

THEMUTUAL.NET PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2005

THEMUTUAL.NET PLC

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

CONTENTS	PAGES
Officers and professional advisers	1
Chairman's statement	2 to 3
The directors' report	4 to 5
Independent auditors' report to the shareholders	6
Group profit and loss account	7
Group balance sheet	8
Balance sheet	9
Group cash flow	10 to 11
Notes to the financial statements	12 to 19

THEMUTUAL.NET PLC

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J W Taylor - Chairman
M D Smith - CEO
P N Coveney - Financial Director
B J D Heaton - Executive Director
V R Smith - Non-executive director
H Gittelmon - Non-executive director

COMPANY SECRETARY

P. N. Coveney

REGISTERED OFFICE

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

AUDITORS

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

ADVISORS AND BROKERS

Panmure Gordon (Broking) Limited
Moorgate Hall
155 Moorgate
London
EC2M 6XB

THEMUTUAL.NET PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 30 APRIL 2005

I am pleased to announce the Company's results for the year ended 30th April 2005 showing continued growth in revenue and profitability, with turnover increasing by 40%, EBITDA increasing by 35% and profit before tax increasing by 20%. Cash at bank at £1,555,000 increased by £636,000 which, after spending £189,000 on the buyback of our shares and £121,000 on the purchase of an investment reflects the strong cash generative qualities of the business.

This is the first year that we have had to provide for corporation tax resulting in a profit after tax of £489,000. The following figures highlight the growth in the business over the last three years.

Profit and Loss Account	Year ended 30 April 05 £'000	Year ended 30 April 04 £'000	Year ended 30 April 03 £'000
Turnover	3,079	2,199	1,372
Gross profit	2,733	2,011	1,305
EBITDA profit	1,375	1,015	681
Profit before tax	778	650	558

Balance Sheet	30 April 05 £'000	30 April 04 £'000	30 April 03 £'000
Cash at bank	1,555	919	720
Net current assets	1,772	1,260	734
Shareholders' funds	2,100	1,797	1,091

The Company has passed a number of significant milestones this year, positioning ourselves for further expansion and development. Highlights for the year include:

- Launch of the new website with increased search facility from the MutualShop and a better user experience
- The adoption of new, bespoke technology to handle increased demands for email marketing, putting us at the forefront of the field
- Our membership base now stands at 1.27 million members, and we are delivering over 25 million emails to our members each month, resulting in over 1 million monthly visits to our advertisers and partners
- Consolidation of the shares by 100:1, and the introduction of cash rewards to themutual.net members

In the latter part of the year we moved once more to new premises, allowing us to accommodate an increased number of sales and technical personnel.

Due to delays in launching the new website and email delivery systems, which coincided with our move to new premises, profit growth was constrained this year against previously communicated expectations. However, we are pleased to note that recent evidence confirms our view that these developments will show benefits in this coming year, with the investment in the new website showing strong return with usage and new member generation. In addition the successful acquisition of MyPoints Europe Limited (subsequently renamed MutualPoints Limited) will be fully written off by September 2005, reducing our current level of expenses by £20,000 per month.

Online advertising spend continues to grow and has been reported as exceeding both cinema and radio spend by third party comments in 2004. With the continued exciting growth in the market place we are well positioned for the coming year.

Following strategies set out in our interim report to ensure increased email deliverability and targeting data, we are currently focused on enhancing the member experience and usability of our website. Entry into Germany and France is still at an exploratory stage, with our full focus remaining on optimising success in the UK.

Shareholders might like to know that since the year end we have disposed of approximately 50% of our investment in QXL Ricardo plc, realising an exceptional profit of £190,000. Our remaining investment stands in our balance sheet at £62,000 and we plan to retain this holding pending further developments.

At our last AGM we received shareholder approval to buy back up to 10% of our shares. As noted above we spent £189,000 during the year buying back 900,000 shares. We will be seeking shareholder approval to renew this authority at the next AGM as we believe this can be a satisfactory way of rewarding our shareholders.

Looking forward we are actively reviewing opportunities in a number of potential areas for expansion and the possibility of consolidating through acquisitions. We have a strengthened management team, a new service, improved technology and balance sheet strength. With all these resources available to us we look forward with confidence to this coming year.

THEMUTUAL.NET PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 30 APRIL 2005

We continue to be committed to developing themutual.net into a mature market leader in the facilitation of email marketing and rewarded online shopping, through our strategy for growth in members, revenue and profitability.

