ACCESS INTELLIGENCE PLC

GROUP ACCOUNTS

◆ 30 NOVEMBER 2004 ◆

Company Registration No. 04799195

CONTENTS

ACCESS INTELLIGENCE PLC
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

Directors:	J J Hamer	(Chairman)
	B J Austin	(Chief executive officer)
	C E Davies	(Finance director)
	E I Savage	(Non-executive director)
	A C Thompson	(Non-executive director)

Secretary: S E Chappell

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Regency House Westminster Place
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HU1 1RA

Legal Advisers:
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M3 3AA

Auditors:
Chadwick
Chartered Accountants
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10 / 12 Mount Street
Manchester
M2 5NT

Brokers and Nominated Advisers:
Corporate Synergy plc
12 Nicholas Lane
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Registrars:
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ACCESS INTELLIGENCE PLC
CHAIRMAN'S STATEMENT
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

I am pleased to announce the first set of results for Access Intelligence plc for the 16-month period ending 30 November 2004. Our three operating subsidiaries were acquired on 28 November 2003 and the results reflect a full year's trading for the subsidiaries together with initial losses for the group in the period prior to November 2003.

Results

In the period turnover was £543,000 producing an operating loss before amortisation of goodwill of £251,000 and a loss per share of .016p.

With the exception of The Marketing Guild the other subsidiaries are in the early stages of development. Turnover in the month of November 2004 was £60,000 clearly demonstrating the upward growth potential of the companies. All operating businesses produced a monthly profit by the end of the period, albeit not enough to cover the central costs.

Over the past sixteen months the group has raised cash on three occasions. An initial fundraising of approximately £750,000 gross in September 2003 thereby setting up the cash shell. A second fundraising of approximately £200,000 gross was completed in November 2003 to facilitate the reverse into Readymarket Limited. In December 2004 the Group completed a further fundraising of £3m gross to provide funds for further acquisitions and also to fund organic growth.

The capital base of your group has now been strengthened significantly and will provide a solid platform for expansion. A pro-forma balance sheet incorporating the impact of the recent fundraising is set out below:

	As per accounts £000's	**Adjustment £000's**	**Pro-forma £000's**
Fixed assets	2,516	-	2,516
Current assets	135	-	135
Cash	31	2,598	2,629
Creditors within one year	(361)	112	(249)
Creditors after one year	(142)	115	(27)
Net Assets	2,179	2,825	5,004
Share Capital and reserves	2,179	2,825	5,004

Note: The adjustment represents the amount raised net of costs in December 2004 less the repayment of £227,000 of bank loans.

Dividend

At this stage of the Group's development the board does not intend to declare a dividend. As recurring revenues build from subscriptions the group should produce strong cash flow and this should enable the group to pay dividends.

Strategy

The Strategy of the group is to establish a portfolio of companies, which provide information, advice and services to small and medium sized businesses or other 'communities' on a subscription basis. The ability to cross sell existing services to an established customer base would be particularly attractive in any potential acquisition.

The Marketing Guild

The Marketing Guild has significantly increased and improved the level of service to its member base. Annual subscriptions have recently increased from £474 to £1,800 for the top-level service, which includes regular consultancy taking members through a structured marketing development programme called Spectral Marketing ™. The key challenge is to migrate existing members to this higher level service.

Wired Gov

Wired Gov has firmly established itself as the pre-eminent independent site to access government and public sector press releases. The subscription paying client base continues to expand and currently consists of leading professional practices and finance sector companies in the UK. Many public sector employees also receive bespoke feeds. As the registered user base increases, now in excess of 10,000, we are attracting increasing levels of sponsorship income, which is a highly attractive additional revenue stream.

Backup and Running

Backup and Running has significantly improved recurring revenues over the last twelve months and is now producing an operating profit on a monthly basis. Enhancements are continually being made to the software to improve customer service. During the period we have recruited key personnel to generate further growth in the coming year.

Acquisitions

We have identified a number of potential acquisition targets and discussions are ongoing. Despite the need to build the Group quickly leveraging the cash raised and our paper, we do not intend to overpay.

