

WILINK PLC

Report and Financial Statements

31 December 2005

The Directors present their Report and the audited consolidated accounts for the year ended 31 December 2005.

Principal Activities

The Group has one principal activity, the provision of on line communications solutions to corporate clients requiring investor relations and web events services.

Review of business and future developments

Our investor relations service helps quoted companies and mutual funds target, attract, inform and understand investors through the provision of financial data, reports and information services. Our web events service allows organisations to communicate with global audiences through providing the service and technology for webcasting and webconferencing events. The directors intend to continue expanding the company's range of communications services both organically and through the raising of external finance in order to fund further acquisition growth.

Offer to acquire WILink plc

During 2005 we undertook a detailed and lengthy review aimed at securing strategic investment in WILink to fund acquisition-led growth in Web Events. In total, more than 30 potential investors expressed interest in the opportunity and finally in December a Letter of Intent from Waterfall Acquisition Inc. was signed. Due diligence is complete and Waterfall has today confirmed its formal offer for WILink at 300p per share. The independent directors are recommending acceptance of this offer.

Results and dividends

The results of the Group for the year are shown in the profit and loss account on page 10. In accordance with the published dividend policy, no dividends were paid or are proposed for the year.

Directors and their interests

The Directors who held office during the year, and their interests in the shares of the Company, are given below.

At 31 December	2005	2004
Nigel Wray	1,690,330	1,690,330
Graham Morse	888,650	888,650
Michael Cooling	7,025	7,025
Robert Paradise	25,000	25,000
Peter Wakeham	1,622,970	1,622,970
Patrick Galleher	93,275	86,275
Lee Godfrey	51,175	51,175
Philip Cole (appointed 1 January 2005)	12,475	12,475
General Employee Benefit Trust	825,825	825,825

Director's Report

- ¹ Synbeam Limited, a company wholly owned by Mr Wray, holds 1,355,125 shares. Of the remaining shares in which Mr Wray has a beneficial interest, 250,000 shares are held by Priory Life Trust, and 85,205 shares are held directly by Mr Wray.
- ² Mr Wakeham and his wife hold 24,125 shares directly. Of the remaining shares in which he has a beneficial interest, a further 296,000 are held within Mr Wakeham's pension fund and 1,302,845 shares are held by The Monument Trust.
- ³ Mr Wakeham and Mr Godfrey have an interest, as potential beneficiaries under incentive schemes, in shares held by the General Employee Benefit Trust (GEBT).
- ⁴ WILink plc has taken advantage of the change in the Companies Act 1985 allowing quoted companies to hold their own shares in Treasury with effect from 1 December 2003. The Directors are deemed to be interested in these shares.

Directors' emoluments

Directors received emoluments during the year as follows:

£	Salary	Fees	Total 2005	Total 2004	Pensions ¹
Executive					
Peter Wakeham	75,000	92,000	167,000	165,000	67,660
Philip Cole	105,000	-	105,000	80,000	20,000
Patrick Galleher	147,619	-	147,619	96,213	22,074
Lee Godfrey	115,000	-	115,000	111,000	25,000
Non Executive					
Nigel Wray	-	22,200	22,200	22,200	-
Michael Cooling	-	22,200	22,200	22,200	-
Graham Morse	-	15,000	15,000	15,000	-
Robert Paradise	-	15,000	15,000	15,000	-
Total	442,619	166,400	609,019	526,613	134,734

Notes

¹ The comparative figures for pensions in 2004 for Peter Wakeham, Philip Cole, Patrick Galleher and Lee Godfrey were £65,000, £10,000, £16,494 and £20,000 respectively.

Directors' share options and share based incentives

The table below lists the share options and share based incentives granted to Directors by the Company.

