COMPANY REGISTRATION NUMBER 3925319

THEMUTUAL.NET PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2006

THEMUTUAL.NET PLC

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2006

THEMUTUAL.NET PLC

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS	J W Tayler	- Chairman
	M D Smith	- CEO
	P N Coveney	- Financial director
	B J D Heaton	- Non-executive director
	V R Smith	- Non-executive director
	H Gittelmon	- Non-executive director
	A J B Middleton	- Non-executive director
	J Gumbrell	- Executive director
	J A Morris	- Executive director

COMPANY SECRETARY

P. N. Coveney

REGISTERED OFFICE

2nd Floor
69-73 Theobalds Road
London
WC1X 8TA

AUDITOR

Menzies
Chartered Accountants
& Registered Auditors
Neville House
55 Eden Street
Kingston upon Thames
Surrey
KT1 1BW

BANKERS

Barclays Bank plc
5th Floor
50 Pall Mall
London
SW1Y 5AX

SOLICITORS

Field Fisher Waterhouse
35 Vine Street
London EC3N 2AA

BROKERS

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

THEMUTUAL.NET PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 30 APRIL 2006

Results for the year ended 30 April 2006

I am delighted to announce the Group Results for the year ending 30th April 2006, showing substantial growth in turnover and profits following the acquisition of Electronic Direct Response (EDR)in November and iD Factor in December 2005.

Highlights:

- Turnover trebles from £3m to £9m
- Operating Profit before tax more than double, from £733,000 to £1.70m
- Exceptional Profit on sale of investment of £439,000
- After tax profits more than trebles from £489,000 to £1.54m
- Earnings per share nearly trebled, from 1.2p to 3.5p
- Cash in Bank £1.2m having spent £2.5m on acquisitions

The comparative results are as follows:-

Profit and loss account	**Year ended 30/4/06 £'000**	**Year ended 30/4/05 £'000**	**Increase**
Turnover	9,012	3,079	+193%
Gross profit	5,072	2,733	+86%
Gross profit %	56.3%	88.7%	
Operating profit	1,703	733	+132%
Earnings per share	3.50p	1.21p	+189%
Earnings per share - Diluted	3.26p	1.13p	+188%

Balance Sheet	**30/4/06 £'000**	**30/4/05 £'000**
Cash at bank	1,221	1,555
Net current assets	973	1,772
Shareholders' funds	5,810	2,100

The integration of our two acquisitions has been implemented smoothly and, as can be seen, with excellent results. To take account of the numerous synergies, we have now restructured the group into three distinct divisions, each operating in a fast growing segment of the online marketing sector:

TMN Media houses the historic business along with a number of databases and website services from the EDR acquisition. Over 8 million email addresses are owned or managed for our many media partners. The underlying revenue growth for the original TMN business was 33% with our rewarded shopping portal growing by 41%.

EDR is now focused on being an advertising agency for the online direct marketing sector, notably in email, and showed substantial growth during the 6 months of trading following acquisition, with revenues double that of the previous 6 months.

iD Factor operates in the fast growing online market research area, and displayed its potential in the 4 months following acquisition. In March and April, it made a cumulative profit of over £50,000, a complete turnaround from its previous trading history.

Online advertising spend continues to grow at pace, now representing over 8% of all advertising spend, and this growth is expected to continue into the future. We are in the key areas of online growth - advertising, online retail spend and online market research - and we feel that we are well positioned to take advantage of the substantial interest in all of these sectors.

Our ongoing strategy is to invest in the Company, targeting similar growth in the forthcoming year. We have recruited a number of senior personnel to further strengthen our position, and we will be making further investment in marketing our products, including our original rewarded shopping engines.

For the reasons outlined above and taking into account that our two acquisitions only contributed for part of the year, we look forward to the future with confidence.

At our last AGM we received shareholder approval to buy back up to 10% of our shares. We spent £200,000 during the year buying back 350,000 shares, and we will be seeking shareholder approval to renew this authority at the next AGM as we believe this is a satisfactory way of rewarding our many thousands of small shareholders. Also at the next AGM we will be seeking shareholder approval to alter our name to TMN Group plc from themutual.net plc. This we believe is more representative of a Company which is operating over numerous areas of online marketing.