Board

I should like to thank Ian Savage, my predecessor as Chairman, who stepped down just prior to the recent fundraising. His custodianship during the early days of this Group has made a significant contribution. He remains a non-executive Director, replacing Keith Salisbury, who stepped down as a Director at the time of the fundraising in December 2004.

Staff

Although still only a small team the staff at all levels have demonstrated an enthusiasm and commitment to grow the business as quickly as possible This statement would not be complete without expressing my warmest thanks, and those of the Board, to the employees who have contributed to our first full year of operations.

Outlook

We have continued to see growth in the first few months of our financial year and are looking to increase personnel particularly on the sales side of the businesses. We continue active discussions with potential acquisition targets and would hope to be announcing some success in this regard in the near future.

Jeremy Hamer
Chairman
28 February 2005

The directors present their annual report and the consolidated financial statements of the Group for the period from 13 June 2003 to 30 November 2004.

PRINCIPAL ACTIVITY

Access Intelligence plc was incorporated on 13 June 2003 under the name of Readymarket Limited. On 24 July 2003 the company re-registered as a public limited company. On 28 November 2003 the company changed its name to Access Intelligence plc.

In November 2003, the company acquired the entire share capital of Access Intelligence Limited, now Readymarket Limited, and its subsidiary companies: The Marketing Guild, Wired Gov Limited and Backup and Running plc.

The Group's activities primarily include the provision of subscription-based practical services and advice to small and medium sized companies.

RESULTS AND DIVIDENDS

The consolidated trading results for the period and the period end financial position are shown in the financial statements on pages 12 to 26. The results for the period and future prospects are reviewed in the Chairman's Statement on page 2.

The directors recommend that no dividend be paid in respect of the period ended 30 November 2004.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and details of their interests in the Company's ordinary share capital at 30 November 2004 are disclosed below.

		Beneficial Holdings 0.5p Ordinary shares	
		At 30 November 2004 No.	**At date of Appointment No.**
J J Hamer	(Appointed 8 October 2004)	1,861,928	1,861,840
B J Austin	(Appointed 1 December 2003)	4,161,878	4,161,878
C E Davies	(Appointed 1 December 2003)	2,132,592	2,597,592
E I Savage	(Appointed 1 December 2003)	158,000	158,800
A C Thomson	(Appointed 1 December 2003)	712,531	1,712,531

The first directors appointed to the Company at the date of its incorporation on 13 June 2003 were I W Currie and N Molyneux. I W Currie resigned as a director on 23 July 2003. N Molyneux resigned as a director on 1 December 2003.

K W Salisbury was appointed a director on 23 July 2003 and resigned on 6 October 2004.

DIRECTORS' REPORT /Continued ...

REPORT ON REMUNERATION

The Remuneration Committee comprises one non-executive director and the chairman.

The Committee reviews the terms of employment and total remuneration of the executive director, including the granting of share options, at least twice a year to ensure that the Company can attract, retain and motivate directors capable of delivering the Company's objectives.

Full details of directors' remuneration are given in note 4 to the financial statements.

The executive director's remuneration package comprises a basic salary and other benefits. The Committee has regard to rates of pay for similar positions in comparable companies as well as internal factors such as performance. The objective of the Company's remuneration policy is to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The executive director is eligible for share options under the company's share option scheme. The exercise of options granted under this share option scheme is not dependent on performance criteria.

SUBSTANTIAL SHAREHOLDINGS

Save for the directors' interests disclosed above together with the following shareholders, the directors are not aware of any other shareholdings representing 3% or more of the issued share capital of the Company at the date of this report.

Investor	No. of shares	% holding
Unicorn	7,000,100	12.02
Phoenix VCT plc	6,600,000	11.33

EMPLOYEE RELATIONS

The Group supports the employment of disabled people, wherever possible, both in recruitment and by retention of those who become disabled during their employment.

Appropriate steps are taken to inform and consult employees regarding matters affecting them and the Group.

The Group's policy regarding health and safety is to ensure that, as far as is practical, there is a working environment which will minimise the risk to health and safety of employees and those persons who are authorised to be on its premises.