	<i>Scheme</i>	<i>At 1 January 2005</i>	<i>Options granted</i>	<i>Options exercised</i>	<i>Options lapsed</i>	<i>Options outstanding at year end</i>	<i>Exercise price</i>	<i>Exercisable from</i>	<i>Expiry date</i>
Michael Cooling	NQS ¹	16,925	0	0	16,925	0	96p	10/03/01	10/03/05
Peter Wakeham	LTIS ³	250,000	0	0	0	250,000	100.5p	25/03/05	25/03/12
	LTIS ⁴	83,975	0	0	0	83,975	221.7p	23/05/05	23/05/13

Director's Report

Philip Cole	2000A ²	9,375	0	0	0	9,375	160p	4/12/04	4/12/11
	2000A ²	6,250	0	0	0	6,250	191.2p	5/06/05	5/06/12
	2000U ⁴	25,300	0	0	0	25,300	227.2p	23/05/05	23/05/13
	2000U ²	6,250	0	0	0	6,250	312.0p	26/05/07	26/05/14
Patrick Galleher	2000 ISO US ⁶	18,750	0	0	0	18,750	160p	4/12/04	4/12/11
	LTIS ³	125,000	0	0	0	125,000	160p	5/12/04	5/12/11
	LTIS ⁴	34,000	0	0	0	34,000	227.2p	23/05/05	23/05/13
	2000 ISO US ⁶	0	100,000	0	0	100,000	257.5p	28/01/08	28/01/15
Lee Godfrey	1997A ⁵	31,250	0	0	0	31,250	96p	16/03/03	16/03/10
	1997U ⁵	2,100	0	0	0	2,100	80p	18/07/00	18/07/07
	2000U ²	18,750	0	0	0	18,750	160p	4/12/04	4/12/11
	LTIS ³	125,000	0	0	0	125,000	152.3p	5/12/04	5/12/11
	LTIS ⁴	34,275	0	0	0	34,275	221.7p	23/05/05	23/05/13
Total		787,200	100,000	0	(16,925)	870,275			

¹ The NQS scheme is the Non Qualifying Option Scheme, the original grants under which were made on 10 March 2000 by W-I-Link.com Inc. but which have been converted into options to acquire ordinary shares in the Company as shown. 1/3rd of the options became exercisable on or after each of the first three anniversaries of grant, with no performance conditions. The aggregate notional loss, which was unrealised, made by Directors in 2005 was £27,334 (2004: unrealised loss £8,412).

² The 2000 scheme includes both an approved and unapproved section, and is subject to share price performance conditions.

³ These share based incentive awards vest in tranches subject to meeting escalating share price targets as shown in the table below:

Share price performance target (p)	Proportion of incentive vesting if achieved
392	50%
404	55%
416	60%
428	65%
440	70%
452	75%
464	80%
476	85%
488	90%
500	95%
512	100%

⁴ These share based incentive awards vest subject to meeting corporate performance targets including growth in revenue, profit, cash, new product revenue and market penetration.

⁵ The 1997 scheme includes both an approved and unapproved section, and is not subject to performance conditions.

⁶ The US Incentive Stock Option Plan (ISO) is subject to share price performance conditions.

Substantial shareholdings

In addition to the Directors' interests shown above, the Company has been notified that on 31 December 2005 the following shareholders' interests exceeded 3% of the Company's ordinary share capital in issue:

Shareholder	%
General Employee Benefit Trust	9.5
Herald Investment Trust plc	5.9
Henderson Global Investors	3.6

Purchase and sale of own shares

113,179 Treasury shares were acquired during the year. These shares were acquired from employees, following the exercise of options over shares in the company.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Financial instruments

During the year the Group's financial instruments comprised cash, bank borrowing and various items such as trade debtors and trade creditors that arise directly from its operations. The Group's financial assets comprised cash, trade and other debtors and financial investments. The Group's financial liabilities comprised bank borrowings, trade and other creditors.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Interest rate risk

The Group has a bank borrowing facility in the US. The facility is variable and spare cash resources are utilised to keep the balance at a minimum so as to reduce interest charges and interest rate risk. At the year end the amount of debt existing under this facility is US\$1,055,000 (£613,194). The Group has no other borrowings, and finances its operations through a combination of profits and existing cash resources, and does not consider the interest rate exposure to represent a significant risk to the business.

Liquidity risk

The Group had net funds throughout the year, with £2.9 million at the year end, and does not anticipate significant liquidity risk in the year ahead.

It is the Group's policy to place surplus cash resources in floating rate deposit accounts in the functional currency of the operating units as determined by the cash required by the Group. Cash is invested in overnight and other short term (typically between 1 and 3 month) deposits with leading banks including Anglo Irish Bank, HSBC and Wachovia.

