11	8,284	2,482	4,507	214
Short-term investments	14,26	49,500	-	49,500	-
Cash at bank and in hand	14,26	3,340	5,316	1,992	4,030
		61,711	7,814	55,999	4,244
Creditors: amounts falling due within one year	12	(8,309)	(3,750)	(1,684)	(300)
Net current assets		53,402	4,064	54,315	3,944
Total assets less current liabilities		95,737	14,590	65,578	9,780
Creditors: amounts falling due after more than one year	13	(245)	(25)	-	-
Provisions for liabilities and charges	15	(2,696)	-	(1,461)	-
Net assets	1	92,796	14,565	64,117	9,780
Capital and reserves					
Called up share capital	16,17	493	319	493	319
Shares to be issued	17	80	-	80	-
Share premium account	17	72,220	11,517	72,220	11,517
Merger reserve	17	34,844	4,937	-	-
Profit and loss account	17	(14,688)	(2,144)	(8,676)	(2,056)
Total equity shareholders' funds		92,949	14,629	64,117	9,780
Minority interests	19	(153)	(64)	-	-
Capital employed		92,796	14,565	64,117	9,780

The financial statements on pages 36 to 64 were approved by the Board of Directors on 2 June 2000 and were signed on its behalf by:

Martin Turner
Finance Director



Group Cash Flow Statement
for the year ended 31 March 2000

	Notes	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Net cash outflow from operating activities	24	(7,463)	(701)
Returns on investments and servicing of finance			
Interest received		890	48
Interest paid		(10)	(1)
		880	47
Taxation		(265)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(819)	(269)
Purchase of intangible fixed assets		(410)	-
Receipt from sale of tangible fixed assets		-	5
		(1,229)	(264)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(5,216)	(5,675)
Net (overdraft)/cash acquired with subsidiary undertakings		(192)	1,258
		(5,408)	(4,417)
Cash outflow before use of liquid resources and financing		(13,485)	(5,335)
Management of liquid resources			
Increase in short-term deposits		(49,500)	-
Financing			
Issue of shares		66,362	10,427
Cost of share issue		(5,527)	(506)
Capital element of finance lease rental payments		(33)	(3)
		60,802	9,918
(Decrease)/increase in cash in the period	26	(2,183)	4,583

Notes to the Financial Statements

for the year ended 31 March 2000

Principal Accounting Policies

Basis of accounting

These financial statements have been prepared under the historical cost convention, in accordance with currently applicable Accounting Standards in the United Kingdom.

The principal accounting policies adopted by the Group are described below.

Basis of consolidation

The Group financial statements consolidate the accounts of the Company and its subsidiary undertakings, which are set out on pages 48 and 49. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-Group sales and profits are eliminated fully on consolidation. All companies over which the Group actually exercises dominant influence are consolidated as subsidiary undertakings. Dominant influence is defined as the ability to give directions with respect to operating and financial policies.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

A separate profit and loss account of 365 Corporation plc itself is not presented, as permitted by Section 230 of the Companies Act.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is capitalised on the Group balance sheet and amortised in equal instalments over its estimated useful economic life. The expected useful economic life is generally assumed to be 18 months for internet businesses and five years for telecommunications businesses. The useful economic life is assessed for each acquisition as it arises.

Other intangible fixed assets

Intangible assets (including brand names, customers and telephone numbers) acquired by the Group are capitalised and amortised over their expected useful economic lives. The expected useful economic life of acquired audiotext brand names and telephone numbers is generally assumed to be three years. The useful economic lives for other intangible assets are assessed for each acquisition as it arises.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation or fair value on acquisition. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life by equal instalments, as follows:

Freehold buildings	over 20 years
Motor vehicles	over 4 years
Fixtures, fittings and office equipment	over 3 years
Leasehold improvements	over the lower of 2-3 years and the remaining period of the lease

Investments

Long-term investments, held as fixed assets, are stated at cost less provision for any impairment in value.

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred. Provision is made for obsolete and slow moving items.

Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated into sterling at average rates for the year. The assets and liabilities are translated at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the retranslation of the net investment in overseas subsidiary undertakings are taken to reserves and are reported in the statement of total recognised gains and losses. Other foreign exchange gains or losses are taken to the profit and loss account in the year in which they arise.

Hire purchase obligations, finance leases and operating leases

Assets acquired under hire purchase contracts and finance leases are recorded as tangible fixed assets in the balance sheet. The obligations to pay future capital instalments are shown in creditors and are analysed between amounts falling due within one year and amounts falling due after more than one year. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. The amount capitalised in respect of finance leases is the present value of the minimum lease payments payable during the lease term. The amount capitalised in respect of hire purchase agreements is the purchase price of the asset. Rents payable under operating leases are charged to the profit and loss account in the year in which they are incurred.

Pensions

A Group company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions payable are charged in the profit and loss account in the year in which they are incurred.

Deferred taxation

Deferred taxation is provided at appropriate rates on all material timing differences using the liability method to the extent that, in the opinion of the Directors, there is a reasonable probability that a liability will crystallise in the foreseeable future.

Turnover

Turnover represents the invoiced amount, net of Value Added Tax, of goods sold and services provided to customers.

Revenue recognition

Revenue from telecommunication services is recognised when the Group has determined that users have accessed its services via a telephone carrier network and/or the Group's telecommunication call processing equipment connected to that network. Revenue from the sale and installation of telecommunications equipment is recognised when the system is installed. Cost of sales includes media costs, network charges, payments to subcontractors, production costs and facility costs and is expensed in the accounting period in which the related revenues are generated.

Revenue from advertising is recognised on an individual bookings basis. When the Group invoices for an entire campaign advertising revenue is matched against the costs incurred in the campaign.

Advertising costs

The Group places direct-response advertisements to promote its services in a variety of media, including television, radio, magazines, newspapers and other publications. The costs of such advertising are expensed on the date on which the advertisements first appear in the relevant media.

Notes to the Financial Statements

for the year ended 31 March 2000

Research and development

Research and development expenses include expenses incurred by the Group to develop and enhance its web sites and systems. Research and development costs are expensed as incurred.