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

THEMUTUAL.NET PLC

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2005

The directors present their report and the financial statements of the group for the year ended 30 April 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year was on-line permission based direct marketing and the provision of a rewarded shopping portal.

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

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.

DIRECTORS

The directors who served the company during the year were as follows:

	Class of share	At 30 April 2005	At 1 May 2004
J W Taylor	Ordinary shares of 0.0001p each	–	42,505,000
	Ordinary shares of 0.01p each	455,050	–
	Deferred shares of £1 each	–	–
M D Smith	Ordinary shares of 0.0001p each	–	–
	Ordinary shares of 0.01p each	–	–
	Deferred shares of £1 each	–	–
B J D Heaton	Ordinary shares of 0.0001p each	–	324,874,118
	Ordinary shares of 0.01p each	3,248,741	–
	Deferred shares of £1 each	21,665	21,665
P N Coveney	Ordinary shares of 0.0001p each	–	27,140,731
	Ordinary shares of 0.01p each	271,407	–
	Deferred shares of £1 each	2,647	2,647
V R Smith	Ordinary shares of 0.0001p each	–	129,184,199
	Ordinary shares of 0.01p each	291,841	–
	Deferred shares of £1 each	–	–
H Gittelmon	Ordinary shares of 0.0001p each	–	70,000,000
	Ordinary shares of 0.01p each	600,000	–
	Deferred shares of £1 each	–	–

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

H Gittelmon's shares are owned by The EIP Partnership, of which he is a partner.

A Soobrattee resigned as a director on 29 November 2004.

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

SUBSTANTIAL SHAREHOLDINGS

On 30 April 2005 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 Limited	5,154,509	12.876
The Bank of New York (Nominees)	3,675,000	9.180
Foresight Technology VCT plc	3,427,302	8.561
Benjamin Heaton	3,175,457	7.932
Schweco Nominees Limited	2,197,404	5.489
HSBC Global Custody Nominee (UK)	2,123,500	5.304
Vidacos Nominees Limited	1,985,041	4.959
Nutraco Nominees Limited	1,613,365	4.030
Hanover Nominees Limited	1,405,000	3.510

THEMUTUAL.NET PLC

THE DIRECTORS' REPORT (continued)

YEAR ENDED 30 APRIL 2005

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 comprising three non-executive directors. A quorum shall be at least two members. A Remuneration Committee has also been established comprising of the three non-executive directors which will meet as and when necessary but at least annually to review, inter alia, the performance and salaries of the executive directors.

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 45 days purchases. The parent company did not make any trade purchases.

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the group's profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 12, 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.

PURCHASE OF OWN SHARES

In September 2004 the company brought back 50,000,000 ordinary shares of 0.0001p each. This represented 1.22% of the issued share capital of the company. The aggregate amount paid by the company for these shares was £87,000.

In March 2005, following the consolidation and redesignation of the entire authorised share capital of the company as described in note 17, the company brought back 400,000 ordinary shares of 0.01p each. This represented 0.99% of the issued share capital of the company. The aggregate amount paid by the company for these shares was £100,000.

AUDITORS

A resolution to re-appoint Menzies as auditors 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 28 June 2005

THEMUTUAL.NET PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
THEMUTUAL.NET PLC

YEAR ENDED 30 APRIL 2005

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 12.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 transactions with the company and other members of the group 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 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 the company's affairs and of the group as at 30 April 2005 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

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 2005

	Note	2005 £	2004 £
GROUP TURNOVER	2	3,079,352	2,198,708
Cost of sales		<u>346,847</u>	<u>187,409</u>
GROSS PROFIT		2,732,505	2,011,299
Administrative expenses		<u>1,999,554</u>	<u>1,378,474</u>
OPERATING PROFIT	3	732,951	632,825
Interest receivable		45,214	17,660
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>778,165</u>	<u>650,485</u>
Tax on profit on ordinary activities	6	288,780	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	7	<u>489,385</u>	<u>650,485</u>
Earnings per ordinary share (pence)	8	1.21	1.66
Diluted earnings per share (pence)	8	1.13	1.56

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

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

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

The notes on pages 12 to 19 form part of these financial statements.

