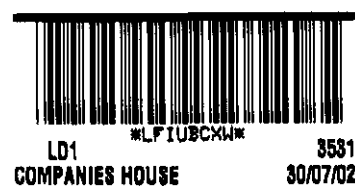


WISE & LOVEYS INFORMATION SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2001

Company No: 3244074



Macnair Mason
Chartered Accountants

WISE & LOVEYS INFORMATION SERVICES LIMITED

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WISE & LOVEYS INFORMATION SERVICES LIMITED

COMPANY INFORMATION

Directors

C A Loveys
T C Wise
A G Catto
J F Dennehy

Secretary

T C Wise

Registered Office

Lyon Court
Walsworth Road
Hitchin
Hertfordshire
SG4 9SX

Company Number

3244074

Auditors

Macnair Mason
John Stow House
18 Bevis Marks
London
EC3A 7ED

WISE & LOVEYS INFORMATION SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2001

The directors have pleasure in presenting their report, together with the audited financial statements for the year ended 30th September 2001.

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 the company's affairs and of the profit and loss for that year. In preparing these 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 accounts;

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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activity and Business Review

There are two principal activities of the company. Firstly, the company owns and operates the MarketingFile.com website, the largest on-line supplier of direct marketing lists outside the USA. Sales from the website in the year under review were over £800,000, more than doubling the previous year. The company has continued to invest heavily in the year under review, both in sales and marketing activities (£175,679) and in ongoing site development (£72,452), aimed at increasing sales and further reinforcing MarketingFile.com as the market leader. Secondly, the company continues to provide services to publishers of directories, yearbooks and similar products to allow electronic publication on CD-Rom or the Internet.

The year under review showed sales of £1,007,234 (2000 : £694,409) and a loss before interest and tax of £340,655 (2000 : loss £146,882).

Future Developments

The company intends to concentrate solely on the range of products and services available through its MarketingFile.com internet site. For instance, in line with the increasing awareness of its market position amongst list-owners and a growing international user base, it is now sourcing lists from outside the UK for inclusion within MarketingFile.com, and translating the site into more languages. The company does not intend to continue to provide software development services to third parties.

Results and Dividends

The loss for the year after interest and tax amounts to £339,837 (2000 : loss £153,760). No interim dividend was paid in the year and no final dividend is proposed.

WISE & LOVEYS INFORMATION SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30TH SEPTEMBER 2001

Fixed Assets

Details of the movement in fixed assets are set out in note 6 to the financial statements. The increase in fixed assets relates to offices fixtures and fittings, and computer equipment.

Directors

The directors who held office during the year and their beneficial interests in the share capital of the company at the year end are set out below.

	Ordinary shares	
	£0.10 each	£1 each
	2001	2000
C A Loveys	666,000	666
T C Wise	666,000	666
A G Catto	-	-
J F Dennehy (appointed 16 July 2002)	-	-

A G Catto is a trustee of Lord Catto's Settlement and has a beneficial interest through the shares held by Trustees of Lord Catto's Settlement.

Substantial Interests

Other than as noted above, the Board is aware of the following interest of 3% or more of the issued share capital of the company at 30th September 2001 and 2000:

	Ordinary shares	
	£0.10 each	£1 each
	2001	2000
Worthy Trust Company Limited	758,000	668
Pulse Capital Limited	-	709
Talisman House PLC	709,000	709
K Young	391,000	391
Trustees of Lord Catto's Settlement	934,000	-
Intermediate Equity Limited	225,000	-

Close Company Status

In the opinion of the Directors, the company is a close company for taxation purposes.

Issue of Shares

On 7th November 2000, the £1 ordinary and £1 'A' ordinary shares were subdivided into 10p ordinary and 10p 'A' ordinary shares respectively. At the same time the company then increased its authorised share capital from 42,050 to 4,205,000 shares of 10p each divided into 2,703,000 ordinary shares and 1,502,000 'A' ordinary shares. Following this 2,468,070 new 10p ordinary shares and 1,403,820 new 10p 'A' ordinary shares were issued and credited as fully paid to the existing shareholders.

