

**NETREFLECTOR.COM EUROPE
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MARCH 2001



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Company no 3968475

NETREFLECTOR.COM EUROPE LIMITED

FINANCIAL STATEMENTS

For the period ended 31 March 2001

Company registration number:	3968475
Registered office:	Langley Business Court Beedon Newbury Berkshire RG20 8RY
Directors:	Mr A J Cubitt Mr D M Cue Mr C R Prior
Secretary:	Mrs J Y Hateley
Bankers:	Lloyds TSB Bank plc 49/51 Dean Street Marlow Buckinghamshire SL7 3BP
Solicitors:	Manches 3 Worcester Street Oxford OX1 2PZ
Auditors:	Grant Thornton Registered auditors Chartered accountants 1 Westminster Way Oxford OX2 0PZ

NETREFLECTOR.COM EUROPE LIMITED

FINANCIAL STATEMENTS

For the period ended 31 March 2001

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NETREFLECTOR.COM EUROPE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 31 March 2001.

Principal activities

The company is principally engaged in the provision of on line surveys and information.

Business review

The company was incorporated on 5 April 2000. There was a loss for the period after taxation amounting to £161,399. The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the period.

The interests of the directors and their families in the shares of the company as at 31 March 2001 and 5 April 2000, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	31 March 2001	5 April 2000
Mr A J Cubitt	-	-
Mr D M Cue	-	-
Mr C R Prior	-	-
London Law Services Limited (at incorporation, resigned 5 April 2000)	-	1

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

NETREFLECTOR.COM EUROPE LIMITED

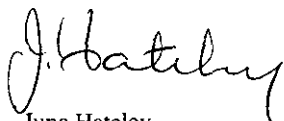
REPORT OF THE DIRECTORS

Auditors

Grant Thornton were appointed by the directors as first auditors of the company on 16 November 2000.

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



June Hateley

Secretary

Date 26.4.2002

REPORT OF THE AUDITORS TO THE MEMBERS OF

NETREFLECTOR.COM EUROPE LIMITED

We have audited the financial statements of NetReflector.com Europe Limited for the period ended 31 March 2001 which comprise the profit and loss account, the balance sheet, the cashflow statement and notes 1 to 16. These financial statements have been prepared under the accounting policies set out herein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. 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.*

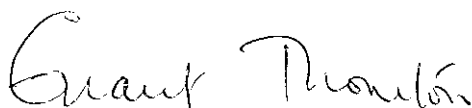
Basis of opinion

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 company's affairs as at 31 March 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

OXFORD

Date

30 April 2002

BASIS OF PREPARATION

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

The company incurred losses during the year. In order to fund the continued growth and expansion of the business, the directors recognise that further working capital may be required. The directors are confident that such funding will be available through additional investment from the parent company. Accordingly, the directors have drawn up the financial statements under the going concern basis as they believe that the company will continue to meet its liabilities as they fall due for payment.

TURNOVER

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Fixtures and fittings	25%
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FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

NETREFLECTOR.COM EUROPE LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 31 March 2001

	Note	2001 £
Turnover	1	10,057
Gross profit		10,057
Administrative expenses		(171,456)
Operating loss		(161,399)
Loss on ordinary activities before taxation	1	(161,399)
Tax on loss on ordinary activities	2	-
Loss transferred from reserves	8	(161,399)

There were no recognised gains or losses other than the loss for the financial period.

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

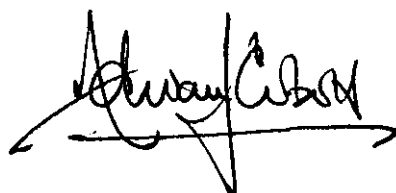
NETREFLECTOR.COM EUROPE LIMITED

BALANCE SHEET AT 31 MARCH 2001

	Note	2001 £
Fixed assets		
Tangible assets	4	5,534
Current assets		
Debtors	5	34,584
Cash at bank and in hand		40,519
		<u>75,103</u>
Creditors: amounts falling due within one year	6	<u>(131,226)</u>
Net current liabilities		<u>(56,123)</u>
Total assets less current liabilities		<u>(50,589)</u>
Capital and reserves		
Called up share capital		110,810
Profit and loss account	8	<u>(161,399)</u>
Shareholders' funds	9	<u>(50,589)</u>
Equity shareholders' funds		<u>(160,589)</u>
Non-equity shareholders' funds		<u>110,000</u>
		<u>(50,589)</u>

The financial statements were approved by the Board of Directors on

26th April 2002



Director

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

NETREFLECTOR.COM EUROPE LIMITED**CASH FLOW STATEMENT**

For the period ended 31 March 2001

	Note	2001 £
Net cash outflow from operating activities	10	(52,402)
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(7,379)
Financing		
Issue of shares		100,300
Increase in cash	12	40,519

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

NETREFLECTOR.COM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2001

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss before taxation are attributable to provision of online surveys.