The Board has reluctantly accepted the resignation of its non-executive director Ben Heaton, one of the founders of the Company. Since Ben has moved abroad and is studying to become a Doctor, his time and visits to the UK are limited and we understand his request to stand down. Our thanks to him for all his inspiration and dedication to the Company and we hope that he may find the time to be involved with us in the future. We have also announced the resignation of James Morris, who joined the board with the acquisition of EDR. He is planning to follow other business interests in the UK and abroad and we wish him well also.

It only remains to thank our staff for their dedication and enthusiasm and our growing list of supportive shareholders, including those who have taken advantage of earning shares under our reward system.

Warren Tayler
Chairman

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 April 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was on-line direct marketing, the provision of rewarded shopping portals and on-line market research.

A review of the business and future developments is contained in the Chairman's statements on page 2.

Key performance measures

The group uses a series of key performance indicators to monitor the performance of the business. These include, but are not limited to, the following:

1) Database generation and quality - the repetition of the client and success of deliverability;
2) Revenue trends - movement in the volume, value and nature of orders over the course of a reporting period;
3) Gross margins - gross profit as a percentage of revenue. This measure is closely monitored across all three divisions;
4) Customer retention - identified in a variety of ways including feedback from key customers.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in note 18 to the accounts.

THE DIRECTORS AND THEIR INTERESTS

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

	Class of share	At 30 April 2006	At 1 May 2005 or later date of appointment
J W Tayler	Ord shares of £0.0001	689,000	455,050
	Deferred shares of £1	-	-
M D Smith	Ord shares of £0.0001	-	-
	Deferred shares of £1	-	-
P N Coveney	Ord shares of £0.0001	521,407	271,407
	Deferred shares of £1	2,647	2,647
B J D Heaton	Ord shares of £0.0001	1,998,741	3,248,741
	Deferred shares of £1	21,665	21,665
V R Smith	Ord shares of £0.0001	291,841	291,841
	Deferred shares of £1	-	-
H Gittelmon	Ord shares of £0.0001	-	-
	Deferred shares of £1	-	-
AJB Middleton	Ord shares of £0.0001	1,000,000	-
	Deferred shares of £1	-	-
J Gumbrell	Ord shares of £0.0001	-	-
	Deferred shares of £1	-	-
J A Morris	Ord shares of £0.0001	3,567,388	-
	Deferred shares of £1	-	-

V R Smith's shares are owned by Cairnsford Associates Limited, a company in which he is a director.

A J B Middleton was appointed as a director on 15 September 2005.
J Gumbrell was appointed as a director on 23 December 2005.
J A Morris was appointed as a director on 15 November 2005.

Details of directors share options can be found in note 5.

SUBSTANTIAL SHAREHOLDINGS

On 30 April 2006 the following shareholders had a notifiable interest in the Ordinary shares of the company:

	Number of Ordinary shares	% of issued Ordinary share capital
Capita IRG Trustees (Nominees) Limited	5,161,693	10.740
James Morris	3,567,388	7.423
Pershing Keen Nominees Limited	3,255,000	6.773
Chase Nominees Limited	2,500,000	5.202
Rock (Nominees) Limited	1,998,740	4.159
Nutraco Nominees Limited	1,618,070	3.367
Merrill Lynch International	1,605,000	3.340

CORPORATE GOVERNANCE

The directors acknowledge the importance of the 'Principles of Good Governance and Code of Best Practice' published by the London Stock Exchange (usually described as the 'Combined Code') and intend to apply them as appropriate to the company given its size and nature.

The Company holds Board meetings regularly throughout the year at which financial and other reports are considered.

An Audit Committee has been established. A Remuneration Committee has also been established, which will meet as and when necessary but at least annually to review, inter alia, the performance and salaries of the executive directors.

The following directors comprise both the Audit and Remuneration Committees:

J W Taylor
V R Smith
H Gittelmon
J Middleton

POLICY ON THE PAYMENT OF CREDITORS

The Group did not have a formal policy for payment of creditors during the period and invoices were paid as received and authorised. At the year end trade creditors of the Group represented 95 days purchases. The parent company did not make any trade purchases.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 13 to 14, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

there is no relevant audit information of which the group's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DONATIONS

During the year the company made the following contributions:

	2006	2005
	£	£
Charitable	2,161	-

PURCHASE OF OWN SHARES

In March 2006, the company brought back 350,000 ordinary shares of £0.0001 each. This represented 0.72% of the issued share capital of the company. The aggregate amount paid by the company for these shares was £199,500.