THEMUTUAL.NET PLC

GROUP BALANCE SHEET

30 APRIL 2005

	Note	2005		2004	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		456,093		717,814
Tangible assets	10		68,001		77,835
Investments	11		121,363		-
			<u>645,457</u>		<u>795,649</u>
CURRENT ASSETS					
Debtors	12	760,229		689,993	
Cash at bank		1,554,764		919,363	
		<u>2,314,993</u>		<u>1,609,356</u>	
CREDITORS: Amounts falling due within one year	13	<u>542,547</u>		<u>349,592</u>	
NET CURRENT ASSETS			<u>1,772,446</u>		<u>1,259,764</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,417,903</u>		<u>2,055,413</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Other provisions	14		318,000		257,946
			<u>2,099,903</u>		<u>1,797,467</u>
CAPITAL AND RESERVES					
Called-up share capital	17		104,003		104,042
Share premium account			2,330,501		2,330,501
Other reserves	18		120,464		120,374
Profit and loss account	18		(455,065)		(757,450)
SHAREHOLDERS' FUNDS (including non-equity interests)	19		<u>2,099,903</u>		<u>1,797,467</u>

These financial statements were approved by the directors on the 28 June 2005 and are signed on their behalf by:

.....
M D Smith

.....
P N Coveney

THEMUTUAL.NET PLC

BALANCE SHEET

30 APRIL 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Investments	11		1,565,387		1,921,609
CURRENT ASSETS					
Debtors	12	1,219		9	
Cash at bank		1,352,016		705,052	
		<u>1,353,235</u>		<u>705,061</u>	
CREDITORS: Amounts falling due within one year	13	143,229		-	
NET CURRENT ASSETS			1,210,006		705,061
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,775,393</u>		<u>2,626,670</u>
CAPITAL AND RESERVES					
Called-up share capital	17		104,003		104,042
Share premium account			2,330,501		2,330,501
Other reserves	18		90		-
Profit and loss account	18		340,799		192,127
SHAREHOLDERS' FUNDS (including non-equity interests)			<u>2,775,393</u>		<u>2,626,670</u>

These financial statements were approved by the directors on the 28 June 2005 and are signed on their behalf by:

.....
M D Smith

.....
P N Coveney

The notes on pages 12 to 19 form part of these financial statements.

THEMUTUAL.NET PLC

GROUP CASH FLOW

YEAR ENDED 30 APRIL 2005

	2005		2004	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,267,475		701,584
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	45,214		17,660	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		45,214		17,660
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire intangible fixed assets	(334,721)		(280,323)	
Payments to acquire tangible fixed assets	(34,255)		(82,308)	
Acquisition of investments	(121,363)		-	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(490,339)		(362,631)
ACQUISITIONS AND DISPOSALS				
Cash paid to acquire subsidiaries	-		(212,500)	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		-		(212,500)
CASH INFLOW BEFORE FINANCING		822,350		144,113
FINANCING				
Issue of equity share capital	52		226	
Share premium on issue of equity share capital	-		54,984	
Purchase of own equity shares	(91)		-	
Premium on purchase of own equity shares	(186,910)		-	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(186,949)		55,210
INCREASE IN CASH		635,401		199,323
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
		2005		2004
		£		£
Operating profit		732,951		632,825
Amortisation		596,442		363,810
Depreciation		44,089		18,456
Increase in debtors		(70,236)		(446,286)
Decrease in creditors		(95,825)		(125,167)
Increase in provisions		60,054		257,946
Net cash inflow from operating activities		1,267,475		701,584

The notes on pages 12 to 19 form part of these financial statements.

THEMUTUAL.NET PLC

GROUP CASH FLOW (continued)

YEAR ENDED 30 APRIL 2005

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase in cash in the period	635,401	199,323
Movement in net funds in the period	635,401	199,323
Net funds at 1 May 2004	919,363	720,040
Net funds at 30 April 2005	1,554,764	919,363

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 May 2004 £	Cash flows £	At 30 Apr 2005 £
Net cash:			
Cash in hand and at bank	919,363	635,401	1,554,764
Net funds	919,363	635,401	1,554,764

The notes on pages 12 to 19 form part of these financial statements.

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, 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 2005. 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.

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.