Related party transactions

Financial Reporting Standard 8, "Related Party Transactions", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Group has taken advantage of exemptions under Financial Reporting Standard 8 not to disclose transactions between Group Companies.

Costs of share option schemes

Under UITF 17 the Company is required to recognise as a charge to the profit and loss account the amount by which the fair market value of any shares or share options issued exceeds their respective issue or exercise price on the date of the grant. The charge is spread over the period of service to which the performance relates.

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions and similar taxes on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's shares at the balance sheet date.

Financial instruments

The Group's financial assets and liabilities are recorded at historical cost, apart from the net assets and liabilities of overseas subsidiary undertakings, which are translated into sterling at rates of exchange ruling at the balance sheet date.

1 Segmental analysis

Turnover, loss before taxation and net assets are classified below by class of business and by geographical area by origin, which is not materially different from its destination.

Business Analysis	Consumer Division		Business Division		Group Overhead		Total Group	
	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Turnover								
Internet	1,537	228	-	-	-	-	1,537	228
Audiotext	13,139	1,711	-	-	-	-	13,139	1,711
Business services	-	-	7,701	649	-	-	7,701	649
Other	43	-	-	-	-	-	43	-
	14,719	1,939	7,701	649	-	-	22,420	2,588
Continuing operations	14,555	1,939	7,083	649	-	-	21,638	2,588
Acquisitions	164	-	618	-	-	-	782	-
Cost of sales	7,235	1,116	5,375	464	-	-	12,610	1,580
Gross profit	7,484	823	2,326	185	-	-	9,810	1,008
Administrative expenses before goodwill amortisation, NIC and similar taxes on share options and shares issued at below market value	9,382	1,353	3,884	283	2,453	235	15,719	1,871
Operating loss before goodwill amortisation, NIC and similar taxes on share options and shares issued at below market value	(1,898)	(530)	(1,558)	(98)	(2,453)	(235)	(5,909)	(863)
Goodwill amortisation	(4,338)	(270)	(759)	(68)	-	-	(5,097)	(338)
Provision for NIC and similar taxes on share options	(814)	-	(691)	-	(1,191)	-	(2,696)	-
Shares issued at below market value	-	-	-	-	(2,261)	-	(2,261)	-
Continuing operations	(3,426)	(800)	(2,203)	(166)	(5,905)	(235)	(11,534)	(1,201)
Acquisitions	(3,624)	-	(805)	-	-	-	(4,429)	-
Operating loss	(7,050)	(800)	(3,008)	(166)	(5,905)	(235)	(15,963)	(1,201)
Net interest receivable/(payable)	20	1	(9)	-	1,197	46	1,208	47
Loss on ordinary activities before taxation	(7,030)	(799)	(3,017)	(166)	(4,708)	(189)	(14,755)	(1,154)
Net assets/(liabilities)								
Continuing operations	8,674	10,799	1,632	(347)	49,788	4,113	60,094	14,565
Acquisitions	27,663	-	5,039	-	-	-	32,702	-
Net assets/(liabilities), including allocated goodwill	36,337	10,799	6,671	(347)	49,788	4,113	92,796	14,565

The 1999 comparatives include the results of the Symphony group for the two-month period since acquisition in February 1999.

Notes to the Financial Statements

for the year ended 31 March 2000

1 Segmental analysis (continued)

	Turnover		Loss before taxation		Net assets/(liability)	
	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000	At 31 March 2000 £'000	At 31 March 1999 £'000
Geographical analysis						
Continuing operations						
United Kingdom	21,281	2,480	(9,750)	(1,160)	60,109	14,634
Germany	93	51	(45)	(6)	31	(67)
Germany	263	57	(41)	12	24	(2)
South Africa	1	-	(489)	-	(70)	-
	21,638	2,588	(10,325)	(1,154)	60,094	14,565
Acquisitions						
United Kingdom	672	-	(2,508)	-	31,605	-
France	90	-	(1,624)	-	125	-
USA	20	-	(298)	-	972	-
	782	-	(4,430)	-	32,702	-
Total group	22,420	2,588	(14,755)	(1,154)	92,796	14,565

2 Cost of sales, gross profit and administrative expenses

	Year to 31 March 2000			8 months to 31 March 1999
	Continuing £'000	Acquisitions £'000	Total £'000	Total £'000
Turnover	21,638	782	22,420	2,588
Cost of sales	(12,255)	(355)	(12,610)	(1,580)
Gross profit	9,383	427	9,810	1,008
Administrative expenses before goodwill amortisation, provision for NIC and similar taxes on share options and shares issued at below market value	(14,456)	(1,263)	(15,719)	(1,871)
Goodwill amortisation	(2,027)	(3,070)	5,097	(338)
Provision for NIC and similar taxes on share options	(2,173)	(523)	(2,696)	-
Shares issued at below market value	(2,261)	-	(2,261)	-
Total administrative expenses	(20,917)	(4,856)	(25,773)	(2,209)
Operating loss	(11,534)	(4,429)	(15,963)	(1,201)

The Group's operating loss is stated after charging:

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Staff costs (note 4)	4,740	1,082
Depreciation of tangible owned fixed assets	374	70
Depreciation of tangible leased fixed assets	34	2
Amortisation of intangible fixed assets	5,130	338
Loss on disposal of tangible fixed assets	8	-
Operating lease rentals - equipment	68	8
Operating lease rentals - land and buildings	217	46
Research and development costs	755	-
Auditors' remuneration - audit - current auditors	105	-
Auditors' remuneration - audit - former auditors	49	47
Auditors' remuneration - non-audit services - current auditors	325	-
Auditors' remuneration - non-audit services - former auditors	-	90

Current auditors non-audit remuneration above excludes £63,000 of costs relating to acquisitions of subsidiary undertakings which have been capitalised as part of the net investment and £587,000 of costs relating to the listing of the Company on the London Stock Exchange, which have been charged to the share premium account.