AUDITOR

A resolution to re-appoint Menzies as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
2nd Floor
69-73 Theobalds Road
London
WC1X 8TA

Signed by order of the directors

P. N. Coveney
Company Secretary

Approved by the directors on 29 June 2006

THEMUTUAL.NET PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THEMUTUAL.NET PLC

YEAR ENDED 30 APRIL 2006

We have audited the financial statements of themutual.net plc for the year ended 30 April 2006 on pages 8 to 28 which have been prepared on the basis of the accounting policies set out on pages 13 to 14.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 5 to 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. 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 regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs and of the group as at 30 April 2006 and of the profit of the group for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements year ended 30 April 2006.

29 June 2006

Menzies

Neville House
55 Eden Street
Kingston upon Thames
Surrey
KT1 1BW

MENZIES
Chartered Accountants
& Registered Auditors

THEMUTUAL.NET PLC

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2006

	Note	2006 Continuing operations £	2006 Acquisitions £	2006 Total £	2005 Total £
Turnover		4,105,192	4,906,780	9,011,972	3,079,352
Cost of sales		768,259	3,171,435	3,939,694	346,847
GROSS PROFIT		3,336,933	1,735,345	5,072,278	2,732,505
Net operating expenses	2	2,269,957	1,099,447	3,369,404	1,999,554
OPERATING PROFIT	3	1,066,976	635,898	1,702,874	732,951
Profit on disposal of trading investment		439,587		439,587	–
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,506,563	635,898	2,142,461	732,951
Interest receivable				53,659	45,214
Interest payable and similar charges	6			(2,185)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				2,193,935	778,165
Tax on profit on ordinary activities	7			657,346	288,780
PROFIT FOR THE FINANCIAL YEAR	8			1,536,589	489,385
Earnings per share (pence)					
Basic	10			3.50	1.21
Diluted	10			3.26	1.13

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

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

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Group Profit and Loss Account.

THEMUTUAL.NET PLC

GROUP BALANCE SHEET

30 APRIL 2006

	Note	2006 £	2006 £	2005 £	2005 £
FIXED ASSETS					
Intangible assets	11		9,475,999		456,093
Tangible assets	12		97,134		68,001
Investments	13		–		121,363
			9,573,133		645,457
CURRENT ASSETS					
Debtors	14	3,341,732		760,229	
Cash at bank		1,221,485		1,554,764	
		4,563,217		2,314,993	
CREDITORS: Amounts falling due within one year	15	3,589,881		542,547	
NET CURRENT ASSETS			973,336		1,772,446
TOTAL ASSETS LESS CURRENT LIABILITIES			10,546,469		2,417,903
CREDITORS: Amounts falling due after more than one year	16		4,349,706		–
			6,196,763		2,417,903
PROVISIONS FOR LIABILITIES					
Other provisions	17		387,169		318,000
			5,809,594		2,099,903
CAPITAL AND RESERVES					
Called-up share capital	21		104,806		104,003
Share premium account	22		4,702,265		2,330,501
Other reserves	22		120,499		120,464
Profit and loss account	22		882,024		(455,065)
SHAREHOLDERS' FUNDS	23		5,809,594		2,099,903

These financial statements were approved by the directors on the 29 June 2006 and are signed on their behalf by:

M D Smith

P N Coveney

The notes on pages 13 to 28 form part of these financial statements.

THEMUTUAL.NET PLC

BALANCE SHEET

30 APRIL 2006

	Note	2006 £	2006 £	2005 £	2005 £
FIXED ASSETS					
Investments	13		10,980,232		1,565,387
CURRENT ASSETS					
Debtors	14	2,295		1,219	
Cash at bank		559,115		1,352,016	
		561,410		1,353,235	
CREDITORS: Amounts falling due within one year	15	750,888		143,229	
NET CURRENT (LIABILITIES)/ASSETS			(189,478)		1,210,006
TOTAL ASSETS LESS CURRENT LIABILITIES			10,790,754		2,775,393
CREDITORS: Amounts falling due after more than one year	16		4,349,706		-
			6,441,048		2,775,393
CAPITAL AND RESERVES					
Called-up share capital	21		104,806		104,003
Share premium account	22		4,702,265		2,330,501
Other reserves	22		125		90
Profit and loss account	22		1,633,852		340,799
SHAREHOLDERS' FUNDS			6,441,048		2,775,393

These financial statements were approved by the directors on the 29 June 2006 and are signed on their behalf by:

M D Smith

P N Coveney

The notes on pages 13 to 28 form part of these financial statements.