DIRECTORS' REPORT /Continued ...

AUDIT COMMITTEE

The Audit Committee is appointed by the board and must comprise a minimum of two members, including one non executive director. During the period J J Hamer, K W Salisbury and A C Thompson served on the Audit Committee. The Committee is to meet not less than twice a year.

The Audit Committee may examine any matters relating to the financial affairs of the Group. This includes reviews of the annual accounts and announcements, internal control procedures, accounting policies, compliance with accounting standards, the appointment of external auditors and other such related functions as the board may require.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial period 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for systems of internal control, for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SUPPLIERS' PAYMENT POLICY

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

The Group's trade creditor days for the period ended 30 November 2004 were 45 days calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the period and the amounts due, at the period end, to trade creditors within one year.

DIRECTORS' REPORT /Continued ...

AUDITORS

The directors have appointed Chadwick as the first auditors of the company and a resolution to appoint them will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

S E CHAPPELL
Secretary
Approved by the directors on 28 February 2005

APPLICATION OF THE PRINCIPLES OF GOOD GOVERNANCE

The Group is committed to applying the highest principles of corporate governance commensurate with its size.

THE BOARD

The Group is managed by a board, consisting of a chairman, two executive members and two non-executive members, who retain responsibility for the formulation of corporate strategy, approval of acquisitions, divestments and major capital expenditure and treasury policy. The appointment of new directors is a matter reserved for the board as a whole rather than for a separate nomination committee.

The board meets regularly and has a schedule of matters specifically referred to it for decision. All directors have access to advice from the company secretary and training is available for directors as necessary.

The board considers the non-executive directors to be independent.

INTERNAL CONTROL

The directors have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can only provide reasonable and not absolute assurance. The board has reviewed the operation and effectiveness of the system of internal control in operation during the period.

The board is also responsible for assessing and minimising all business risks, supported by Group personnel able to provide specific assistance in matters relating to regulatory compliance, health and safety, environment, quality systems and insurance cover for property and liability risks.

Monthly accounts, with commentary on current year performance compared with planned performance, together with key ratio analysis and working capital information, are prepared in accordance with Group accounting policies and principles. They are consolidated and reviewed by the board in order to monitor overall performance and produce appropriate management intervention.

The board monitors the funding requirements and banking facilities provided to the Group in addition to the management of investment and treasury procedures. Capital and significant investment expenditure is approved against performance criteria.

The board confirms that it has established the procedures necessary to implement the guidance "Internal Control: Guidance for Directors on the Combined Code". The board has considered the need for an internal audit function but has concluded that the size and complexity of the Group does not justify the expense at present. The need for an internal audit function will continue to be reviewed periodically.

CORPORATE GOVERNANCE / Continued ...

RELATIONS WITH SHAREHOLDERS

The board attaches great importance to maintaining good relationships with shareholders. The board regards the Annual General Meeting as an opportunity to communicate directly with investors who are encouraged to participate.

COMPLIANCE

In the opinion of the directors, the Company has complied throughout the period with the provisions of Section 1 of the Combined Code with the following exception that there is no separate Nomination Committee.

The Company has complied fully with the requirements of provision C1.2 of the Code (review of effectiveness of internal control system) from the date of its flotation on the Alternative Investment Market.

GOING CONCERN

The directors report that, in connection with paragraph D1.3 of the Combined Code and after making enquiry, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CHADWICK
CHARTERED ACCOUNTANTS

ACCESS INTELLIGENCE PLC
INDEPENDENT AUDITOR'S REPORT
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

We have audited the financial statements of Access Intelligence Plc for the period ended 30 November 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cashflow statement, the principal accounting policies and notes 1 to 27 on pages 12 to 26. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the Company is not disclosed.