3 Net interest receivable

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Interest receivable		
Bank interest receivable	1,218	48
Interest payable		
On bank loans and overdrafts	(1)	-
On finance leases	(9)	(1)
	(10)	(1)
Interest receivable	1,208	47

4 Staff costs

Details of Directors' emoluments, share options and interests in shares are given in the Remuneration Report on pages 31 to 34 and form part of the financial statements. The average monthly number of employees (including Directors) employed by the Group during the period was:

	Year to 31 March 2000 Number	8 months to 31 March 1999 Number
Technical support	27	9
Customer services	124	22
Administration and management	86	26
	237	57
	£'000	£'000
Staff costs for the above persons are:		
Wages & salaries	4,234	994
Social security costs	501	88
Other pension costs	5	-
	4,740	1,082

5 Taxation

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Corporation tax based on the loss for the period was as follows:		
UK Corporation tax at 30% (1999: 31%)	6	4

At 31 March 2000 the Group had accumulated UK tax losses of approximately £6,758,000 – and overseas losses of approximately £1,300,000 – available to offset against future trading profits in certain Group companies.

6 Losses of Holding Company

Of the loss for the financial period, a loss of £8.696m (1998: £1.001m) is dealt with in the accounts of 365 Corporation plc. The Directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the Company alone.

Notes to the Financial Statements

for the year ended 31 March 2000

7 Loss per share

Basic loss per share Basic loss per ordinary share is calculated on the basis of the weighted average of 154,120,345 (1999: 67,941,356) ordinary shares in issue during the year and the loss for the financial period, after minority interests of, £14,603,000 (1999: £1,120,000). The comparative weighted average number of shares and loss per share has been adjusted for the four-for-one share split in November 1999.

Adjusted loss per share Adjusted loss per ordinary share is shown by reference to earnings before goodwill amortisation, provision for NIC and similar taxes on share options and shares issued at below market value, since the Directors consider that this gives a more meaningful measure of the underlying performance of the Group. Loss before goodwill amortisation, provision for NIC and similar taxes on share options and shares issued at below market value is calculated as follows:

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Loss for the financial period	(14,603)	(1,120)
Goodwill amortisation	5,097	338
Provision for NIC and similar taxes on share options	2,696	-
Shares issued at below market value	2,261	-
Adjusted loss	(4,549)	(782)

Diluted loss per share None of the contingently issuable shares or share options gives rise to a dilution in the loss per share due to the losses made in the year.

8 Intangible fixed assets

Group	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost			
At 1 April 1999	10,136	-	10,136
Additions	35,582	410	35,992
At 31 March 2000	45,718	410	46,128
Amortisation			
At 1 April 1999	338	-	338
Charge for the year	5,097	33	5,130
At 31 March 2000	5,435	33	5,468
Net book value			
At 31 March 2000	40,283	377	40,660
At 31 March 1999	9,798	-	9,798

The goodwill arising on acquisitions during the year is being amortised on a straight-line basis over the following periods, over which the Directors estimate that the value of the underlying businesses acquired is expected to exceed the value of the underlying net assets acquired:

8 Intangible fixed assets (continued)

Company acquired	Nature of business	Amortisation period
Symphony Telecommunications plc	Audiotext and business services	5 years
Fenfonex Limited	Business services	5 years
Datanet Holdings Limited	Holding Company	18 months
Datanet Marketing Services Limited	Internet	18 months
e-Merchants Incorporated	Internet	18 months
Oxalis Limited	Internet	18 months
365 France SA (formerly C-Sport Communications SA)	Internet	18 months
Electron Libre	Business services (internet)	18 months

During February 1999 the Group acquired 365 plc (formerly Symphony Telecommunications plc), an audiotext and telecommunications business, the goodwill arising thereon is being amortised over five years.

The other intangible assets represent brand names, customers and telephone numbers acquired during the year. The useful economic lives of these assets are expected to be three years.

Company The Company had no intangible fixed assets during the period (1999: Nil).

9 Tangible fixed assets

Group	Freehold buildings £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 1999	–	29	1,247	30	1,306
Additions	–	1	817	1	819
Acquisitions	18	47	484	–	549
Exchange adjustments	(3)	–	(2)	–	(5)
Disposals	–	–	(73)	–	(73)
At 31 March 2000	15	77	2,473	31	2,596
Depreciation					
At 1 April 1999	–	13	558	7	578
Charge for the year	–	9	392	7	408
Disposals	–	–	(65)	–	(65)
At 31 March 2000	–	22	885	14	921
Net book value					
At 31 March 2000	15	55	1,588	17	1,675
At 31 March 1999	–	16	689	23	728

The net book value of tangible fixed assets includes £314,000 (1999: £6,000) in respect of assets held under finance lease contracts.

Notes to the Financial Statements

for the year ended 31 March 2000

9 Tangible fixed assets (continued)

Company	Leasehold improvements £'000	Fixture, fittings and equipment £'000	Total £'000
Cost			
At 1 April 1999	25	115	140
Additions	1	182	183
At 31 March 2000	26	297	323
Depreciation			
At 1 April 1999	8	34	42
Charge for the year	9	62	71
At 31 March 2000	17	96	113
Net book value			
At 31 March 2000	9	201	210
At 31 March 1999	17	81	98

10 Fixed asset investments in Group undertakings

Company	31 March 2000 £'000
Cost	
At 1 April 1999	5,738
Additions	5,315
At 31 March 2000	11,053
Amounts written off at 1 April 1999 and 31 March 2000	
	-
Net book value 31 March 2000	11,053
Net book value 31 March 1999	5,738

Advantage has been taken of merger relief rules and shares issued as consideration for acquisitions are accounted for at nominal value. On consolidation the difference between the fair value and nominal value of the shares is transferred to a merger reserve (note 17).