On 6th March 2001 the company increased its authorised share capital from 4,205,000 to 5,387,200 shares of 10p each divided into 3,345,200 ordinary shares and 2,042,000 'A' ordinary shares.

WISE & LOVEYS INFORMATION SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30TH SEPTEMBER 2001

Issue of Shares (cont.)

On 2nd April 2001, the company issued 92,000 10p ordinary shares and 540,000 10p 'A' ordinary shares at a price of 22.5p to raise £142,000 before expenses.

Share Options


Both C A Loveys and T C Wise were granted options in the year to purchase 163,224 10p ordinary shares in the company at 22.5p per share.

The directors also have the authority to grant options over the company's shares up to a maximum nominal amount of £118,220 at any time within five years from 6th March 2001.

Auditors

A resolution to reappoint Macnair Mason, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

Approved by the Board of directors and signed on behalf of the board



T C Wise, Secretary

Date: July 29, 2002

WISE & LOVEYS INFORMATION SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. 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 is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 these financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th September 2001 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


**Chartered Accountants and
Registered Auditors**

John Stow House
18 Bevis Marks
London
EC3A 7ED

Date: 30th July 2002

WISE & LOVEYS INFORMATION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 2001

	Notes	2001 £	2000 £
Turnover		1,007,234	<i>694,409</i>
Direct costs		<u>677,273</u>	<u>371,382</u>
Gross profit		329,961	<i>323,027</i>
Administrative expenses		<u>670,616</u>	<u>469,909</u>
Operating Loss	1	(340,655)	<i>(146,882)</i>
Interest payable and similar charges	2	(4,632)	<i>(6,878)</i>
Interest receivable		<u>5,450</u>	<u>-</u>
Loss on Ordinary Activities Before Taxation		(339,837)	<i>(153,760)</i>
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Retained Loss on Ordinary Activities After Taxation		(339,837)	<i>(153,760)</i>
(Deficit) brought forward		<u>(320,588)</u>	<u><i>(166,828)</i></u>
(Deficit) carried forward	13	<u>(660,425)</u>	<u><i>(320,588)</i></u>

All amounts relate to continuing activities.

There are no other recognised gains or losses, other than those shown in the profit and loss accounts above.

WISE & LOVEYS INFORMATION SERVICES LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 2001

	Notes	2001	2000
		£	£
Fixed assets			
Tangible assets	6	76,640	129,272
Investments	7	<u>2</u>	<u>2</u>
		76,642	129,274
Current Assets			
Work in progress	8	21,000	3,000
Debtors	9	176,767	203,266
Cash at bank and in hand		<u>158,576</u>	<u>161,165</u>
		356,343	367,431
Creditors: Amounts Falling Due Within One Year	10	<u>375,435</u>	<u>241,518</u>
Net Current (Liabilities)/Assets		<u>(19,092)</u>	<u>125,913</u>
		57,550	255,187
Creditors: Amounts Falling Due After More than One Year	11	<u>100,000</u>	<u>100,000</u>
Total Assets Less Current Liabilities		<u>(42,450)</u>	<u>155,187</u>
Capital and Reserves			
Called up share capital	12	454,300	3,911
Share premium	13	163,675	471,864
Profit and Loss Account	13	<u>(660,425)</u>	<u>(320,588)</u>
Shareholders' (Deficit) / Funds		<u>(42,450)</u>	<u>155,187</u>

The financial statements were approved by the Board of Directors on 29 July, 2002

.....
T C Wise, Director

.....
C A Loveys, Director

WISE & LOVEYS INFORMATION SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below and have been consistently applied within the financial statements.

Basis of Accounting

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

The company has taken advantage of the exemption as a small company allowed under Financial Reporting Standard No 1 not to present a cash flow statement.

The directors have taken advantage of the exemption to prepare group accounts as allowed under Section 248 of the Companies Act 1985 and, accordingly, consolidated accounts have not been prepared.

Going concern

The financial statements have been prepared on the going concern basis as the directors are of the opinion that the company will have sufficient working capital to achieve this.

Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets, over their expected useful lives. It is calculated at the following annual rates:

Internet Software	-	33% straight line basis
Computer equipment	-	25% of written down value
Fixtures & fittings	-	25% of written down value

Work in progress

Projects included in work in progress are valued at the lower of costs incurred plus attributable profit and net realisable value.

Net realisable value is based upon estimated selling price less further costs to disposal.

Leased Assets

Annual rentals for operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension Costs

Contributions paid to the company's pension scheme are charged to the profit and loss account in the year in which they become payable. The company operates a 'defined contribution' pension scheme.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from the disposal of fixed asset investments are written off to the profit and loss account.

Turnover

Turnover represents the value, excluding value added tax, of services supplied to clients during the year.

WISE & LOVEYS INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2001

1	Operating Loss	2001	2000
		£	£
	This is stated after charging:		
	Depreciation	62,393	29,617
	Auditors remuneration – audit	5,300	5,000
	Directors emoluments (including pension costs)	130,556	110,598
	Loss on disposal of fixed assets	-	5,070
		<u> </u>	<u> </u>
2	Interest Payable	2001	2000
		£	£
	Loan and other interest	4,632	6,878
		<u> </u>	<u> </u>
3	Staff costs	2001	2000
		£	£
	Wages and salaries	354,603	280,547
	Social security costs	36,120	26,031
	Pension costs	7,117	6,797
	Healthcare costs	2,277	1,058
		<u> </u>	<u> </u>
		<u>400,117</u>	<u>314,433</u>

The average number of employees of the company, including directors for the year, was 12 (2000 : 10) and their aggregate remuneration was as shown above.

4	Directors' Emoluments	2001	2000
		£	£
	Emoluments	112,276	86,783
	Directors pension contributions under defined contributions schemes	7,117	6,797
	Retirement benefits were accruing to directors under schemes as follows:	Number	Number
	Money purchase schemes	2	2
		<u> </u>	<u> </u>
	Highest paid director	£ 50,000	£ 37,500
		<u> </u>	<u> </u>

5 Tax on Profit on Ordinary Activities

No charge to taxation arises given losses were made during the year.

WISE & LOVEYS INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2001

6	Tangible Fixed Assets	Internet software	Computer equipment	Fixtures & fittings	Total
		£	£	£	£
	<i>Cost</i>				
	At 1st October 2000	100,725	86,237	38,819	225,781
	Additions	-	4,452	5,309	9,761
	Disposals	-	-	(3,418)	(3,418)
	At 30th September 2001	100,725	90,689	40,710	232,124
	<i>Depreciation</i>				
	At 1 October 2000	40,290	35,851	20,368	96,509
	Charge for year	43,639	13,306	5,448	62,393
	Disposals	-	-	(3,418)	(3,418)
	At 30th September 2001	83,929	49,157	22,398	155,484
	<i>Net Book Value</i>				
	At 30th September 2001	16,796	41,532	18,312	76,640
	At 30th September 2000	60,435	50,386	18,451	129,272

7	Fixed Asset Investments	Shares in group undertaking	Total
		£	£
	<i>Cost</i>		
	MarketingFile.com Limited	1	1
	Wise & Loveys Limited	1	1
		2	2

The company has two wholly owned subsidiaries, Wise & Loveys Limited and Marketing File.com Limited. Both exist solely to protect their respective names and as such are dormant companies. Wise & Loveys Limited has not traded since its incorporation on 19th September 1996 and MarketingFile.com Limited has not traded since its incorporation on 12th May 2000. Both companies are incorporated in England.

8	Work in Progress	2001	2000
		£	£
	Work in progress	21,000	3000
		21,000	3000
9	Debtors	2001	2000
		£	£
	Trade debtors	139,317	154,957
	Prepayments	37,450	48,309
		176,767	203,266

WISE & LOVEYS INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2001

10	Creditors: Amounts Falling Due Within One Year	2001 £	2000 £
	Trade creditors	303,162	159,329
	Other creditors	32,760	20,888
	Accruals	39,513	61,301
		<u>375,435</u>	<u>241,518</u>

11	Creditors: Amounts Falling Due After More Than One Year	2001 £	2000 £
	Convertible loan stock	<u>100,000</u>	<u>100,000</u>
		<u>100,000</u>	<u>100,000</u>

The holders of the convertible loan stock hold a fixed and floating charge over all of the assets of the company.