Foreign currency risk

The Group's principal currency exposures are to the effect of the US\$/£Sterling and Swedish Krona/£Sterling exchange rates on translation of the earnings of the North American and Scandinavian businesses respectively into Sterling. The Group's policy is not to hedge against such foreign exchange movements unless it is deemed appropriate. Other than this, there is only limited currency exposure. The revenues and costs of WILink Limited are predominantly in £Sterling, although a minority of revenues are in other currencies, principally the Euro (€). Likewise the revenues and costs of WILink Inc. are predominantly in US dollars and to a lesser extent in Canadian dollars.

A variable loan, denominated in Swedish Krona, of SEK 18.5m, is due to WILink Plc from its Swedish subsidiary A&N WILink AB. In order to remove the exchange rate risk on this loan a forward contract was entered into in April 2005, maturing in April 2006, to purchase £sterling at a fixed rate. This hedge arrangement will be reviewed on maturity.

Employee policies and involvement

The Group values highly the contribution that its employees make to the success of the business. Investment is made in the training, development and motivation of staff. The Group's European operation has had the Investors in People (IiP) accreditation since March 1999 and the North American operation is committed to achieving similar standards. Particular emphasis is placed on client and customer satisfaction through individual and team achievement of consistently high standards of quality and service.

The involvement of employees in the success of the business is strongly encouraged. Information on the Group's activities, any matters affecting employees, and information on issues affecting the Group's performance are communicated at daily and quarterly meetings, through internal newsletters, internal webcasts and through the corporate intranet site.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately filled by a handicapped or disabled person.

The Group endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for employees, regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

Policy and practice on payment of creditors

The Group's policy concerning the payment of suppliers is either to agree terms of payment at the start of business with each supplier or to ensure that the supplier is made aware of the Group's standard terms, and in either case to pay in accordance with its contractual or other legal obligations.

The Group's average creditor payment period at 31 December 2005 was 30 days (2004: 30 days).

Donations

The Group's charitable donations in 2005 totalled £359 (2004: £1,063). No political donations were made during either period.

Annual General Meeting

Resolutions to be proposed at the annual general meeting are laid out within the notice to that meeting, to be sent separately to shareholders.

Auditors

Ernst & Young LLP has indicated its willingness to continue in office. A resolution to confirm Ernst & Young LLP's appointment will be proposed at the Annual General Meeting.

On behalf of the Board

Peter Wakeham
Director
April 2006

Registered Office
Hook Rise South
Surbiton
Surrey
KT6 7LD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 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, 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 which enable them to ensure that the financial statements comply with the Company Act 1985. They 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.

REPORT OF THE INDEPENDENT AUDITORS

to the members of WILink plc

We have audited the group and parent company financial statements (the “financial statements”) of WILink plc for the year ended 31 December 2005 which comprise the Group Profit and Loss, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Change in Shareholders' Equity and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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 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 members 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 are responsible for preparing the Annual Report and the group financial statements in accordance with applicable and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. 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 International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. It also

REPORT OF THE INDEPENDENT AUDITORS
to the members of WILink plc

includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and parent company's affairs as at 31 December 2005; and of the loss of the Group for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	<i>Notes</i>	2005 £	2004 £
TURNOVER			
- Continuing operations		17,787,356	17,455,478
- Discontinued operations		-	70,500
TOTAL TURNOVER	2	17,787,356	17,525,978
Cost of sales	3	(5,485,019)	(5,653,640)
GROSS PROFIT		12,302,337	11,872,338
Administrative expenses	3,4		
- Exceptional administrative expenses		(202,704)	(225,468)
- Amortisation of goodwill		(3,286,510)	(2,786,734)
- Other administrative expenses		(10,582,732)	(8,940,282)
Total administrative expenses		(14,071,946)	(11,952,484)
Operating loss			
- Continuing operations		(1,769,609)	69,047
- Discontinued operations		-	(149,193)
OPERATING LOSS	2,4	(1,769,609)	(80,146)
Profit on disposal of fixed asset investment of continuing operations	5	-	90,747
Loss on termination of operation	5	-	(108,756)
Loss on ordinary activities before interest		(1,769,609)	(98,155)
Income from investments		21,451	-
Interest receivable and similar income		79,200	60,573
Interest payable and similar charges	8	(12,183)	(56,667)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,681,141)	(94,249)
Tax on loss on ordinary activities	9	(599,551)	(757,681)
RETAINED LOSS FOR THE YEAR	19	(2,280,692)	(851,930)
Loss per share			
- basic	10	(29.9)p	(11.4)p
- diluted	10	(29.9)p	(11.4)p