2. TURNOVER

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

An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>3,079,352</u>	<u>2,198,708</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005 £	2004 £
Amortisation	596,442	363,810
Depreciation of owned fixed assets	44,089	18,456
Auditors' remuneration		
- as auditors	5,000	4,775
- as group auditors	15,350	14,860
- for other services	8,350	6,500
Operating lease costs:		
Land and buildings	<u>16,600</u>	<u>14,650</u>

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

4. PARTICULARS OF EMPLOYEES

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

	2005 No	2004 No
Number of administrative staff	20	14

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	862,174	600,474
Social security costs	94,404	65,898
	<u>956,578</u>	<u>666,372</u>

5. DIRECTORS' EMOLUMENTS

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

	2005 £	2004 £
Emoluments receivable	287,833	215,741

Emoluments of highest paid director:

	2005 £	2004 £
Total emoluments (excluding pension contributions)	<u>100,000</u>	<u>85,000</u>

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 vested in period	Exercise price	Expiry date
P Coveney	23 May 2000	250,000	-	0.01p	23 May 2010
	5 April 2002	1,815,000	-	5.50p	5 April 2012
A Soobrattee	23 May 2000	100,000	-	0.01p	23 May 2010
	31 October 2000	100,000	-	21.25p	31 October 2010
M Smith	6 April 2004	1,000,000	-	19.50p	6 April 2014

The above share options have been restated to reflect the consolidation and redesignation of ordinary share capital as described at note 17.

A. Soobrattee resigned as a director 29 November 2004.

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

No options were exercised during the period.

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	288,780	-
Total current tax	<u>288,780</u>	<u>-</u>

(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% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>778,165</u>	<u>650,485</u>
Profit/(loss) on ordinary activities by rate of tax	233,450	195,145
Expenses not deductible for tax (primarily intangible amortisation)	77,454	45,436
Capital allowances in excess of depreciation	9,665	(14,259)
Utilisation of tax losses	(16,075)	(226,322)
Marginal relief	(15,714)	-
Total current tax (note 6(a))	<u>288,780</u>	<u>-</u>

7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £335,672 (2004 - £(841)).

8. EARNINGS PER SHARE

	2005 pence	2004 pence
Earnings per ordinary share	1.21	1.66
Diluted earnings per share	1.13	1.56

The calculation of the profit per share is based on the profit for the period of £ 489,385 (2004 - £650,485) and on the weighted average number of shares in issue during the period of 40,507,379 (2004 - 39,109,723).

The calculation of the diluted profit per share is based on the same profit and weighted average shares of 43,466,545 (2004 - 41,705,557).

Comparatives have been restated to reflect the consolidation and redesignation of issued ordinary share capital during the year as described at note 17.

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

9. INTANGIBLE FIXED ASSETS

Group	Database £
COST	
At 1 May 2004	1,266,518
Additions	334,721
At 30 April 2005	<u>1,601,239</u>
AMORTISATION	
At 1 May 2004	548,704
Charge for the year	596,442
At 30 April 2005	<u>1,145,146</u>
NET BOOK VALUE	
At 30 April 2005	<u>456,093</u>
At 30 April 2004	<u>717,814</u>

The company did not hold any intangible fixed assets.

10. TANGIBLE FIXED ASSETS

Group	Fixtures & Fittings £
COST	
At 1 May 2004	205,579
Additions	34,255
At 30 April 2005	<u>239,834</u>
DEPRECIATION	
At 1 May 2004	127,744
Charge for the year	44,089
At 30 April 2005	<u>171,833</u>
NET BOOK VALUE	
At 30 April 2005	<u>68,001</u>
At 30 April 2004	<u>77,835</u>

The company did not hold any tangible fixed assets.

11. INVESTMENTS

Group	Other investments £
COST	
Additions	121,363
At 30 April 2005	<u>121,363</u>
NET BOOK VALUE	
At 30 April 2005	<u>121,363</u>

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

11. INVESTMENTS (continued)

Company	Group companies	Other investments	Total
	£	£	£
COST			
At 1 May 2004	529,717	–	529,717
Additions	–	121,363	121,363
At 30 April 2005	529,717	121,363	651,080
LOANS			
At 1 May 2004	1,391,892	–	1,391,892
Advanced in year	(477,585)	–	(477,585)
At 30 April 2005	914,307	–	914,307
NET BOOK VALUE			
At 30 April 2005	1,444,024	121,363	1,565,387
At 30 April 2004	1,921,609	–	1,921,609

	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

At the year end the other investment had a market value of £299,854.

12. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	592,168	546,871	–	–
VAT recoverable	–	–	–	9
Other debtors	1,219	–	1,219	–
Prepayments and accrued income	166,842	143,122	–	–
	<u>760,229</u>	<u>689,993</u>	<u>1,219</u>	<u>9</u>

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	115,069	184,029	–	–
Other creditors including taxation and social security:				
Corporation tax	288,780	–	143,229	–
PAYE and social security	27,441	30,731	–	–
VAT	56,828	47,984	–	–
Accruals and deferred income	54,429	86,848	–	–
	<u>542,547</u>	<u>349,592</u>	<u>143,229</u>	<u>–</u>

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

14. OTHER PROVISIONS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Other provisions	318,000	257,946	-	-

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

15. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2005 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	56,326	16,600

At 30 April 2005 the company had annual commitments under non-cancellable operating leases as set out below.

Company	Land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	56,326	16,600

16. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

There is no ultimate controlling party.

17. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
10,000,000,000 Ordinary shares of 0.0001p each	-	10,000
100,000,000 Ordinary shares of 0.01p each	10,000	-
100,000 deferred shares of £1 each	100,000	100,000
	<u>110,000</u>	<u>110,000</u>

Allotted and called up share capital:

	2005		2004	
	number	£	number	£
Ordinary shares of 0.0001p each	-	-	4,041,716,353	4,042
Ordinary shares of 0.01p each	40,033,192	4,003	-	-
Deferred shares of £1 each	100,000	100,000	100,000	100,000
	<u>40,133,192</u>	<u>104,003</u>	<u>4,041,816,353</u>	<u>104,042</u>

During the period 51,612,086 ordinary shares of 0.0001p were issued at par.

In September 2004 the company brought back 50,000,000 ordinary shares of 0.0001p each. The aggregate amount paid by the company for these shares was £87,000.

In October 2004 the entire authorised share capital of the company, being £110,000 divided into 10,000,000,000 ordinary shares of 0.0001p each and 100,000 deferred shares of £1, was consolidated and redesignated as £110,000 divided into 100,000,000 ordinary shares of 0.01p each and 100,000 deferred shares of £1 each.

Following this consolidation, in March 2005 the company brought back 400,000 ordinary shares of 0.01p each. The aggregate amount paid by the company for these shares was £100,000.

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

17. SHARE CAPITAL (continued)

The above share buy-backs took place in order to reward shareholders.

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 amount the holders of the ordinary shares in proportion to the nominal amounts paid up in the ordinary shares held by them respectively.

Other share options

At 30 April 2005 the following share options to purchase ordinary shares in the company were in issue:

Date of grant	Number of options granted	Number of options vested in period	Exercise price	Expiry date
23 May 2000	398,333	-	0.01p	23 May 2010
31 October 2000	172,500	-	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	1,040,000	-	19.50p	6 April 2014

The above share options have been restated to reflect the consolidation and redesignation of ordinary share capital as described above.

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

18. RESERVES

Group	Share premium account £	Capital redemption reserve £	Merger reserve on consolidation £	Profit and loss account £
Balance brought forward	2,330,501	-	120,374	(757,450)
Retained profit for the year	-	-	-	489,385
Other movements				
Purchase of own shares	-	90	-	(187,000)
Balance carried forward	<u>2,330,501</u>	<u>90</u>	<u>120,374</u>	<u>(455,065)</u>
Company		Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward		2,330,501	-	192,127
Retained profit for the year		-	-	335,672
Other movements				
Purchase of own shares		-	90	(187,000)
Balance carried forward		<u>2,330,501</u>	<u>90</u>	<u>340,799</u>

THEMUTUAL.NET PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2005

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	2005		2004	
	£	£	£	£
Profit for the financial year		489,385		650,485
New equity share capital subscribed	52		226	
Premium on new share capital subscribed	—		54,984	
		52		55,210
Purchase of own equity shares	(91)		—	
Premium on purchase of own equity shares	(186,910)		—	
		(187,001)		—
Net addition to shareholders' equity funds		302,436		705,695
Opening shareholders' equity funds		1,697,467		991,772
Closing shareholders' equity funds		1,999,903		1,697,467
NON-EQUITY SHAREHOLDERS' FUNDS				
Opening and closing shareholders' non-equity funds		100,000		100,000
TOTAL SHAREHOLDERS' FUNDS		2,099,903		1,797,467