The loan is subject to interest at the rate of 4% per annum and repayable in whole or in part, in blocks of £10,000 at any time or times between the fifth and tenth anniversary of the issue of the loan (being 9th June 1997). The loan will become immediately repayable at par, plus the deferred interest, if the company winds up, defaults on repayment of the loan, if 51% or more of the issued ordinary £1 shares are sold to a third party who is not at the date of the issue of the stock a shareholder in the company and if the pre-tax profit of the company at the end of any financial year is in excess of £500,000.

12	Share Capital	2001 £	2000 £
	<i>Authorised</i>		
	Ordinary shares of £0.10 (2000 - £1) each	334,520	2,703
	Ordinary 'A' shares of £0.10 (2000 - £1) each	<u>204,200</u>	<u>1,502</u>
		<u>538,720</u>	<u>4,205</u>
	<i>Called up, allotted and fully paid</i>		
	Ordinary shares of £0.10 (2000 - £1) each	258,500	2,493
	Ordinary 'A' shares of £0.10 (2000 - £1) each	<u>195,800</u>	<u>1,418</u>
		<u>454,300</u>	<u>3,911</u>

On 7th November 2000, the £1 ordinary and £1 'A' ordinary shares were subdivided into 10p ordinary and 10p 'A' ordinary shares respectively. At the same time the company then increased its authorised share capital from 42,050 to 4,205,000 shares of 10p each divided into 2,703,000 ordinary shares and 1,502,000 'A' ordinary shares. Following this 2,468,070 new 10p ordinary shares and 1,403,820 new 10p 'A' ordinary shares were issued and credited as fully paid to the existing shareholders.

On 6th March 2001 the company increased its authorised share capital from 4,205,000 to 5,387,200 shares of 10p each divided into 3,345,200 ordinary shares and 2,042,000 'A' ordinary shares.

WISE & LOVEYS INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2001

12 Share Capital (cont.)

On 2nd April 2001, the company issued 92,000 10p ordinary shares and 540,000 10p 'A' ordinary shares at a price of 22.5p to raise £142,000 before expenses.

At the balance sheet date there were 3,345,200 authorised ordinary shares and 2,042,000 authorised 'A' ordinary shares. Of these there were 2,585,000 issued ordinary shares and 1,958,000 issued 'A' ordinary shares.

Dividends distributed by the company are distributed amongst the shareholders, as if the 'A' ordinary shares and the ordinary shares constitute one class of share.

The holders of a majority of the 'A' ordinary shares shall have the right at any time to appoint a director to the Board.

The company has issued a warrant to subscribe for 84,000 'A' ordinary shares at 22.5p each (being 10p nominal value and 12.5p premium) at any time within 10 years from date of issue, being 27th April 2000.

13 Reserves

	Share premium account £	Profit and loss account £
At 1st October 2000	471,864	(320,588)
Loss for the period		(339,837)
Transfer resulting from bonus issue	(387,189)	-
Premium on issue of shares	79,000	-
	<u>163,675</u>	<u>(660,425)</u>
At 30th September 2001		

14 Reconciliation of Shareholders' Funds

	2001 £
Loss for the financial year	(339,837)
Issue of share capital	<u>142,200</u>
Decrease in the shareholders' funds	(197,637)
Opening shareholders' funds	<u>155,187</u>
Closing shareholders' deficit	<u>(42,450)</u>

WISE & LOVEYS INFORMATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2001

15 Operating Lease Commitments

At 30th September 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2001	2000
	£	£
Operating leases which expire:		
Between two and five years	25,392	-
After five years	-	25,392
	<u>-</u>	<u>25,392</u>

16 Development Costs

The company has continued to develop the website MarketingFile.com. The cost attributed to this activity during the year was £72,452 (2000 - £58,816).

17 Related Parties and Ultimate Controller

In the directors' opinion there are no controlling parties.