The loss on ordinary activities is stated after:

	2001 £
Auditors' remuneration	1,000
Depreciation and amortisation: Tangible fixed assets, owned	<u>1,845</u>

2 TAX ON LOSS ON ORDINARY ACTIVITIES

Unrelieved tax losses of £162,000 remain available to offset against future taxable trading profits, subject to Inland Revenue approval.

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2001 £
Wages and salaries	66,460
Social security costs	<u>7,574</u>
	<u>74,034</u>

During the year the only persons employed by the company were the directors.

Remuneration in respect of directors was as follows:

	2001 £
Emoluments	<u>66,460</u>

During the period no directors participated in defined benefit pension schemes or in money purchase pension schemes.

NETREFLECTOR.COM EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the period ended 31 March 2001

4 TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost	
At 5 April 2000	-
Additions	7,379
	<hr/> 7,379
Depreciation	
At 5 April 2000	-
Provided in the period	1,845
	<hr/> 1,845
Net book amount at 31 March 2001	<hr/> <hr/> 5,534

5 DEBTORS

	2001 £
Trade debtors	6,294
Other debtors	10,562
Called up share capital not paid	10,510
Prepayments and accrued income	7,218
	<hr/> 34,584

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £
Trade creditors	18,968
Amounts owed to group undertakings	111,258
Accruals and deferred income	1,000
	<hr/> 131,226

NETREFLECTOR.COM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2001

7 SHARE CAPITAL

	2001 £
Authorised	
2,040 A Ordinary Shares of £0.25 each	510
1,200 B Ordinary shares of £0.25 each	300
400 B Preferred ordinary shares of £0.25 each	100
360 Ordinary shares of £0.25 each	90
360,000 Redeemable preference shares of £1 each	360,000
	<u>361,000</u>
	<u>361,000</u>
Issued	
2,040 A Ordinary Shares of £0.25 each	510
1,200 B Ordinary shares of £0.25 each	300
110,000 Redeemable preference shares	110,000
	<u>110,810</u>
	<u>110,810</u>

Rights of each class of share capital

The A and B ordinary shares rank equally in all aspects except that the A shareholder has the right to appoint two A directors whereas the B ordinary shareholders have the right to appoint one B director. In order for any meeting to be quorate one A director and one B director must be present throughout. In the event of a winding up, the A, B and other ordinary shares rank equally for dividend and are entitled to any share of net assets remaining after the repayment of the redeemable preference shares and the B preferred ordinary shares who rank *pari passu*.

The B preferred ordinary shares carry equal rights to the A and B ordinary shares except this class of share does not permit the appointment of directors.

The redeemable preference shares are non voting shares and do not have any right to a dividend. The shares can be redeemed at any time up to 31 October 2010 when they must be redeemed.

8 RESERVES

	Profit and loss account £
Loss for the period	(161,399)
At 31 March 2001	<u>(161,399)</u>
	<u>(161,399)</u>

NETREFLECTOR.COM EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the period ended 31 March 2001

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £
Loss for the financial period	(161,399)
Issue of shares	<u>110,810</u>
Net decrease in shareholders' funds	<u>(50,589)</u>

10 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £
Operating loss	(161,399)
Depreciation	1,845
Increase in debtors	(24,074)
Increase in creditors	<u>131,226</u>
Net cash outflow from continuing operating activities	<u>(52,402)</u>

11 ANALYSIS OF CHANGES IN NET FUNDS

	Cash flow £	At 31 March 2001 £
Cash in hand and at bank	<u>40,519</u>	<u>40,519</u>

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £
Increase in cash in the period	<u>40,519</u>
Net funds at 31 March 2001	<u>40,519</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2001.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2001.

NETREFLECTOR.COM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 March 2001

15 RELATED PARTY TRANSACTIONS

During the year Q Associates Limited re-charged various expenses including set up costs and directors remuneration totalling £111,258. The company also made contract sales of £6,294 to Q Associates Limited. Both amounts were outstanding at year end. In addition the company paid £20,561 in respect of product licensing to NetReflector.com Inc (a US company which holds all of the 1,200 B Ordinary shares). At the year end the company had prepaid expenses in relation to this license totalling £7,218.

16 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Q Associates Limited incorporated in England by virtue of its controlling shareholding.