

COUNTYWeb.com PLC
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

Company registration number: 3869545

Registered office: Melford Court
The Havens
Ransomes Europark
Ipswich, Suffolk
IP3 9SJ

Directors: K C Richmond
W A Catchpole
G Forsyth
S Madden
R S Gordon
P M Brown

Secretary: R S Gordon BA FCMA

Bankers: Barclays Bank PLC

Solicitors: Stringer Saul

Auditors: Grant Thornton
Registered auditors
Chartered accountants



COUNTYWeb.com PLC
ANNUAL REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 30th JUNE 2000

Index

	Page
Chairman's statement	3
Report of the directors	4-6
Report of the auditors	7
Principal accounting policies	8-9
Consolidated profit and loss account	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated cash flow statement	13
Notes to the financial statements	14-20

COUNTYWeb.com PLC

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 30th JUNE 2000

In this first annual report I am pleased to report that excellent progress has been made. The business of COUNTYWeb Limited was acquired by the issue of 20,160,670 Ordinary Shares in the Company to the shareholders of KDM International PLC on 5th November 1999 as part of the demerger of the business from KDM.

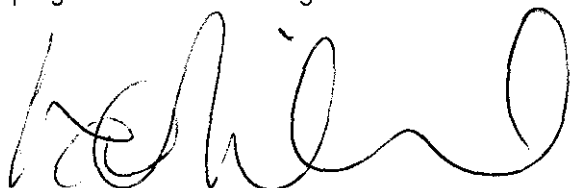
In April 2000 the Company raised £5.6 million new capital before expenses via an open offer. At the same time Stuart Gordon and Simon Madden were recruited and appointed as Financial and Sales Directors respectively. In May, the Group relocated to larger premises at the Ipswich Europark, which provides an appropriate base from which the business can be developed, as well as physically separating it from KDM. In addition, the Group acquired a database of approximately 2.1 million UK businesses putting it at the forefront of online directory content in the UK. Furthermore, the Group has successfully registered a substantial portfolio of key domain names to provide for the future development of the COUNTYWeb Network.

I am particularly pleased to report that we have now appointed Brewin Dolphin Securities as Nominated Brokers and Nominated Advisers to the Group with a view towards a possible listing on the Alternative Investment Market of the London Stock Exchange in the near future.

The pre-tax loss for the 8 month period ended 30th June 2000 amounts to £996,265 and reflects the substantial changes that have taken place. This includes expenditure in respect of the significant investment in technology necessary for executing the business plan, as well as other charges that are 'one off' in nature amounting to £486,000. Sales revenues amounted to £227,411 on total running costs relating to the business of £819,291, which is firmly on track with our strategy.

I would like to thank the staff of COUNTYWeb for their commitment and hard work during recent months and particularly during the relocation and absorption of new staff.

With the enlargement of the business now almost complete, and shareholders funds amounting to £4.1 million, the Group is in a very strong position to continue its positive progress over the coming months.



Keith Richmond
Chairman
3rd August 2000

COUNTYWeb.com PLC

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the period from 27th October 1999 to 30th June 2000. The group started trading on 6th November 1999.

1. Principal activity

The group is principally engaged in the provision of a UK interactive county-based business directory network.

2. Results, dividends and future prospects

The trading results of the company are set out in the annexed accounts and are summarised as follows:

	£
Turnover	227,411
Operating Loss	(1,077,880)
Loss on ordinary activities after taxation	(996,265)

The company was incorporated on 27th October 1999 and on the 5th of November acquired COUNTYWeb Ltd, a company into which the COUNTYWeb business had been demerged from KDM International PLC. The company subsequently raised £5.6 million by way of a public offer of its shares. A more detailed review of the period is set out in the Chairman's statement on page 3.

The directors do not recommend payment of a dividend.

3. Directors

The present membership of the Board is set out below.

Mr R S Fairbanks was appointed to the Board on 5th November 1999 and resigned on 5th May 2000. Waterlow Nominees Limited was appointed as a director on incorporation and resigned on 27th October 1999.