THEMUTUAL.NET PLC

GROUP CASH FLOW

YEAR ENDED 30 APRIL 2006

	2006		2005	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,951,910		1,267,475
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	53,659		45,214	
Interest paid	(2,185)		–	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		51,474		45,214
TAXATION		(511,857)		–
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire intangible fixed assets	(431,055)		(334,721)	
Payments to acquire tangible fixed assets	(50,769)		(34,255)	
Acquisition of investments	–		(121,363)	
Disposal of investments	560,950		–	
NET CASH INFLOW/(OUTFLOW) FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		79,126		(490,339)
ACQUISITIONS AND DISPOSALS				
Costs of acquiring subsidiaries	(137,689)		–	
Cash paid to acquire subsidiaries	(9,011,569)		–	
Net cash acquired with subsidiary	469,949		–	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(8,679,309)		–
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(7,108,656)		822,350
FINANCING				
Issue of equity share capital	838		52	
Share premium on issue of equity share capital	2,371,764		–	
Purchase of own equity shares	(35)		(91)	
Premium on purchase of own equity shares	(199,465)		(186,910)	
Net inflow from other long-term creditors	4,602,235		–	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		6,775,337		(186,949)
(DECREASE)/INCREASE IN CASH		(333,319)		635,401

The notes on pages 13 to 28 form part of these financial statements.

GROUP CASH FLOW *(continued)*

YEAR ENDED 30 APRIL 2006

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	1,702,874	732,951
Amortisation	504,627	596,442
Depreciation	72,945	44,089
Increase in debtors	(966,867)	(70,236)
Increase/(decrease) in creditors	569,162	(95,825)
Increase in provisions	69,169	60,054
Net cash inflow from operating activities	1,951,910	1,267,475

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006 £	£	2005 £	£
(Decrease)/increase in cash in the period	(333,319)		635,401	
Net cash (inflow) from other long-term creditors	(4,602,235)		–	
Change in net debt resulting from cash flows		(4,935,554)		635,401
Net funds at 1 May 2005		1,554,764		919,363
Net debt at 30 April 2006		(3,380,790)		1,554,764

ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2005 £	Cash flows £	Other changes £	At 30 Apr 2006 £
Net cash:				
Cash in hand and at bank	1,554,764	(333,279)	–	1,221,485
Overdrafts	–	(40)	–	(40)
	1,554,764	(333,319)	–	1,221,445
Debt:				
Debt due within 1 year	–	(252,529)	-	(252,529)
Debt due after 1 year	–	(4,349,706)	–	(4,349,706)
	–	(4,602,235)	-	(4,602,235)
Net debt	1,554,764	(4,935,554)	-	(3,380,790)

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings up to 30 April 2006. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

The group financial statements consolidate the financial statements of themutual.net plc and its subsidiary undertakings. As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account is not presented in respect of the Company.

Turnover

Turnover represents the value of services provided during the year net of value added tax.

Goodwill

Goodwill is written off over 20 years, being the period over which profits are expected to be generated.

Amortisation

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

Database	- 2 to 4 years straight line

Intangible fixed assets

Intangible fixed assets represent various databases which are used within the internet based marketing of the business.

Depreciation

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

Fixtures and fittings	- 30 months straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the group profit and loss account.

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Financial instruments

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

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment.