The Group holds more than 10% of the equity of the following undertakings:

Subsidiary undertakings:	Country of incorporation	Class of holdings	Principal activity	Percentage of voting shares held by	
				365 Corporation plc	Subsidiary undertaking
365 plc	England & Wales	Ordinary	Audiotext	100%	-
Symphony Telecom Limited (formerly Telecom 365 Limited)	England & Wales	Ordinary	Business services	-	100%
Symphony Telecom GmbH	Germany	Ordinary	Audiotext	-	100%
Phonetime Services Limited	England & Wales	Ordinary	Audiotext	-	100%
Symphony Telecom Systems Limited*	England & Wales	Ordinary	-	-	100%
Symphony Chile SA	Chile	Ordinary	Audiotext	-	100%
Datanet Holdings Limited	England & Wales	Ordinary	Holding company	100%	-
Datanet Marketing Services Limited	England & Wales	Ordinary	Internet	-	100%

10 Investments in Group undertakings (continued)

Subsidiary undertakings:	Country of incorporation	Class of holdings	Principal activity	Percentage of voting shares held by	
				Corporation 365 plc	Subsidiary undertaking
Fenphones Limited	England & Wales	Ordinary	Business services	100%	–
Datacom Networks Limited	England & Wales	Ordinary	Business services	50%	50%
Oxalis Limited	England & Wales	Ordinary	Internet	100%	–
e-Merchants Incorporated	USA	Ordinary	Internet	100%	–
365 France SA	France	Ordinary	Internet	100%	–
Electron Libre SARL	France	Ordinary	Business services	100%	–
365 Digital Publishing (Proprietary) Limited	South Africa	Ordinary	Internet	100%	–
Telenet	Ireland	Ordinary	Business services	–	100%
365.com Limited*	England & Wales	Ordinary	–	100%	–
Casmain Limited*	England & Wales	Ordinary	–	100%	–
365 Digital Limited*	England & Wales	Ordinary	–	100%	–
Salabia Limited*	England & Wales	Ordinary	–	100%	–
Symphony Telecom Ireland Limited*	Ireland	Ordinary	–	–	100%
Vocal World SA*	Belgium	Ordinary	–	50%	–
Spectrum Telecom for Business Limited*	England & Wales	Ordinary	–	–	50%‡
BDR Networks Limited†	England & Wales	Ordinary	Business services	–	50%‡
G Telecommunications Limited†	England & Wales	Ordinary	Business services	–	50%‡
Compass Telecom Limited†	England & Wales	Ordinary	Business services	–	50%‡
NT Independent Networks Limited†	England & Wales	Ordinary	Business services	–	50%‡
Lloyd Network Services Limited†	England & Wales	Ordinary	Business services	–	50%‡
Essential Network Solutions Limited†	England & Wales	Ordinary	Business services	–	50%‡
Unitel Network Services Limited†	England & Wales	Ordinary	Business services	–	50%‡
Network Business Call Limited†	England & Wales	Ordinary	Business services	–	50%‡
Advance Network Services Limited†	England & Wales	Ordinary	Business services	–	50%‡

* Non-trading companies.

† Companies consolidated on the basis of actual exercise of dominant influence.

‡ Represents percentage of voting rights held. The Group also holds 50% of participating shares in each company, with the exception of G Telecommunications Limited and Compass Telecom Limited where the percentage of participating shares held is 47.5% and 46% respectively.

In respect of each of the subsidiary undertakings consolidated on the basis of actual dominant influence, budgets and key financial matters are determined by the Group. The Group also determines key strategic and operational decisions such as product offering, customer acceptance and provides substantially all of the back office support.

Owing to administrative delays, 365 France SA's financial period ended on 31 December 1999, but interim accounts to 31 March were drawn up for consolidation purposes.

All companies operate principally in their country of incorporation and are considered to be subsidiary undertakings.

Notes to the Financial Statements

for the year ended 31 March 2000

11 Debtors

	Group		Company	
	31 March 2000 £'000	31 March 1999 £'000	31 March 2000 £'000	31 March 1999 £'000
Trade debtors	3,477	979	537	36
Other debtors	1,501	574	207	78
Amounts due from subsidiary undertakings	-	-	3,117	-
Prepayments and accrued income	3,306	929	646	100
	8,284	2,482	4,507	214
Included in debtors are amounts due in more than one year:				
Other debtors	-	26	-	26

12 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2000 £'000	31 March 1999 £'000	31 March 2000 £'000	31 March 1999 £'000
Bank overdraft (see below)	207	-	-	-
Obligations under hire purchase and finance leases	114	21	-	-
Trade creditors	4,127	1,835	996	135
Amounts owed to Group undertakings	-	-	42	12
UK Corporation tax	5	264	-	2
Other taxation and social security	502	540	199	32
Other creditors	673	295	2	-
Accruals and deferred income	2,681	795	445	119
	8,309	3,750	1,684	300

The bank overdraft was acquired following the purchase of Fenfones Limited and is unsecured and due on demand.

13 Creditors: amounts falling due after more than one year

	Group		Company	
	31 March 2000 £'000	31 March 1999 £'000	31 March 2000 £'000	31 March 1999 £'000
Obligations under hire purchase agreements and finance leases	245	25	-	-
	245	25	-	-
Obligations under hire purchase agreements and finance leases:				
Amount payable				
Expiring within one year	114	21	-	-
Expiring within one to two years	123	25	-	-
Expiring within two to five years	122	-	-	-
	359	46	-	-

14 Financial instruments

The Group's treasury policy requires that funds are invested in short-term deposit accounts with AA rated banks or building societies with net assets exceeding £1bn, to ensure that funds are available to meet current and future operating requirements.

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 period under review, the Group's policy that no trading in financial instruments shall be undertaken. Similarly the Group did not undertake any financial hedging arrangements during the period under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year end. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and foreign currency risk.

The Group monitors its liquidity risk and interest rate risk on cash deposits primarily through cash flow forecasting. Cash at bank is pooled and invested in money market accounts and deposits. Foreign currency risk is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes.

Liquidity risk Through cash flow forecasting and acquisition planning, the Group monitors working capital and capital expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations and the cash element of acquisition considerations as they fall due.

Interest rate risk The Group finances its operations through shareholders' equity and working capital. Throughout the period the Group had no borrowings, other than finance leases and a bank overdraft and its only material exposure to interest rate fluctuations was on its cash deposits and short-term investments.