GROUP BALANCE SHEET
at 31 December 2005

	<i>Notes</i>	2005 £	2004 £
FIXED ASSETS			
Intangible	11	6,512,220	9,974,742
Tangible	12	213,568	237,010
Investments	13	390,403	389,364
		7,116,191	10,601,116
CURRENT ASSETS			
Debtors	14	4,368,408	4,020,563
Cash at bank		3,493,104	3,108,329
		7,861,512	7,128,892
CREDITORS: amounts falling due within one year	15	(4,504,349)	(4,877,825)
NET CURRENT ASSETS		3,357,163	2,251,067
TOTAL ASSETS LESS CURRENT LIABILITIES		10,473,354	12,852,183
PROVISIONS FOR LIABILITIES AND CHARGES	16	(7,327)	(291,334)
		10,466,027	12,560,849
CAPITAL AND RESERVES			
Called up share capital	17	6,950,806	6,845,805
Share premium account	19	210,109	17,747
Capital redemption reserve	19	2,583,438	2,583,438
Special reserve	19	6,340,437	6,659,048
Other reserves	19	45,201,871	45,201,871
Non-distributable reserve	19	777,314	777,314
Investment in own shares	19	(1,643,415)	(1,643,415)
Profit and loss account	19	(49,954,533)	(47,880,959)
TOTAL EQUITY SHAREHOLDERS' FUNDS		10,466,027	12,560,849

The financial statements were approved by the Board of Directors on and signed on its behalf by:

Peter Wakeham
Executive Chairman

Philip Cole
Chief Financial Officer

COMPANY BALANCE SHEET
at 31 December 2005

	<i>Notes</i>	2005	2004
		£	£
FIXED ASSETS			
Tangible assets	12	6,795	7,818
Investments	13	13,206,875	13,205,836
		13,213,670	13,213,654
CURRENT ASSETS			
Debtors – amounts falling due after one year	14	8,424,204	8,332,666
Debtors – amounts falling due within one year	14	136,275	302,258
		8,560,479	8,634,924
Cash at bank		130,682	140,796
		8,691,161	8,775,720
CREDITORS: amounts falling due within one year	15	(2,988,372)	(2,916,730)
NET CURRENT ASSETS		5,702,789	5,858,990
TOTAL ASSETS LESS CURRENT LIABILITIES		18,916,459	19,072,644
CAPITAL AND RESERVES			
Called up share capital	17	6,950,806	6,845,805
Share premium account	19	210,109	17,747
Capital redemption reserve	19	2,583,438	2,583,438
Special reserve	19	6,340,437	6,659,048
Other reserves	19	2,903,742	2,903,742
Non-distributable reserve	19	777,314	777,314
Investment in own shares	19	(1,643,415)	(1,643,415)
Profit and loss account	19	794,028	928,965
TOTAL EQUITY SHAREHOLDERS' FUNDS		18,916,459	19,072,644

The financial statements were approved by the Board of Directors on
and signed on its behalf by:

Peter Wakeham
Executive Chairman

Philip Cole
Chief Financial Officer

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2005

	2005 £	2004 £
Loss for the financial year	(2,280,692)	(851,930)
Exchange difference on retranslation of net assets of subsidiary undertakings	207,118	(153,253)
TOTAL RECOGNISED LOSSES RELATED TO THE YEAR	(2,073,574)	(1,005,183)

RECONCILIATION OF SHAREHOLDERS' FUNDS

	2005 £	2004 £
Total recognised losses for the year	(2,073,574)	(1,005,183)
New shares issued and exercises of options	297,363	22,988
Treasury shares transferred as consideration for acquisition	-	417,195
Proceeds from disposal of Treasury shares	-	779,752
Purchase of Treasury and GEBT shares	(318,611)	-
Total movements during the year	(2,094,822)	214,752
Shareholders' funds at 1 January 2005	12,560,849	12,346,097
SHAREHOLDERS' FUNDS AT 31 DECEMBER 2005	10,466,027	12,560,849