Trade and other debtors

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

Cash and cash equivalents

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

Interest-bearing loans and borrowings

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

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

2. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing Operations £	Acquired Operations £	Total £
YEAR ENDED 30 APRIL 2006			
Cost of sales	768,259	3,171,435	3,939,694
Administrative expenses	2,269,957	1,099,447	3,369,404
Net operating expenses	2,269,957	1,099,447	3,369,404
YEAR ENDED 30 APRIL 2005			
Cost of sales	346,847	-	346,847
Administrative expenses	1,999,554	-	1,999,554
Net operating expenses	1,999,554	-	1,999,554

3. OPERATING PROFIT

Operating profit is stated after charging:

	2006 £	2005 £
Amortisation	504,627	596,442
Depreciation of owned fixed assets	72,945	44,089
Auditor's remuneration		
- as auditor	47,000	20,350
- for other services	29,500	10,700
Operating lease costs:		
Other	52,024	16,600

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2006 £	2005 £
Audit	47,000	20,350
Audit related reporting	13,600	–
Taxation compliance	4,550	2,350
Business consultancy	11,350	8,350
	76,500	31,050

4. PARTICULARS OF EMPLOYEES

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

	2006 No	2005 No
Number of administrative staff	37	20

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	1,834,709	862,174
Social security costs	215,038	94,404
Other pension costs	6,000	–
	2,055,747	956,578

5. DIRECTORS' EMOLUMENTS

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

	2006 £	2005 £
Emoluments receivable	324,083	287,833
Value of company pension contributions to money purchase schemes	3,000	–
	327,083	287,833

Emoluments of highest paid director:

	2006 £	2005 £
Total emoluments (excluding pension contributions)	125,000	100,000

The number of directors who accrued benefits under company pension schemes was as follows:

	2006 No	2005 No
Money purchase schemes	1	-

5. DIRECTORS' EMOLUMENTS *(continued)*

Share options

The directors during the period and their beneficial interest in options to purchase ordinary shares in the company which were granted and vested during the period, were as follows:

	Date of grant	Number of options granted	Number of options exercised in period	Exercise price	Expiry date
P Coveney	23 May 2000	250,000	250,000	0.01p	23 May 2010
	5 April 2002	1,815,000	-	5.50p	5 April 2012
M Smith	6 April 2004	1,000,000	-	19.50p	6 April 2014

Only vested options may be exercised at any time in whole or in part.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	2,185	-

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	660,596	288,780
Total current tax	660,596	288,780
Deferred tax:		
Origination and reversal of timing differences	(3,250)	-
Tax on profit on ordinary activities	657,346	288,780

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006	2005
	£	£
Profit on ordinary activities before taxation	2,193,935	778,165
Profit/(loss) on ordinary activities by rate of tax	658,181	233,450
Expenses not deductible for tax (primarily intangible amortisation)	19,254	77,454
Capital allowances in excess of depreciation	13,192	9,665
Utilisation of tax losses	-	(16,075)
Income not chargeable for tax purposes	(131,876)	-
Adjustment in respect of chargeable gains	131,435	-
Marginal relief	(29,590)	(15,714)
Total current tax (note 7(a))	660,596	288,780

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £1,492,553 (2005 - £335,672).

9. DIVIDENDS

No dividend has been recommended for the year ended 30 April 2006.

10. EARNINGS PER SHARE

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

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

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

Earnings

	2006	2005
	£	£
Earnings for the purposes of basic earnings per share	1,536,589	489,385
Earnings for the purposes of diluted earnings per share	1,536,589	489,385

Number of shares

	2006	2005
	No	No
Basic weighted average number of shares	43,936,311	40,507,379
Dilutive potential ordinary shares:		
Share options	3,135,833	2,959,166
Weighted average number of shares for the purposes of diluted earnings per share	47,072,144	43,466,545

10. EARNINGS PER SHARE *(continued)*

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

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Database £	Total £
COST			
At 1 May 2005	–	1,601,239	1,601,239
Additions	9,093,478	431,055	9,524,533
At 30 April 2006	9,093,478	2,032,294	11,125,772
AMORTISATION			
At 1 May 2005	–	1,145,146	1,145,146
Charge for the year	–	504,627	504,627
At 30 April 2006	–	1,649,773	1,649,773
NET BOOK VALUE			
At 30 April 2006	9,093,478	382,521	9,475,999
At 30 April 2005	–	456,093	456,093

The company did not hold any intangible fixed assets.

12. TANGIBLE FIXED ASSETS

Group

	Fixtures & Fittings £
COST	
At 1 May 2005	239,834
Additions	50,769
Acquisition of subsidiaries	163,647
At 30 April 2006	454,250
DEPRECIATION	
At 1 May 2005	171,833
Charge for the year	72,945
Acquisition of subsidiaries	112,338
At 30 April 2006	357,116
NET BOOK VALUE	
At 30 April 2006	97,134
At 30 April 2005	68,001

The company did not hold any tangible fixed assets.