The beneficial and other interests of the directors and their families in the shares of the company at 30th June 2000 and 27th October 1999, or on date of appointment if later, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	30 th June 2000	27 th October 1999
	Ordinary shares of 1p each	Ordinary shares of 1p each
K C Richmond (appointed 27 th October 1999)	3,334,985	-
W A Catchpole (appointed 27 th October 1999)	818,374	-
G Forsyth (appointed 27 th October 1999)	35,000	-
P M Brown (appointed 9 th November 1999)	494,065	-
S Madden (appointed 13 th April 2000)	-	-
R S Gordon (appointed 13 th April 2000)	-	-

REPORT OF THE DIRECTORS (CONTINUED)

3. Directors (continued)

The above interests include the following:

172,061 Ordinary shares are held by Mr Richmond's self administered pension scheme, 646,885 Ordinary shares are held by a family trust and 465,250 Ordinary shares are held by his wife.

54,220 Ordinary shares are held by or on behalf of Mr Catchpole's wife and son.

During the period the directors were granted options to subscribe for Ordinary shares in the company as follows:

	Number of shares	Exercise price (pence)
W A Catchpole (granted 30 th December 1999)	500,000	50
G Forsyth (granted 30 th December 1999)	500,000	50
P M Brown (granted 30 th December 1999)	50,000	50
S Madden (granted 20 th March 2000)	50,000	75
R S Gordon (granted 12 th April 2000)	<u>50,000</u>	<u>75</u>

The options granted are exercisable on the occurrence of certain events during a period from 3 months to 10 years after the grant. The options are granted in accordance with the rules of the Unapproved Share Option Plan approved by the shareholders at the Extraordinary General Meeting held on 2 December 1999.

In addition to the above the company has granted Suffolk Life Annuities Limited an option to subscribe for 85,000 and 5,000 ordinary shares for the benefit of Mr W A Catchpole's and Mr G Forsyth's pension schemes respectively. The exercise price is £1 per share and the options are exercisable if the company is admitted to trading on AIM within 6 months of the grant.

4. Directors' responsibilities for 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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS (CONTINUED)

5. Payment practice

It is the group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of the terms and to abide by them. Trade creditors at the period end amount to 58 days of average supplies for the period.

6. Year 2000

The group suffered no impact from the Year 2000 date change nor did any of its major customers, suppliers or trading partners.

7. Corporate governance

The directors intend to comply with the combined code on Corporate Governance, as set out in the listing rules of the London Stock Exchange, so far as is practicable having regard to the size of the group.

8. Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985, and a resolution for their re-appointment is to be proposed at the forthcoming Annual General Meeting.

Melford Court
The Havens
Ransomes Europark
Ipswich, Suffolk
IP3 9SJ

BY ORDER OF THE BOARD

R S Gordon
Secretary
3rd August 2000



COUNTYWeb.com PLC
REPORT OF THE AUDITORS TO THE MEMBERS OF
COUNTYWeb.com PLC

We have audited the financial statements on pages 8 to 20, which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 5 the group's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 group'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 as at 30th June 2000 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

3rd August 2000

PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the group are set out below.

2. Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary undertaking (see note 10) drawn up to 30th June 2000. The results of the subsidiary undertaking have been consolidated using merger accounting principles. Profits and losses on intra-group transactions are eliminated in full.

The company is entitled to merger relief offered by Section 131 of the Companies Act 1985, and the shares issued when the subsidiary undertaking was acquired are shown at their nominal value.

In accordance with FRS 8 intra-group transactions are not disclosed.

3. Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

4. Intangible fixed assets

The external costs of licenses in respect of databases and subsequent external costs of verification and enhancement are capitalised and amortised on a straight line basis over 3 years.

The costs of domain names owned by the group are capitalised and amortised on a straight line basis over 2 years.

5. Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	20%
Fixtures and fittings	20% to 33%
Computer equipment	50% to 100%

6. Deferred taxation

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

7. Contribution to pension funds

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

8. Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

9. Share Options

In accordance with UITF 17, any excess of the market value of shares over the exercise price at the date of grant of options is charged to the profit and loss account.

Employer's national insurance contributions that would be payable if all options were exercised at the period end are accrued based on the directors' estimate of the market value of the shares at the period end.