Foreign currency risk The Group's principal exposure to exchange rate fluctuations arises on the translation of overseas net assets and losses into sterling for accounting purposes. This accounting risk is managed by taking differences that arise on the retranslation of the net overseas investments to reserves.

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

Notes to the Financial Statements

for the year ended 31 March 2000

14 Financial instruments (continued)

Financial assets The currency and interest rate profile of the Group's financial assets at 31 March 2000 and 31 March 1999 were:

	Cash at bank and in hand £'000	2000 Short-term investments £'000	Total £'000	Cash at bank and in hand £'000	1999 Short-term investments £'000	Total £'000
Sterling	2,967	49,500	52,467	4,900	—	4,900
US Dollar	175	—	175	300	—	300
EU currencies (other than Sterling)	197	—	197	109	—	109
Other currencies	1	—	1	7	—	7
At 31 March	3,340	49,500	52,840	5,316	—	5,316

	Cash at bank and in hand £'000	2000 Short-term investments £'000	Total £'000	Cash at bank and in hand £'000	1999 Short-term investments £'000	Total £'000
Floating rate	3,340	—	3,340	2,672	—	2,672
Fixed rate	—	49,500	49,500	2,644	—	2,644
At 31 March	3,340	49,500	52,840	5,316	—	5,316

The short-term investments represent fixed rate short-term deposits which are placed with financial institutions on a rolling basis and earn interest at an average 6.106% per annum. Floating rate cash earns interest based on relevant national LIBOR equivalents.

Financial liabilities The financial liabilities of the Group are finance leases, a bank overdraft acquired as part of the net assets of Fenfones Limited and provision for NIC and similar taxes on share options. The bank overdraft bears interest at 3% above the bank's base lending rate. It is the Group's policy to settle any loans and overdrafts acquired with subsidiary undertakings as part of their incorporation into the Group. The interest rate on the finance leases is fixed and the average rate for the period to 31 March 2000 was approximately 6%. The provision for NIC and similar taxes on share options does not bear interest.

The interest rate risk and maturity profile of the Group's financial liabilities, which are all denominated in sterling, at 31 March 2000 was:

	Bank overdraft £'000	Finance leases £'000	Provision for NIC and similar taxes on share options £'000	31 March 2000 Total £'000	31 March 1999 Total £'000
Floating rate financial liabilities	207	—	—	207	—
Fixed rate financial liabilities	—	359	—	359	46
Financial liabilities on which no interest is paid	—	—	2,696	2,696	—
	207	359	2,696	3,262	46
Maturity profile:					
Within one year, or on demand	207	114	—	321	21
Between one and two years	—	123	1,348	1,471	25
Between two and five years	—	122	1,348	1,470	—
Over five years	—	—	—	—	—
	207	359	2,696	3,262	46

14 Financial instruments (continued)

All the Group's creditors falling due within one year (other than the bank overdraft and finance leases) are excluded from the above table due to the exclusion of short-term items.

Borrowing facilities The Group has no borrowing facilities except in relation to the overdraft acquired with Fenfonos. This has been repaid since the year end and the facilities will no longer be used.

Fair value of financial assets and liabilities The fair values of the financial assets and liabilities approximate to their book values.

15 Provisions for liabilities and charges

	Group £'000	Provision for NIC and similar taxes on share options Company £'000
At 1 April 1999	-	-
Charged to profit and loss account	2,696	1,461
At 31 March 2000	2,696	1,461

On exercise of share options issued after 6 April 1999, the Company will be required to pay National Insurance on the difference between the exercise price and market value of the shares issued for employees subject to UK taxation. In addition a provision has also been made for similar social security taxes affecting employees not subject to UK taxation. The Company will become unconditionally liable to pay the National Insurance and other similar taxes upon exercise of the options, which are exercisable over a period of up to ten years from the date of grant. The Company makes a provision following the grant of options, as opposed to on vesting or exercise, and adjusts it according to the market value of the Company's shares at each subsequent balance sheet date.

Maturity profile of provisions	Group £'000	Company £'000
Within one year	-	-
Between one and two years	1,348	730
Between two and five years	1,348	731
Over five years	-	-
	2,696	1,461

Deferred tax	Group £'000	Company £'000
Provision for deferred tax comprises:		
Accelerated capital allowances	18	6
Losses available to offset against deferred taxation	(18)	(6)
	-	-

Total unprovided amounts of deferred taxation are as follows:	Group £'000	Company £'000
Accelerated capital allowances	18	6
Losses available to offset against deferred taxation	(2,501)	(1,191)
Unprovided deferred tax asset	(2,483)	(1,185)

Notes to the Financial Statements

for the year ended 31 March 2000

16 Share capital

Company and Group	31 March 2000 £'000	31 March 1999 £'000
Authorised		
600,000,000 (1999: 170,000,000*) ordinary shares of 0.25p each	1,500	425

The authorised share capital was split on a four-for-one basis and increased by special resolution on 18 November 1999. The comparative for 1999 has been adjusted for the share split.

Allotted, called up and fully paid

Date of issue and share type	Number of shares	Nominal value £'000	Consideration received £'000
Ordinary shares of 0.25p each			
As at 1 April 1999	127,693,348*	319	
10 May 1999	6,875,000*	17	1,650
27 May 1999	1,837,512*	5	441
2 June 1999	208,332*	1	50
1 July 1999	642,292*	2	154
2 July 1999	80,000*	-	19
16 July 1999	756,876*	2	199
26 July 1999	800,196*	2	240
29 July 1999	2,800,000*	7	-
10 November 1999	1,600,000*	4	4
2 December 1999	39,746,875	99	63,595
31 January 2000	351,562	1	-
24 February 2000	12,420,000	31	-
29 February 2000	1,193,317	3	-
13 March 2000	69,204	-	-
22 March 2000	32,000	-	3
31 March 2000	80,500	-	7
As at 31 March 2000	197,187,014	493	66,362

* The number of shares has been restated to reflect the four-for-one share split on 18 November 1999.