13. INVESTMENTS

Group	Group companies £
COST	
At 1 May 2005	121,363
Disposals	(121,363)
At 30 April 2006	-
NET BOOK VALUE	
At 30 April 2006	-
At 30 April 2005	121,363

Company	Group companies £	Other investments £	Total £
COST			
At 1 May 2005	529,717	121,363	651,080
Additions	9,149,257	-	9,149,257
Disposals	-	(121,363)	(121,363)
At 30 April 2006	9,678,974	-	9,678,974
LOANS			
At 1 May 2005	914,307	-	914,307
Advanced in year	386,951	-	386,951
At 30 April 2006	1,301,258	-	1,301,258
NET BOOK VALUE			
At 30 April 2006	10,980,232	-	10,980,232
At 30 April 2005	1,444,024	121,363	1,565,387

13. INVESTMENTS *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
Hague Limited	England	Ordinary shares	100%	Permission based e-mail marketing
Freequotes.co.uk Limited	England	Ordinary shares	100%	Permission based e-mail marketing
MutualPoints Limited	England	Ordinary shares	100%	Permission based e-mail marketing
Electronic Direct Response Limited	England	Ordinary shares	100%	Permission based e-mail marketing
iD Factor Limited	England	Ordinary shares	100%	Online market research

Electronic Direct Response Limited

On 15 November 2005 the group acquired Electronic Direct Response Limited for a consideration of up to £6,021,569 satisfied by cash and shares.

In accordance with FRS25 the amounts shown as deferred share consideration are disclosed as liabilities. It refers to that proportion of the acquisition cost that is deferred and contingent and which will be settled by the issue of equity ordinary shares of £0.0001 each between 2007 and 2009.

With the exception of £400,000, the deferred cash consideration and all the deferred share consideration is payable upon the achievement of certain minimum targets. The consideration shown represents the full consideration due should the targets be met and is therefore the maximum liability that will be required to be paid, which the directors believe is the fair value. Initial estimates of deferred consideration will be revised as further and more certain information regarding the targets achieved becomes available, together with corresponding adjustments to goodwill.

Analysis of the acquisition of Electronic Direct Response Limited:

13. INVESTMENTS *(continued)*

	Fair value and book value £
Cash	560,921
Tangible fixed assets	11,742
Debtors	1,426,704
Creditors	*(1,643,246)*
Costs of acquisition	(93,240)
	262,881
Goodwill	5,758,688
Satisfied by:	
Cash consideration and costs	2,000,000
Deferred cash and shares	1,649,020
Shares issued	2,372,549
	6,021,569

Electronic Direct Response Limited contributed £1,292,763 to the group's operating cash flows and paid £99,084 in respect of taxation. Electronic Direct Response Limited earned a profit of £182,534 in the period ended 30 April 2006 (2005 - £23,023), of which £188,579 arose in the period from 1 April 2005 to 15 November 2005, the date of acquisition.

The summarised profit and loss account for this period is as follows:

Turnover	3,385,770
Operating profit	265,955
Profit before tax	273,304
Taxation	84,725
Profit for the 7.5 months ended 15 November 2005	188,579

iD Factor Limited

On 23 December 2005 the group acquired iD Factor Limited for a consideration of up to £2,990,000 satisfied by cash, loan notes and shares.

In accordance with FRS25 the amounts shown as deferred share consideration are disclosed as liabilities. It refers to that *proportion of the acquisition cost that is deferred and contingent and which will be settled by the issue of equity ordinary* shares of £0.0001 each between 2007 and 2010.

The deferred loan consideration and the deferred share consideration is payable upon the achievement of certain minimum targets. The consideration shown represents the full consideration due should the targets be met and is therefore the maximum liability that will be required to be paid, which the directors believe is the fair value. Initial estimates of deferred consideration will be revised as further and more certain information regarding the targets achieved becomes available, together with corresponding adjustments to goodwill.