We read other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the board's statement on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of audit 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 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 the Group's and Company's affairs as at 30 November 2004 and of the loss of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chadwick

Chadwick
Chartered Accountants and Registered Auditors
Manchester

28 February 2005

ACCESS INTELLIGENCE PLC
CONSOLIDATED PROFIT & LOSS ACCOUNT
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

	Note	£'000
Turnover	2	
Continuing operations		-
Acquisitions		543
Cost of sales		(290)
Gross profit		253
Distribution costs		-
Administrative expenses		(626)
Operating loss	3	
Continuing operations		(291)
Acquisitions		(82)
Loss on ordinary activities before interest		(373)
Interest receivable	5	9
Interest payable	6	(17)
Loss on ordinary activities before taxation		(381)
Taxation	7	41
Loss for the financial period	8	(340)
Dividends		-
Retained loss for the period	20	(340)
Basic earnings per share	9	(0.016p)
Diluted earnings per share		(0.015p)
Dividends per share		-

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

ACCESS INTELLIGENCE PLC
CONSOLIDATED & COMPANY BALANCE SHEETS
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

	Note	Group 2004 £'000	Company 2004 £'000
Fixed assets			
Intangible assets	10	2,433	-
Tangible assets	11	83	-
Investments	12	-	1,753
		2,516	1,753
Current assets			
Stocks	13	14	-
Debtors	14	121	649
Cash at bank and in hand		31	-
		166	649
Creditors: amounts falling due within one year	15	(361)	(3)
Net current (liabilities) / assets		(195)	646
Total assets less current liabilities		2,321	2,399
Creditors: amounts falling due after more than one year	16	(142)	-
		2,179	2,399
Capital and reserves			
Called up share capital	19	332	332
Share premium account	20	2,187	2,187
Profit and loss account	20	(340)	(120)
Equity and non-equity shareholders' funds	21	2,179	2,399

The financial statements were approved by the board of directors on 28 February 2005 and signed on its behalf by:

B J Austin
Chief Executive

ACCESS INTELLIGENCE PLC
CONSOLIDATED CASHFLOW STATEMENT
PERIOD FROM 13 JUNE 2003 TO 30 NOVEMBER 2004

	Note	2004	2004
Net cash outflow from operating activities	22		(540)
Returns on investments and servicing of finance			
Interest paid		(17)	
Interest received		9	
Net cash outflow from servicing of finance			(8)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(98)	
Payments to acquire tangible fixed assets		(49)	
Net cash outflow from capital expenditure and financial investment			(147)
Acquisition and disposals			
Purchase of subsidiary undertaking		(1,753)	
Net cash outflow from acquisitions and disposals			(1,753)
Net cash outflow before use of liquid resources and financing			(2,448)
Financing			
Issue of equity share capital		2,727	
Cost of share issues		(208)	
Repayment of term loans		(82)	
Net cash inflow from financing			2,437
Decrease in cash	24		(11)

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted by the Group are described below.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings at 30 November 2004 using acquisition accounting. The results of the subsidiary undertakings acquired during the financial period are included from the effective date of acquisition. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Profits or losses on intra-group transactions are eliminated in full.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year. Subscription income is accounted for on an accruals basis.

Financial Instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value.

Income and expenditure arising on financial instruments is recognised on the accruals basis and charged or credited to the profit and loss account in the period to which it relates.

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:

Development costs – Amortised over a 10 year period from which the Group is expected to benefit.

Goodwill

Goodwill representing the difference between the fair values of consideration given and net assets acquired is capitalised and amortised through the profit and loss account over its estimated useful economic life up to a maximum of twenty years.

Fixed Assets and Depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their useful economic lives as follows:-

Fixtures, fittings and equipment	5 – 10 years

1 ACCOUNTING POLICIES /Continued ...

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Impairment

The Group evaluates its fixed assets for financial impairment where events or circumstances indicate that the carrying amount of such asset may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, the impairment loss is recognised in the profit and loss account.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value.

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 TURNOVER

The turnover, operating loss and net assets of the Group are attributable to one class of business which was acquired during the period as set out in note 12. All the Group's turnover was within the United Kingdom.