The shares issued between 10 May 1999 and 26 July 1999 relate to private placings of shares in order to raise additional working capital. Costs of £150,510 were offset against the premium on the placings.

On 23 July 1999, the Company acquired the entire issued share capital of 365 France SA (formerly C-Sports Communications SA) and Electron Libre SARL. The consideration for the acquisition was £840,000 satisfied by the allotment of 2,800,000 ordinary shares of 0.25p each (after the four-for-one share split). Costs of £30,345 were offset against the merger reserve arising from the share issue on 29 July 1999. Under the terms of the acquisition agreement a refund of £15,181 was received following completion of the warranty period.

16 Share capital (continued)

On 10 November 1999 the Company allotted 1,600,000 ordinary shares of 0.25p each (after the four-for-one share split) to Danny Kelly and Simon Morris at nominal value. In accordance with UITF 17 the difference between the market value of the shares and the consideration paid has been charged directly to the profit and loss account.

On 2 December 1999 the Company was floated on the London Stock Exchange. The Company issued 39,746,875 ordinary shares at an issue price of 160p which, after deduction of flotation expenses, raised net proceeds of £58,216,316. This includes the exercise of the over-allotment of 5,184,375 shares on 15 December 1999.

On 24 December 1999 the Company acquired the entire issued share capital of e-Merchants Incorporated. The consideration for the acquisition was £1,018,483 satisfied by £139,578 in cash and £878,905 by the allotment of 351,562 ordinary shares of 0.25p each. Costs of £46,209 were offset against the merger reserve arising from the share issue on 31 January 2000. A further consideration of up to 195,313 shares is contingent on e-Merchants meeting certain revenue targets, the fair value of the proportion of shares expected to be issued is currently assessed as £80,000.

On 24 February 2000 the Company acquired the entire issued share capital of Datanet Holdings Limited. The consideration for the acquisition was £27,713,200 satisfied by £2,128,000 cash and £25,585,200 by the allotment of 12,420,000 ordinary shares of 0.25p each. Costs of £230,313 were capitalised as part of the investment.

On 29 February 2000 the Company acquired the entire issued share capital of Fenfones Limited. The consideration for the acquisition was £4,984,200 satisfied by £2,520,000 in cash and £2,464,200 by the allotment of 1,193,317 ordinary shares of 0.25p each. Costs of £68,510 were capitalised as part of the investment.

On 13 March 2000 the Company acquired the entire issued share capital of Oxalis Limited. The consideration for the acquisition was £224,930 satisfied by £45,000 in cash and £179,930 by the allotment of 69,204 ordinary shares of 0.25p each. Costs of £1,125 were capitalised as part of the investment.

On 22 March 2000 the Company issued 32,000 ordinary shares to employees following the exercise of share options granted in 1998.

On 31 March 2000 the Company issued 80,500 ordinary shares to employees following the exercise of share options granted in 1998.

Notes to the Financial Statements

for the year ended 31 March 2000

17 Shares capital and reserves

Group	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
Balance at 1 April 1999	319	—	11,517	4,937	(2,144)
Loss for the year	—	—	—	—	(14,603)
Exchange differences	—	—	—	—	(17)
Shares issued at below market value	4	—	—	—	2,076
Shares issued as part of fundraising exercises	126	—	66,221	—	—
Costs incurred on issue of shares as part of fundraising exercises	2	—	(5,527)	—	—
Shares issued under the share option schemes	—	—	9	—	—
Shares issued in connection with the acquisition of subsidiary undertakings	42	—	—	29,907	—
Contingent share consideration in respect of the acquisition of a subsidiary undertaking	—	80	—	—	—
Balance at 31 March 2000	493	80	72,220	34,844	(14,688)

Shares to be issued represent the contingent consideration, in respect of the acquisition of e-Merchants Incorporated, of up to 195,313 shares payable on meeting certain revenue targets. The directors have valued this contingency at £80,000.

Company	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Profit and loss account £'000
Balance at 1 April 1999	319	—	11,517	(2,056)
Loss for the year	—	—	—	(8,696)
Shares issued at under value	4	—	—	2,076
Shares issued as part of fundraising exercises	126	—	66,221	—
Costs incurred on issue of shares as part of fundraising exercises	2	—	(5,527)	—
Shares issued under the share option schemes	—	—	9	—
Shares issued in connection with the acquisition of subsidiary undertakings	42	—	—	—
Contingent share consideration in respect of the acquisition of a subsidiary undertaking	—	80	—	—
Balance at 31 March 2000	493	80	72,220	(8,676)

18 Share options

The number of shares subject to options, the period in which they were granted and the periods in which they may be exercised is given below:

Period of grant	Exercise price (pence)*	Exercise period	31 March 2000	31 March 1999*
Period ended 31 July 1998	0.75 – 10.6	2000–2005	1,920,832	2,033,332
8 months to 31 March 1999	11.9	2001–2006	325,600	419,600
30 April 1999	20.0	2001–2006	3,983,000	–
10 June 1999	24.0	2001–2006	100,000	–
20 August 1999	30.0	2001–2006	742,000	–
8 September 1999	43.8	2001–2006	137,000	–
14 September 1999	50.0	2001–2006	336,500	–
12 October 1999	62.5	2001–2006	3,402,680	–
13 October 1999	75.0	2001–2006	267,100	–
10 November 1999	142.5	2001–2006	4,066,404	–
30 November 1999	160.0	2002–2009	1,564,400	–
23 December 1999	250.0	2002–2009	100,000	–
26 January 2000	196.5	2003–2010	180,000	–
24 February 2000	206.0	2003–2010	200,000	–
29 February 2000	206.5	2003–2010	365,000	–
13 March 2000	286.0	2003–2010	50,000	–
31 March 2000	212.5	2003–2010	1,464,586	–
Year to 31 March 2000			16,958,678	–
			19,205,102	2,452,932

*After adjusting for the four-for-one share split in November 1999.