Analysis of the acquisition of iD Factor Limited:

13. INVESTMENTS *(continued)*

	Fair value and book value £
Cash	(90,972)
Tangible fixed assets	39,567
Debtors	187,932
Creditors	(436,868)
Costs of acquisition	(44,449)
	(344,790)
Goodwill	3,334,790
Satisfied by:	
Cash paid	130,000
Deferred loan notes and shares	2,860,000
	2,990,000

iD Factor Limited contributed £(301,064) to the group's operating cash flows and paid nothing in respect of taxation. iD Factor Limited incurred a loss of £(373,361)in the period ended 30 April 2006 (2005 - Profit of £31,738), of which £(357,003) arose in the period from 1 April 2005 to 23 December 2005, the date of acquisition.

The summarised profit and loss account for this period is as follows:

Turnover	592,112
Operating loss	(374,563)
Loss before tax	(374,563)
Taxation	(17,560)
Profit for the 9 months ended 23 December 2005	(357,003)

14. DEBTORS

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	3,052,614	592,168	–	–
Other debtors	4,500	1,219	1	1,219
Directors current accounts	373	–	–	–
Prepayments and accrued income	284,245	166,842	2,294	–
	3,341,732	760,229	2,295	1,219

15. CREDITORS: Amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans and overdrafts	40	–	–	–
Trade creditors	1,424,072	115,069	–	–
Other creditors including taxation and social security:				
Corporation tax	533,562	288,780	498,359	143,229
PAYE and social security	114,504	27,441	–	–
VAT	204,296	56,828	–	–
Other creditors	888,828	–	–	–
Deferred cash consideration	193,215	–	193,215	–
Deferred share consideration	59,314	–	59,314	–
Accruals and deferred income	172,050	54,429	–	–
	3,589,881	542,547	750,888	143,229

In accordance with FRS25 the amounts shown as deferred share consideration are disclosed as liabilities. It refers to that proportion of the acquisition cost that is deferred and contingent and which will be settled by the issue of equity ordinary shares of £0.0001 each between 2007 and 2010.

Deferred share consideration in respect of the acquisition of Electronic Direct Response Limited and iD Factor Limited is payable upon the achievement of certain minimum targets. The consideration shown represents the full consideration due should the targets for both companies be met and is therefore the maximum liability that will be required to be paid, which the directors believe is the fair value. Initial estimates of deferred consideration will be revised as further and more certain information regarding the targets achieved becomes available, together with corresponding adjustments to goodwill.

16. CREDITORS: Amounts falling due after more than one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Other creditors including:				
Deferred share consideration	2,716,372	–	2,716,372	–
Deferred cash and loan note consideration	1,533,334	–	1,533,334	–
Unsecured 2% loan notes	100,000	–	100,000	–
	4,349,706	–	4,349,706	–

In accordance with FRS25 the amounts shown as deferred share consideration are disclosed as liabilities. It refers to the proportion of the acquisition cost that is deferred and contingent and which will be settled by the issue of equity ordinary shares of £0.0001 each between 2007 and 2010.

With the exception of £400,000, the deferred cash and loan consideration and all the deferred share consideration is in respect of the acquisition of Electronic Direct Response Limited and iD Factor Limited and is payable upon the achievement of certain minimum targets. The consideration shown represents the full consideration due should the targets for both acquisitions be met and is therefore the maximum liability that will be required to be paid, which the directors believe is the fair value. Initial estimates of deferred consideration will be revised as further and more certain information regarding the targets achieved becomes available, together with corresponding adjustments to goodwill.

17. OTHER PROVISIONS

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Other provisions	387,169	318,000	-	-

The provision is in respect of the redemption value of reward points accrued by members at the year end.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below.

Credit risk
The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

19. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2006 the group had annual commitments under non-cancellable operating leases as set out below.

Group	**Land and buildings**	
	2006	2005
	£	£
Operating leases which expire:		
Within 2 to 5 years	134,363	56,326

At 30 April 2006 the company had annual commitments under non-cancellable operating leases as set out below.

Company	**Land and buildings**	
	2006	2005
	£	£
Operating leases which expire:		
Within 2 to 5 years	82,763	39,726

20. RELATED PARTY TRANSACTIONS

The company has entered into a group cross-guarantee. As a result, there is a debenture secured on the assets of the company.

Included within creditors is a unsecured 2% loan note of £100,000 in favour of J Gumbrell, a director. The loan note is redeemable between one and three years of the balance sheet date.