COUNTYWeb.com PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 8 MONTH PERIOD ENDED 30th JUNE 2000

	Note	2000 £
Turnover	1	227,411
Cost of sales		(28,568)
Gross profit		<u>198,843</u>
Administrative expenses		(1,276,723)
Operating loss		(1,077,880)
Other interest receivable and similar income	2	83,854
Interest payable and similar charges	3	(2,239)
Loss on ordinary activities before taxation	1	(996,265)
Tax on loss on ordinary activities	5	-
Loss on ordinary activities after taxation deducted from reserves	14	(996,265)
Basic loss per share	6	(4.5)p

There are no recognised gains or losses for the period other than the loss disclosed above.

The accompanying accounting policies and notes form an integral part of these financial statements

COUNTYWeb.com PLC
CONSOLIDATED BALANCE SHEET
AS AT 30th JUNE 2000

	Note	2000 £
Fixed assets		
Intangible assets	8	298,621
Tangible assets	9	<u>289,305</u>
		587,926
Current assets		
Debtors	11	330,415
Cash at bank and in hand		<u>3,664,002</u>
		3,994,417
Creditors: amounts falling due within one year	12	<u>(483,441)</u>
		3,510,976
Net current assets		<u>3,510,976</u>
Total assets less current liabilities		<u><u>4,098,902</u></u>
 Capital and reserves		
Share capital	13	257,672
Share premium account	14	4,794,099
Other reserve	14	25,000
Merger reserve	14	18,396
Profit and loss account	14	<u>(996,265)</u>
Shareholders' funds	15	<u><u>4,098,902</u></u>

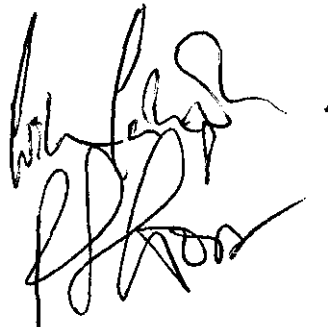
The financial statements were approved by the Board of Directors on 3rd August 2000.

W A Catchpole

Director

R S Gordon

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

COUNTYWeb.com PLC
COMPANY BALANCE SHEET
AS AT 30th JUNE 2000

	Note	2000 £
Fixed assets		
Investments	10	201,607
		<u>201,607</u>
Current Assets		
Debtors falling due within one year	11	66,241
Debtors falling due after more than one year	11	4,800,000
		<u>4,866,241</u>
Creditors: amounts falling due within one year	12	<u>(130,451)</u>
Net current assets		4,735,790
Total assets less current liabilities		<u>4,937,397</u>
Capital and reserves		
Share capital	13	257,672
Share premium account	14	4,794,099
Other reserve	14	25,000
Profit and loss account	14	(139,374)
Shareholders' funds		<u>4,937,397</u>

The financial statements were approved by the Board of Directors on 3rd August 2000.

W A Catchpole

Director



R S Gordon

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

COUNTYWeb.com PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30th JUNE 2000

	Note	2000 £
Net cash outflow from operating activities	16	(598,409)
Returns on investments and servicing of finance		
Interest received		83,854
Interest paid		(2,239)
		<hr/>
Net cash inflow from returns on investments and servicing of finance		81,615
		<hr/>
Capital expenditure and financial investment		
Purchase of fixed assets		(732,886)
Proceeds from sale of tangible fixed assets		9,000
		<hr/>
Net cash outflow from capital expenditure and financial investment		(723,886)
		<hr/>
Acquisitions		
Cash acquired with COUNTYWeb business		54,518
		<hr/>
Financing		
Proceeds from issue of new shares		5,606,500
Issue expenses		(756,336)
		<hr/>
Net cash inflow from financing		4,850,164
		<hr/>
Increase in cash	17	<u>3,664,002</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

1. **TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover derives principally from the provision of a UK interactive county-based business directory network, and is attributable to the COUNTYWeb business acquired in the period.

Loss on ordinary activities is stated after:

	2000 £
Auditors' remuneration	10,500
Depreciation and amortisation:	
Intangible fixed assets	41,108
Tangible fixed assets, owned	233,014

The auditors' non-audit remuneration for the period was £92,175.