3 OPERATING LOSS

The operating loss is stated after charging:-

	2004 £'000
Depreciation of tangible fixed assets	25
Amortisation of goodwill	122
Amortisation of development costs	14
Operating lease charges – land and buildings	29
Directors' remuneration	67
Auditors' remuneration – audit services	12
– other services	1

In addition to the above, the auditors also received £19,398 in respect of work undertaken in connection with various issues of shares during the period. These costs have been charged against the share premium account.

4 PARTICULARS OF EMPLOYEES

The average number of persons (including Directors) employed by the Group during the period was:

	2004 No.
Selling, distribution and administration	16

Staff costs incurred during the period in respect of these employees were:

	2004 £'000
Wages and salaries	217
Social security costs	28
Pension costs	-
	245

4 PARTICULARS OF EMPLOYEES/Continued...

Directors' remuneration

	Salary/ Fees £'000	Benefits in kind £'000	Pension Paid £'000	Total £'000
J J Hamer	-	-	-	-
B J Austin	40	-	-	40
K W Salisbury	-	-	-	-
C E Davies	21	-	-	21
E I Savage	3	-	-	3
A C Thompson	3	-	-	3
	67	-	-	67

The number of directors at 30 November 2004 accruing retirement benefits under money purchase schemes was nil.

The interests of the directors in share options are as follows:

Name	Date of grant	Exercise price per ordinary share (p)	No. of ordinary shares under option	Exercise period
E I Savage	4 November 2003	9.25p	425,000	Nov 2006 to Nov 2013
B Austin	13 December 2004	10.00p	500,000	Dec 2007 to Dec 2014
C Davies	13 December 2004	10.00p	400,000	Dec 2007 to Dec 2014

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £'000
Interest receivable	9

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000
Interest on bank loans and overdraft	17

7 TAXATION

Analysis of Tax Credit on Loss on Ordinary Activities

	2004 £'000
Current taxation:	
UK Corporation tax charge for the period	-
Deferred taxation:	
Origination and reversal of timing differences	(41)
Tax credit on loss on ordinary activities	(41)

Factors Affecting Tax Credit

Loss on ordinary activities before tax	(380)
Loss on ordinary activities by rate of tax of 19%	(72)
Permanent timing differences	26
Capital allowances in excess of depreciation	9
Expenses not deductible for tax purposes	(4)
Tax credit for the period	(41)

At 30 November 2004, the Group had £214,000 of unrelieved taxable losses to carry forward against future trading profits.

8 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial period amounted to £120,000.

9 EARNINGS PER SHARE

The calculation of earnings per share is based upon the loss after taxation of £340,000 divided by the weighted average number of ordinary shares in issue during the period which was 21,361,595. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is 22,200,095. This has been adjusted for the effect of potentially dilutive share options granted under the company's share option schemes.

10 INTANGIBLE FIXED ASSETS

Group

	Development Costs £'000	Goodwill £'000	Total £'000
Cost			
Additions and at 30 November 2004	134	2,435	2,573
Amortisation			
Charge for the period and at 30 November 2004	14	122	136
Net Book Value			
At 30 November 2004	120	2,313	2,433

11 TANGIBLE FIXED ASSETS

Group

	Fixtures fittings and equipment £'000
Cost	
On acquisition of subsidiary	145
Additions	49
At 30 November 2004	194
Depreciation	
On acquisition of subsidiary	86
Charge for the period	25
At 30 November 2004	111
Net Book Value	
At 30 November 2004	83

12 INVESTMENTS

	Investment in Subsidiary Undertakings £'000
Cost and net book value	
Acquired in the period and at 30 November 2004	1,753

In November 2003, the Group acquired the entire issued ordinary share capital of Readymarket Limited, a company incorporated in England & Wales. Readymarket Limited has three subsidiaries being Marketing Guild Limited, Wired Gov Limited and Backup and Running plc.

The fair value of assets and liabilities acquired on acquisition was as follows:-

	£'000
Tangible fixed assets	59
Intangible fixed assets	36
Debtors	41
Bank loan & overdraft	(295)
Other creditors	(523)
Net liabilities acquired	(682)
Goodwill	2,435
Consideration	1,753
Comprising:	
Ordinary shares	1,491
Preference shares	191
Costs	71
Net value of shares issued	1,753

The profit and loss account of Readymarket Limited for the year ended 30 November 2003 may be summarised as follows:

	Year to 30/11/2003 £'000
Turnover	445
Operating loss	(180)
Net interest payable	(25)
Loss before tax	(205)

There were no material recognised gains and losses in the period to 30 November 2003 other than the loss on ordinary activities after taxation.