On 22 March 2000 32,000 options and on 31 March 2000 80,500 options were exercised at a price of 8.625 pence per share. In addition, 94,000 options lapsed during the year.

19 Minority interests

	31 March 2000 £'000	31 March 1999 £'000
Balance at 1 April 1999	(64)	–
Minority share of losses for the year	(158)	(38)
Minority interest acquired following acquisition of subsidiary undertaking	–	(26)
Minority interest acquired following acquisition of remaining shares in joint venture undertaking	69	–
	(153)	(64)

As part of the acquisition of Fenfones Limited, the remaining 50% of the shares of Datacom Network Limited were acquired. Datacom has been consolidated prior to the date of acquisition of the remaining share capital on the basis of dominant influence.

Notes to the Financial Statements

for the year ended 31 March 2000

20 Acquisitions

The Group purchased the entire issued share capital of six companies (note 8), 50% of a new joint venture and the remaining 50% share of an existing joint venture during the year for a total consideration, including costs, of £35,244,000. Total net liabilities acquired amounted to £307,000 and fair value adjustments required to the book values of the assets and liabilities of the companies acquired in order to present the net liabilities of those companies at fair values in accordance with Group accounting principles were £31,000.

(a) Acquisition of 365 France SA (formerly C-Sports Communication SA) The entire issued share capital of 365 France SA was acquired for a total consideration of £825,000 on 23 July 1999. From the date of acquisition 365 France SA contributed £41,000 to turnover and £699,000 to operating loss. C-Sports consumed £578,000 of the Groups' net operating cash outflow and utilised £27,000 for capital expenditure.

For the period from incorporation to the date of acquisition, 365 France SA's unaudited management accounts show:

	£'000		
Turnover			23
Loss attributable to shareholders			(107)
The loss attributable to shareholders equates to the operating loss for the period.			
	Initial book value £'000	Accounting policy alignment £'000	Fair value £'000
Tangible fixed assets	7	-	7
Intangible fixed assets	25	(25)	-
Debtors	18	-	18
Cash at bank	(4)	-	(4)
Creditors	(127)	-	(127)
Net liabilities acquired	(81)	(25)	(106)
Goodwill			931
Consideration			825
Consideration satisfied by:			
Shares issued			810
Acquisition costs			30
Cash refunded			(15)
			825

The book value of the assets and liabilities have been taken from the management accounts of 365 France SA – at the date of acquisition at actual exchange rates on that date.

The fair value adjustment for alignment of accounting policies reflects the write off of capitalised software licences and development costs in accordance with the Group's policy. There were no other fair value adjustments.

(b) Acquisition of e-Merchants Incorporated The entire issued share capital of e-Merchants Incorporated ("e-Merchants") was acquired for a total estimated consideration of £1,145,000 on 24 December 1999. From the date of acquisition e-Merchants contributed £20,000 to turnover and £91,000 to operating loss and consumed £90,000 of the Groups' net operating cash outflow.

In its last financial year to 31 December 1998, e-Merchants made a net loss after tax of £3,000. For the period from incorporation to the date of acquisition, e-Merchants' unaudited management accounts show:

20 Acquisitions (continued)

	£'000		
Turnover	8		
Loss attributable to shareholders	(70)		
The loss attributable to shareholders equates to the operating loss for the period.			
	Initial book value £'000	Accounting policy alignment £'000	Fair value £'000
Tangible fixed assets	3	—	3
Debtors	5	—	5
Cash at bank	56	—	56
Stock	5	—	5
Creditors	(83)	—	(83)
Net liabilities acquired	(14)	—	(14)
Goodwill	1,159		
Consideration	1,145		
Consideration satisfied by:			
Shares issued	879		
Contingent share consideration	80		
Cash	140		
Acquisition costs	46		
	1,145		

The book value of the assets and liabilities have been taken from the management accounts of e-Merchants at the date of acquisition at actual exchange rates on that date.

The book value of the Company's assets and liabilities at the date of acquisition reflect their fair values. The contingent share consideration is based on meeting certain revenue targets, the fair value of which is currently assessed as £80,000 and is shown on the balance sheet as shares to be issued.

(c) **Acquisition of Datanet group** The entire issued share capital of Datanet Holdings Limited and its subsidiary Datanet Marketing Services Limited ("Datanet") was acquired for a total consideration of £27,943,000 on 24 February 2000. From the date of acquisition Datanet contributed £113,000 to turnover and £111,000 to operating loss and consumed £113,000 of the Groups' net operating cash outflow.

Notes to the Financial Statements

for the year ended 31 March 2000

20 Acquisitions (continued)

In its last financial year to 31 March 1999, Datanet made a net loss after tax of £300,000. For the period since that date to the date of acquisition, Datanet's unaudited management accounts show:

	£'000		
Turnover			506
Loss attributable to shareholders			(783)
The loss attributable to shareholders equates to the operating loss for the period.			
	Initial book value £'000	Accounting policy alignment £'000	Fair value £'000
Tangible fixed assets	51	-	51
Debtors	532	-	532
Cash at bank	17	-	17
Creditors	(891)	-	(891)
Net liabilities acquired	(291)	-	(291)
Goodwill			28,234
Consideration			27,943
Consideration satisfied by:			
Shares issued			25,585
Cash (after refunds)			2,128
Acquisition costs			230
			27,943

The book value of the assets and liabilities has been taken from the management accounts of Datanet at the date of acquisition.

The book value of the Company's assets and liabilities at the date of acquisition reflect their fair values.

(d) **Acquisition of Fenfones Communications Limited** The entire issued share capital of Fenfones Communications Limited ("Fenfones") and its 50% share in Datacom Limited ("Datacom") was acquired for a total consideration of £5,053,000 on 29 February 2000. This increases the Group's shareholding in Datacom to 100%. From the date of acquisition Fenfones (excluding Datacom which was already consolidated on the grounds of dominant influence) contributed £255,000 to turnover and a profit of £21,000 to operating loss.