2. **OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2000 £
Bank interest receivable	<u>83,854</u>

3. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £
Other interest payable and similar charges	<u>2,239</u>

4. **DIRECTORS AND EMPLOYEES**

Staff costs of the group during the period were as follows:

	2000 £
Wages and salaries	432,193
Grant of share options	25,000
Social security costs	129,941
Other pension costs	12,550
	<u>599,684</u>

The average number of employees during the period was 32.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

4. DIRECTORS AND EMPLOYEES (continued)

Remuneration in respect of directors was as follows:

	2000 £
Emoluments	166,085
Grant of share options	25,000
Pension contributions to money purchase pension schemes	11,750
Payments to third parties for directors' services	5,000
	<u>207,835</u>

During the period 4 directors participated in money purchase pension schemes. The amounts set out above include remuneration in respect of the highest paid director as follows:

	2000 £
Emoluments	64,508
Pension contributions to money purchase pension schemes	<u>4,667</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge for the period owing to the loss for the period. Unrelieved tax losses of approximately £1 million remain available to offset future taxable trading profits.

6. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the loss of £996,265 attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period of 21,987,570.

7. LOSS FOR THE FINANCIAL PERIOD

The company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a loss of £139,374, which is dealt with in the financial statements of the company.

8. INTANGIBLE FIXED ASSETS

Group	Domain Names £	Databases £	Total £
Cost or valuation:			
Additions	15,030	324,699	339,729
At 30 th June 2000	<u>15,030</u>	<u>324,699</u>	<u>339,729</u>
Amortisation:			
Charge for the period	3,758	37,350	41,108
At 30 th June 2000	<u>3,758</u>	<u>37,350</u>	<u>41,108</u>
Net book amount at 30 th June 2000	<u>11,272</u>	<u>287,349</u>	<u>298,621</u>

COUNTYWeb.com PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000**

9. TANGIBLE FIXED ASSETS

Group

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation:				
Additions	43,117	209,363	280,883	533,363
Disposals	-	(13,269)	-	(13,269)
At 30 th June 2000	43,117	196,094	280,883	520,094
Depreciation:				
Charge for the period	10,364	11,292	211,358	233,014
Eliminated on disposals	-	(2,225)	-	(2,225)
At 30 th June 2000	10,364	9,067	211,358	230,789
Net book amount at 30 th June 2000	32,753	187,027	69,525	289,305

10. FIXED ASSETS - INVESTMENTS

Company

	Subsidiary Undertaking £
Cost:	
Additions	201,607
Net book amount at 30 th June 2000	201,607

At 30th June 2000 the company held 100% of the allotted share capital of the following subsidiary undertaking:

Name	Country of Incorporation	Class of share Capital held	Proportion held	Nature of business
COUNTYWeb Limited	England	Ordinary	100%	Interactive county-based business directory network

On 5th November 1999 COUNTYWeb.com PLC acquired COUNTYWeb Limited as part of the demerger of the COUNTYWeb business from KDM International PLC. In consideration for the shares acquired in COUNTYWeb Limited, COUNTYWeb.com PLC issued 20,160,670 ordinary shares of 1p each. The results of COUNTYWeb Limited have been consolidated using merger accounting principles.

COUNTYWeb.com PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30th JUNE 2000

10. FIXED ASSETS INVESTMENTS (continued)

The group has incorporated companies registered in England and Wales to protect the COUNTYWeb domain names in the United Kingdom. Each company is dormant and is owned by COUNTYWeb Nominees Limited. The whole of the issued share capital of COUNTYWeb Nominees Limited is held by Mr W A Catchpole on behalf of the group.

11. DEBTORS

	Group 2000 £	Company 2000 £
Trade debtors	121,542	-
Other debtors	179,286	60
Amount owed by group undertaking	-	4,866,181
Prepayments and accrued income	29,587	-
	<u>330,415</u>	<u>4,866,241</u>
Included in debtors above are amounts falling due after more than one year:		
Amount owed by group undertaking	<u>-</u>	<u>4,800,000</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2000 £	Company 2000 £
Trade creditors	224,069	-
Social security and other taxes	27,868	-
Other creditors	8,272	438
Accruals and deferred income	223,232	130,013
	<u>483,441</u>	<u>130,451</u>

13. SHARE CAPITAL

Group and Company

	Number	£
Authorised:		
Ordinary shares of 1p each	<u>100,000,000</u>	<u>1,000,000</u>
Allotted called up and fully paid:		
Ordinary shares of 1p each	<u>25,767,172</u>	<u>257,672</u>

COUNTYWeb.com PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

13. SHARE CAPITAL (continued)

Allotments in the period

On 5th November 1999 the company made an allotment of 20,160,670 ordinary shares of 1p each at par in consideration for 100% of the issued share capital of COUNTYWeb Limited.

