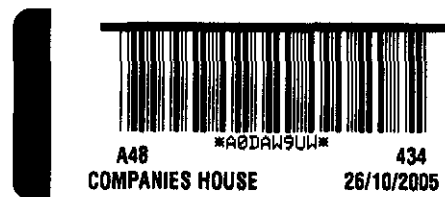


**NETINVEST LIMITED**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS**

**31st DECEMBER 2004**

2005



**Netinvest Limited**

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For the year ended 31st December 2004**

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**Netinvest Limited****Company Information  
For the year ended 31st December 2004**

<b>Directors:</b>	B. Peak K. Swayne
<b>Secretary:</b>	B. Peak
<b>Registered Office:</b>	Communications House Station Court Station Road Great Shelford Cambridgeshire CB2 5LR
<b>Registered Number:</b>	3202517 (England and Wales)
<b>Auditors:</b>	Moore Stephens Chartered Accountants St. Paul's House Warwick Lane London EC4M 7BP

**Netinvest Limited****Report of the Directors  
For the year ended 31st December 2004**

The directors present their report with the financial statements of the company for the year ended 31st December 2004.

**Principal Activity**

The principal activity of the company in the year under review was that of management and investment in internet and related activities.

**Directors**

The directors during the year under review were:

B. Peak  
K. Swayne

The directors holding office at 31st December 2004 did not hold any beneficial interest in the issued share capital of the company at 1st January 2004 or 31st December 2004.

The interests of the company's directors in the ultimate holding company, Transact Group Limited, are shown in the accounts of that company.

**Statement of 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 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;
- 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.

**Auditors**

Moore Stephens have expressed their willingness to continue in office as Auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

B. PEAK

Director



**Independent Auditors' Report to the Shareholders of  
Netinvest Limited**

We have audited the financial statements of Netinvest Limited for the year ended 31st December 2004 set out on pages 4 to 7. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members 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 members those matters we are required to state to them in an auditor's 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 members 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 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 and other members of the group is not disclosed.

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

**Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31st December 2004 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

3<sup>rd</sup> August 2005

St. Paul's House  
London, EC4M 7BP  
3<sup>rd</sup> August 2005

*Moore Stephens*

MOORE STEPHENS

Registered Auditor  
Chartered Accountants

**Netinvest Limited**

**Profit and Loss Account  
For the year ended 31st December 2004**

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross Profit</b>		-	-
Administrative expenses		-	5,724
<b>Operating Profit / (Loss)</b>		-	(5,724)
Group balance waived		1,295,625	-
Interest payable and similar charges		-	(1,354)
<b>Profit / (Loss) on Ordinary Activities before Taxation</b>	2	1,295,625	(7,078)
Tax on profit/(loss) on ordinary activities	3	-	-
<b>Profit / (Loss) for the Financial Year after Taxation</b>		1,295,625	(7,078)
Deficit brought forward		(1,314,049)	(1,306,971)
<b>Deficit Carried Forward</b>		£ (18,424)	£ (1,314,049)

There are no recognised gains or losses other than those included in the profit and loss account above.

## Netinvest Limited

## Balance Sheet - 31st December 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
<b>Fixed Assets</b>			
Investments	4	1,500,000	1,500,102
		<u>1,500,000</u>	<u>1,500,102</u>
<b>Current Assets</b>			
Debtors			
- amounts owed by group company		-	699,823
Cash at bank		-	340
		<u>-</u>	<u>700,163</u>
<b>Creditors, amounts falling due within one year</b>	5	1,517,424	3,513,314
		<u>(1,517,424)</u>	<u>(2,813,151)</u>
<b>Net Current Liabilities</b>			
		<u>(1,517,424)</u>	<u>(2,813,151)</u>
<b>Total Assets Less Current Liabilities</b>		£ <u>(17,424)</u>	£ <u>(1,313,049)</u>
<b>Capital and Reserves</b>			
Called up share capital	6	1,000	1,000
Profit and loss account		(18,424)	(1,314,049)
		<u>(17,424)</u>	<u>(1,313,049)</u>
<b>Equity shareholders' funds</b>		£ <u>(17,424)</u>	£ <u>(1,313,049)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 3<sup>rd</sup> August 2005

B. PEAK

Director

# Netinvest Limited

## Notes to the Financial Statements For the year ended 31st December 2004

### 1. Accounting Policies

#### (a) Basis of preparing the financial statements

The company meets its day to day working capital requirements through the support of group companies. The Board has received confirmation that the ultimate parent company and all its subsidiaries will give continued support to the activities of the company. Thus the directors consider it appropriate to prepare the financial statements on the going concern basis.