12 INVESTMENTS / Continued...

At 30 November 2004, the company was the beneficial owner of the entire issued shared capital and controlled all the votes of its subsidiaries, all of which are incorporated in England and Wales. The principal trading subsidiaries are set out below:

Name	**Nature of Business**
Readymarket Limited	Holding company
The Marketing Guild Limited	Subscription based marketing company
Wired Gov Limited	Subscription based information provider
Backup and Running	Subscription based disaster recovery company

13 STOCKS

	Group 2004 £'000	**Company 2004 £'000**
Raw materials and consumables	14	-

14 DEBTORS

	Group 2004 £'000	**Company 2004 £'000**
Trade debtors	55	-
Amount due from group undertakings	-	614
Deferred taxation (Note 18)	41	21
Prepayments and accrued income	25	14
	121	649

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £'000	**Company 2004 £'000**
Bank loans and overdraft	113	-
Trade creditors	36	-
Other taxes and social security	36	1
Accruals and deferred income	176	2
	361	3

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £'000	Company 2004 £'000
Bank loans	142	-

The bank loan is secured by a fixed and floating charge over the group undertaking and assets.

17 FINANCIAL INSTRUMENTS

The Group's treasury activities are designed to provide suitable, flexible funding arrangements to satisfy the Group's requirements. The Group uses financial instruments comprising borrowings, cash, liquid resources and items such as trade debtors and creditors that arise directly from its operations. The main risks arising from the Group financial instruments are interest rate and liquidity risks. The board reviews policies for managing each of these risks and they are summarised below.

The Group finances its operations through a combination of cash resources and bank borrowings. Short term flexibility is satisfied by overdraft facilities which are repayable on demand and due for renewal in May 2005. Exposure and interest rate fluctuations on its borrowings are managed by the use of both fixed and floating facilities. The Group also mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations.

At 30 November 2004 borrowings comprised:

- £213,000 loan from Bank of Scotland which represents the balance outstanding of an original loan of £350,000. The loan was due to be repaid in full by December 2006, however following the fundraising exercise in December 2004 this loan has been fully repaid since the year end (see note 27).
- £42,000 overdraft.

There is no material difference between the fair values and book values of the Group's financial instruments.

Short term debtors and creditors have been excluded from the above disclosures as permitted by FRS 13.

18 DEFERRED TAXATION

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group 2004 £'000	Company 2004 £'000
Accelerated capital allowances	50	-
Tax losses available	(264)	(108)
	(214)	(108)
Deferred tax charged to the profit and loss account and provision at 30 November 2004	(41)	

19 SHARE CAPITAL

	2004 £'000
Authorised:	
Equity: 40,000,000 Ordinary shares of 0.5p each	200
Non-Equity:191,177 8.5% Redeemable preference shares of £1 each	191
Non-Equity:50,000 Redeemable shares of £1 each	50
	441
Allotted, issued and fully paid:	
28,253,378 Ordinary shares of 0.5p each	141
191,177 8.5% Redeemable preference shares of £1 each	191
	332

On incorporation, the company had an authorised share capital of £1,000 divided into 1,000 Ordinary Shares of £1 each of which one subscriber share was issued fully paid. From the date of incorporation to 30 November 2004, the following transactions were completed:

On 23 July 2003:
- the existing issued ordinary shares and each of the existing un-issued ordinary shares of £1 were sub-divided into 20,000 ordinary shares of 0.005p each;
- the authorised share capital was increased from £1,000 to £250,000 by the creation of 3,980,000,000 ordinary shares of 0.005p each and 50,000 redeemable shares of £1 each;
- *the company issued 54,800,000 ordinary shares of 0.005p each at par and 50,000 redeemable* shares of £1 each credited as fully paid up at par.