Between 23rd February 2000 and 17th April 2000 the company made an allotment of 5,606,500 ordinary shares of 1p each at £1.00 per share. The difference between the total consideration of £5,606,500 and total nominal value of £56,065 has been credited to the share premium account.

Contingent rights to the allotment of shares

The company has granted the following options during the period, in respect of ordinary shares of 1p each, which were unexercised at 30th June 2000.

Date of grant	Number of shares	Exercise price	Period exercisable
30 th December 1999	1,370,000	50p	From 3 months to 10 years from grant
12 th April 2000	50,000	75p	From 3 months to 10 years from grant
20 th March 2000	50,000	75p	From 3 months to 10 years from grant
24 th January 2000	5% of fully diluted issued ordinary share capital	100p	5 years from 24 th January 2000
24 th January 2000	90,000	100p	Within 6 months from date of grant

The directors are of the opinion that the market value of the ordinary shares at the grant of options on 30th December 1999 was approximately 50p per ordinary share, and that the market value of the shares throughout the rest of the period was approximately £1 per share. No share options were exercised during the period.

14. RESERVES

Group

	Share premium account £	Other reserve £	Merger reserve £	Profit and loss account £
Arising on consolidation	-	-	18,396	-
Grant of share options	-	25,000	-	-
Premium on shares issued	5,550,435	-	-	-
Share issue expenses	(756,336)	-	-	-
Loss in the period	-	-	-	(996,265)
At 30 th June 2000	4,794,099	25,000	18,396	(996,265)

COUNTYWeb.com PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

14. RESERVES (continued)

Company

	Share premium account £	Other reserve £	Profit and loss account £
Grant of share options	-	25,000	-
Premium on shares issued	5,550,435	-	-
Share issue expenses	(756,336)	-	-
Loss in the period	-	-	(139,374)
At 30 th June 2000	4,794,099	25,000	(139,374)

The other reserve is in respect of shares to be issued and arises as a result of recognising the cost of share options granted in the period in accordance with UITF 17. The reserve will be utilised when the options are exercised.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2000 £
Loss for the financial period	(996,265)
Issue of shares	5,051,771
Grant of share options	25,000
Merger reserve arising on consolidation	18,396
Shareholders' funds at 30 th June 2000	4,098,902

16. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2000 £
Operating loss	(1,077,880)
Depreciation and amortisation	274,122
Loss on disposal of fixed assets	2,044
Grant of options	25,000
Increase in debtors	(305,138)
Increase in creditors	483,443
Net cash outflow from operating activities	(598,409)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£
Increase in cash in the period	3,664,002
Net funds at 30 th June 2000	3,664,002

COUNTYWeb.com PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2000

18. ANALYSIS OF CHANGES IN NET FUNDS

	Cash Flow £	At 30 th June 2000 £
Cash at bank and in hand	<u>3,664,002</u>	<u>3,664,002</u>

19. ACQUISITIONS

On 5th November 1999 the subsidiary, Countyweb Limited, acquired the assets and undertaking of the COUNTYWeb business, for consideration of £220,001, satisfied by the issue of 202,001 ordinary shares at £1 each.

The assets of the COUNTYWeb business acquired were as follows:

	Book value £
Fixed assets	
Tangible	140,206
Current assets	
Debtors	25,277
Bank and cash	<u>54,518</u>
Total assets	<u>220,001</u>
Satisfied by:	
Issue of shares	<u>220,001</u>

20. CAPITAL COMMITMENTS

The group had no capital commitments at 30th June 2000.

21. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th June 2000.

22. LEASING COMMITMENTS

Operating lease payments amounting to £69,000 are due within one year. The leases to which these amounts relate expire as follows:

	Group 2000 £
Land and Buildings	
In five years or more	<u>69,000</u>