In its last financial year to 31 December 1998, Fenfones made a net profit after tax of £100,000. For the period since that date to the date of acquisition, the Fenfones' unaudited management accounts show:

	£'000
Turnover	3,208
Operating profit	72
Profit before taxation	72
Taxation	(4)
Profit attributable to shareholders	68

20 Acquisitions (continued)

	Initial book value £'000	Accounting policy alignment £'000	Fair value £'000
Tangible fixed assets	461	-	461
Intangible fixed assets	4	(4)	-
Stock	367	-	367
Debtors	1,072	-	1,072
Cash at bank	(291)	-	(291)
Creditors	(1,442)	-	(1,442)
Net assets acquired	171	(4)	167
Goodwill			4,886
Consideration			5,053
Consideration satisfied by:			
Shares issued			2,464
Cash			2,520
Acquisition costs			69
			5,053

The book value of the assets and liabilities has been taken from the management accounts of Fenfonex at the date of acquisition.

The fair value adjustment for alignment of accounting policies reflects the write off of capitalised software licences and development costs in accordance with the Group's policy. There were no other fair value adjustments.

(e) Other acquisitions Other acquisitions during the year, which include Oxalis, Electron Libre and Network Business Call, contributed £363,000 to turnover and £477,000 to operating loss since the respective dates of acquisition. The acquisitions consumed £203,000 of the Group's net operating cash outflow and utilised £35,000 for capital expenditure.

	£'000
Book value of net (liabilities) acquired	(92)
Fair value adjustments	(2)
Goodwill	372
Consideration	278
Consideration satisfied by:	
Shares issued	210
Cash	66
Acquisition costs	2
	278

A further payment of up to £225,000 in cash will be made dependent upon the turnover of Oxalis in the twelve months following acquisition. No provision has been made as the expected liability is immaterial.

Notes to the Financial Statements

for the year ended 31 March 2000

21 Pension commitments

A subsidiary undertaking, Fenfones Limited, operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by Fenfones to the funds. There were no outstanding or proposed contributions at the balance sheet date.

22 Financial commitments

The Group had annual commitments under non-cancellable operating leases as follows:

	At 31 March 2000 £'000	At 31 March 1999 £'000
Land & buildings:		
Expiring within one year	118	—
Expiring within two to five years	278	97
Expiring after five years	58	—
	454	97
Other:		
Expiring within one year	22	11
Expiring within two to five years	96	60
Expiring after five years	—	—
	118	71

23 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 that transactions between Group companies do not need to be disclosed.

Related party transactions with Directors and other companies are as follows:

At the beginning of the financial year there were balances outstanding relating to transactions with Symphony Telecom, a subsidiary of 365 plc (formerly Symphony Telecommunications plc) and its associate companies prior to the acquisition of the Symphony group on 2 February 1999. These balances amounted to £197,000. During the financial year no further transactions took place with Symphony Telecom and its associate companies and the outstanding balances have been settled in full.

Prior to its acquisition on 29 February 1999, Fenfones recharged costs incurred on its behalf to Datacom Network Limited which was a joint venture undertaking of the Group. These transactions amounted to £355,200 during the period up to the acquisition of Fenfones.

The Group company Phonetime Services Limited paid an amount of £22,312 (1999: £12,685) for the year to 31 March 2000 to Martin Turner and Nik Philpot, both directors of the company, trading as Clifton Properties for the lease of Unit 6 Clifton Court.

Danny Kelly paid an amount of £14,597 for the year ended 31 March 2000 (1999: £2,700) to the Company for the rental of the top floor flat at 52 Gloucester Place. The rental is at open market value.

24 Cash flow from operating activities

Reconciliation of operating loss to net cash outflow from operating activities

	Year to 31 March 2000 £'000	8 months to 31 March 1999 £'000
Operating loss	(15,963)	(1,201)
Depreciation of tangible fixed assets	408	72
Amortisation of intangible assets	5,130	338
Increase/(decrease) in stock	(186)	6
(Increase) in debtors	(3,669)	(622)
Increase/(decrease) in creditors/provisions	4,733	705
Share issue in lieu of director fee payments	-	1
Shares issued at under market value	2,076	-
Loss on disposal of fixed assets	8	-
Net outflow from operating activities	(7,463)	(701)

25 Reconciliation of net cash flow to net funds

	31 March 2000 £'000	31 March 1999 £'000
Net funds at start of period	5,270	703
(Decrease)/increase in net cash	(2,183)	4,583
Movement in deposits	49,500	-
Borrowings acquired with subsidiaries	(346)	-
Other non-cash movements	-	(46)
Movement in finance leases	33	-
Exchange translation differences	-	30
Net funds at end of period	52,274	5,270

Notes to the Financial Statements

for the year ended 31 March 2000

26 Reconciliation of movement in net funds

	At 1 April 1999 £'000	Cash flow £'000	Acquisitions (excluding cash and overdrafts) £'000	Other non-cash changes £'000	At 31 March 2000 £'000
Cash in hand, at bank	5,316	(1,976)	–	–	3,340
Bank overdraft	–	(207)	–	–	(207)
	5,316	(2,183)	–	–	3,133
Finance leases – due after one year	(25)	–	(253)	33	(245)
Finance leases – due within one year	(21)	33	(93)	(33)	(114)
	(46)	33	(346)	–	359
Liquid resources	–	49,500	–	–	49,500
Total	5,270	47,350	(346)	–	52,274

Liquid resources consist of short-term deposits with financial institutions that mature within 12 months of the date of inception.

27 Post balance sheet events

On 19 April 2000 the Company acquired the remaining 52.5% shares of G Telecommunications Limited. The acquisition is being financed by the issue of 397,760 shares in the Company with a contingent consideration of up to £450,000 of shares payable on meeting certain revenue targets.

On 28 April 2000 the Company acquired the entire issued share capital of Teletalk Limited for a total consideration of £6,034,000 satisfied as to 1,308,900 ordinary shares of 0.25p each in the Company, £3m in cash and a further £1m to be paid over the following two years subject to performance targets being met.

got_{THE} message!

If not contact us at www.365corp.com or 020 7505 7800

365 Corporation plc