On 29 September 2003, the Company:
- issued a further 14,000,000 ordinary shares of 0.005p each at 5p per share.
- the company made a bonus issue of 52 ordinary shares of 0.005p for every ordinary share of 0.005p held by each member.
- consolidated every 100 ordinary shares of 0.005p each into one ordinary share of 0.5p and,
- redeemed the 50,000 redeemable shares of £1 each for cash at par.

On 20 October 2003, 1,590,000 ordinary shares of 0.5p each were issued in bundles of 41 shares at an aggregate subscription price of £5.00.

On 28 November 2003, the Company:
- issued 15,800,000 ordinary shares of 0.5p were issued at a premium in connection with the acquisition of Readymarket Limited.
- issued 191,177 8.5% redeemable preference shares of £1 each at par.
- Issued a further 528,378, ordinary shares of 0.5p each on admission of the Company to the Alternative Investment Market at 37p per share.

Ordinary share options granted and subsisting at 30 November 2004 were as follows:

Date of grant	Option price	Number of shares	Exercisable between
4 November 2003	9.25p	2,200,000	Nov 2006 – Nov 2013

Redeemable preference shares

The holders of the redeemable preference shares are entitled to a fixed cumulative preferential dividend at a rate of 8.5% per annum, out of profits available for distribution. On a return of capital they have priority over any other class of shares.

20 RESERVES

	Share Premium £'000	Profit & Loss £'000
Group		
Loss for the period	-	(340)
Premium on shares issued in the period	2,446	-
Share premium utilised on bonus issue	(51)	-
Costs incurred	(208)	-
At 30 November 2004	2,187	(340)
Company		
Loss for the period	-	(120)
Premium on shares issued in the period	2,446	-
Share premium utilised on bonus issue	(51)	-
Costs incurred	(208)	-
At 30 November 2004	2,187	(120)

21 RECONCILIATION OF MOVEMENT IN EQUITY AND NON EQUITY SHAREHOLDERS' FUNDS

	2004 £'000
Loss for the financial period	(340)
Equity shares issued in the period	332
Share premium on equity shares issued	2,446
Share premium utilised on bonus issue	(51)
Costs incurred	(208)
Shareholders' funds at 30 November 2004	2,179
Equity shareholders' funds	1,998
Non equity shareholders' funds	191
	2,179

22 RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2004 £'000
Operating loss	(373)
Depreciation of tangible fixed assets	25
Amortisation of goodwill	136
Increase in stocks	(14)
Increase in debtors	(39)
Decrease in creditors	(275)
Net cash outflow from operating activities	(540)

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £'000
Decrease in cash in period	(11)
Change in net debt arising from cash flows	(11)
Other changes not arising from movements in cash	-
Net Debt at 30 November 2004	(11)

24 ANALYSIS OF CHANGES IN NET DEBT

	Cash flows £'000	Other non-Cash Movements £'000	As at 30 November 2004 £'000
Cash in hand and at bank	31	-	31
Overdraft	(42)	-	(42)
Total	11	-	11

25 COMMITMENTS

Capital commitments

The Group had no capital commitments at the end of the financial period.

Operating Lease Commitments

At 30 November 2004, the Group was committed to making the following payments during the next year in respect of operating leases for land and buildings expiring:-

	Group 2004 £'000	Company 2004 £'000
Between two and five years	29	15

26 RELATED PARTY TRANSACTIONS

The Company has entered into a consultancy agreement, dated 24 July 2003, with Zeus Partners ("Zeus") of which K W Salisbury is a partner. Under this agreement, Zeus has agreed to provide the services of K W Salisbury as non-executive director to the Company and specifically to monitor the performance of the Company from a shareholder perspective Fees totalling £140,000 were paid to Zeus for services rendered during the period.

27 POST BALANCE SHEET EVENT

On 15 December 2004 the company raised a further £3 million before expenses through the placing of 30,000,000 new ordinary shares of 0.5p each at 10p per share. Costs relating to the funds raised were £175,000. Part of the cash raised was used to repay the outstanding bank loans (see note 17).