During the period J Gumbrell, a director of the company, had a loan account with a group company. The balance outstanding at the start of the period was £2,524 and the outstanding balance at the end of the period was £373. The maximum owing to the company during the period was £18,125.

During the period the group made sales of £6,000 to Net Fluential Limited, a company in which J Gumbrell is a director.

There is no ultimate controlling party.

21. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
100,000,000 Ordinary Shares shares of £0.0001 each	10,000	10,000
100,000 Deferred shares of £1 each	100,000	100,000
	110,000	110,000

Allotted and called up:

	2006 No	2006 £	2005 No	2005 £
Ordinary Shares shares of £0.0001 each	48,060,161	4,806	40,033,192	4,003
Deferred shares of £1 each	100,000	100,000	100,000	100,000
	48,160,161	104,806	40,133,192	104,003
Equity shares				
Ordinary Shares shares of £0.0001 each	48,060,161	4,806	40,033,192	4,003
Deferred shares of £1 each	100,000	100,000	100,000	100,000
	48,160,161	104,806	40,133,192	104,003

21. SHARE CAPITAL *(continued)*

During the year 533,832 ordinary shares of £0.0001 were issued at par and 7,843,137 were issued at £0.30.

In March 2006 the company brought back 350,000 ordinary shares of £0.0001 each. The aggregate amount paid by the company for these shares was £199,050.

The above share buy-back took place in order to reward shareholders, as approved at the last AGM.

The rights and restrictions attached to and imposed on the deferred shares are as follows:

a) The deferred shares shall not confer upon the holders thereof as a class, the right to receive any dividend, distribution or other participation in the profits of the company.

b) The deferred shares do not entitle the holders to receive notice of or to attend and speak or vote at any general meeting of the company.

c) On distribution of assets on liquidation or otherwise, the surplus assets of the company remaining after payments of its liabilities shall be applied:

i) first in repaying to holders of the deferred shares the nominal amounts and any premium paid up or credited as paid up on such shares; and

ii) second, the balance of such assets shall belong to and be distributed among the holders of the ordinary shares in proportion to the nominal amounts paid up on the ordinary shares held by them respectively.

Other share options

At 30 April 2006 the following share options to purchase ordinary shares in the company were in issue:

Date of grant	Number of options granted	Number of options exercised in period	Exercise price	Expiry date
23 May 2000	298,333	250,000	0.01p	23 May 2010
31 October 2000	72,500	-	21.25p	31 October 2010
5 April 2002	1,815,000	-	5.50p	5 April 2012
16 May 2003	200,000	-	7.00p	16 May 2013
6 April 2004	1,000,000	-	19.50p	6 April 2014
15 November 2005	1,176,470	-	0.01p	15 November 2015
15 November 2005	300,000	-	30.25p	15 November 2015

Only vested options may be exercised at any time in whole or in part.

22. RESERVES

Group	Share premium account £	Capital redemption reserve £	Merger reserve on consolidation £	Profit and loss account £
Balance brought forward	2,330,501	90	120,374	(455,065)
Profit for the year	–	–	–	1,536,589
Other movements				
New equity share capital issued	2,371,764	–	–	–
Purchase of own shares	–	–	–	(199,465)
- transfer to/from capital redemption reserve	–	35	–	(35)
Balance carried forward	4,702,265	125	120,374	882,024

22. RESERVES *(continued)*

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	2,330,501	90	340,799
Profit for the year	–	–	1,492,553
Other movements			
New equity share capital issued	2,371,764	–	–
Purchase of own shares	–	–	(199,465)
- transfer to/from capital redemption reserve	–	35	(35)
Balance carried forward	4,702,265	125	1,633,852

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	£	2005 £	£
Profit for the financial year		1,536,589		489,385
New equity share capital subscribed	838		52	
Premium on new share capital subscribed	2,371,764		–	
		2,372,602		52
Purchase of own ordinary shares	(35)		(91)	
Premium on purchase of own ordinary shares	(199,465)		(186,910)	
		(199,500)		(187,001)
Net addition to shareholders' funds		3,709,691		302,436
Opening shareholders' funds		2,099,903		1,797,467
Closing shareholders' funds		5,809,594		2,099,903