#### (b) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### (c) Fixed asset investments

Fixed asset investments are included at cost less any provision for permanent diminution in value.

#### (d) Deferred taxation

Deferred tax is provided in full on timing differences which 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 that are expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

#### (e) Cashflow statement FRS1

Exemption has been taken from preparing a cash flow statement on the grounds that the ultimate parent company prepares a consolidated cash flow statement.

### 2. Profit (loss) on ordinary activities

Profit (loss) on ordinary activities is stated after charging:

	<u>2004</u> £	<u>2003</u> £
Auditors' remuneration	-	-
Director's emoluments and other benefits etc	-	-

### 3. Taxation

There is no taxation charge in respect of 2004 or 2003 due to the availability of group losses and losses brought forward. No payments are made in respect of losses surrendered to or by fellow subsidiaries. No deferred tax asset has been recognised in respect of losses carried forward due to the uncertainty over when these losses will be utilised.



**Netinvest Limited**

**Notes to the Financial Statements  
For the year ended 31st December 2004 (Continued)**

**4. Fixed Assets Investments**

	<u>2004</u> £	<u>2003</u> £
Investment in group companies	1,500,000	1,500,102

The company owns 100% of the issued share capital of Netbanx Limited, a company incorporated in England, involved in internet credit card processing.

On 29<sup>th</sup> December 2004 the company sold its investment in Netsite Solutions and Hostnet Limited for cost. Both of these companies were incorporated in England and were dormant.

**5. Creditors: amounts falling due within one year**

	<u>2004</u> £	<u>2003</u> £
Trade creditors	17,424	18,493
Amount owed to group companies	1,500,000	3,481,144
Social security and other taxes	-	13,677
	<u>1,517,424</u>	<u>3,513,314</u>

**6. Called Up Share Capital**

	<u>2004</u> £	<u>2003</u> £
Authorised, allotted, issued and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**7. Ultimate Control**

The ultimate parent company is Transact Group Limited, a company incorporated in the United Kingdom. Copies of the consolidated financial statements of that company are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

Mr. K. Swayne was the ultimate controlling party.

**8. Related Party Transactions**

The company has claimed the exemptions contained in FRS8, which are available to wholly owned subsidiaries, not to disclose related party transactions with other members of the group.

**9. Contingent liabilities**

Cross guarantee and debenture dated 8th November 2002 in favour of Barclays Bank PLC, to guarantee all borrowings of Transact Group Ltd and its UK subsidiary companies, from time to time.

The aggregate amount outstanding to Barclays Bank Plc at 31st December 2004 was £ nil (2003 - £nil).

For Information of Management Only

## Netinvest Limited

**Trading and Profit and Loss Account**  
**For the year ended 31st December 2004**

	<u>2004</u>		<u>2003</u>	
	£	£	£	£
<b>Sales</b>		-		-
<b>Cost of sales</b>				
Broker commission		-		-
		<u>-</u>		<u>-</u>
<b>Gross Profit</b>		-		-
<b>Group debt waived</b>		1,295,625		-
<b>Expenditure</b>				
Broker Cost	-		34	
Telecommunications	-		37	
Computer costs	-		3,784	
Hire of equipment	-		667	
Professional fees	-		15	
Bank Facility Charges	-		160	
PAYE Interest	-		1,015	
		<u>-</u>		<u>5,712</u>
		1,295,625		(5,712)
<b>Finance costs</b>				
Hire purchase	-		1,354	
Bank charges	-		12	
		<u>-</u>		<u>1,366</u>
		1,295,625		(7,078)
<b>Depreciation</b>				
Computer equipment		-		-
<b>Net Profit / (Loss)</b>	£	<u>1,295,625</u>	£	<u>(7,078)</u>