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 December 2005

	<i>Notes</i>	2005 £	2004 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	886,703	2,650,661
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		(32,158)	(6,692)
Interest received		79,200	60,573
Dividend received		21,451	-
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		68,493	53,881
TAXATION		(639,776)	(355,744)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(144,261)	(151,391)
Payments to acquire fixed asset investments		(1,039)	
Receipts from sale of fixed asset investments		-	151,947
NET CASH (OUTFLOW)/ INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(145,300)	556
ACQUISITIONS AND DISPOSALS			
Payment of deferred consideration		(33,848)	(2,536,590)
Purchase of subsidiary undertaking		(6,203)	(1,504,988)
Net cash acquired with subsidiary undertaking		-	41,822
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(40,051)	(3,999,756)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		130,069	(1,650,402)
FINANCING			
Issue of ordinary share capital		297,363	22,988
Receipts from sale of Treasury shares		-	779,752
Purchase of Treasury shares		(318,611)	-
Increase in short term borrowings	21,22	275,954	337,240
NET CASH INFLOW FROM FINANCING		254,706	1,139,980
INCREASE/(DECREASE) IN CASH	21	384,775	(510,422)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

1 UNITED KINGDOM ACCOUNTING POLICIES

Basis of preparation

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

The financial statements reflect the adoption in the year of the following new financial reporting standards: FRS 21 Events after the Balance Sheet Date, FRS 22 Earnings per share and FRS 25 Financial Instruments: Disclosure and Presentation. The adoption of these new financial reporting standards has not had an impact on the profit and loss account or the balance sheet in either this or prior years.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings. The results of subsidiary undertakings acquired during the year are consolidated from the date of acquisition. At acquisition, fair values are attributed to the assets and liabilities of the business acquired. Any excess of consideration over these fair values is transferred to goodwill.

The Company has taken advantage of the exemption provided by Section 230 of the Companies Act 1985 not to present its own profit and loss account.

Goodwill

Positive goodwill arising on acquisitions (representing the difference between the fair value of the consideration given and the fair value of the separable net assets acquired), is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, over their expected useful lives, as follows:

Computer equipment	25% to 33 ¹ / ₃ % per annum straight line
Fixtures and fittings	15% to 25% per annum straight line
Leasehold improvements	straight line over term of lease

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at cost. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Employee share schemes

The Company operates a number of share option schemes for employees. The options become exercisable at various dates but can only be exercised if certain performance criteria are met. In addition, the Company operates a share award scheme to reward employees, to which performance conditions do not apply. In compliance with UITF 17 (revised 2003) Employee share schemes, the charge to the profit and loss account is the difference between the fair value of the shares at the date the award is made to the participants and the amount of consideration required to pay for the shares. The charge is recognised on a straight line basis over the period to which the performance criteria relates. The amount initially recognised is based on a reasonable expectation of the extent to which performance criteria will be met and is revised in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

1 ACCOUNTING POLICIES (continued)
General Employee Benefit Trust (“GEBT”)

The Company operates a General Employee Benefit Trust (“GEBT”) for the purpose of satisfying the future exercise under various share option schemes and the granting of share awards under the Share Incentive Plan (“SIP”). From time to time, new share options are granted and share options exercised, and the directors review the holding of WILink plc shares by the GEBT on a regular basis. The GEBT entered into no transactions in WILink plc shares during the year ended 31 December 2005.

The investment in WILink plc shares held by the GEBT falls under the Companies Act definition of a fungible asset, and as such, the directors consider that the most appropriate basis for determining cost upon sale of shares or exercise of share options is the first in first out (“FIFO”) method.

The investment in own shares is held within shareholders’ funds at cost.

Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales of services

Revenue is recognised when the financial data, reports or other information has been despatched, or when the web event or other service has been provided.

Interest income

Revenue is recognised as interest accrues.

Dividends

Revenue is recognised when the Group’s right to receive the payment is established.

Rental income

Rental income from sub-tenants is accounted for on a straight line basis over the lease term on ongoing leases.

Treasury shares

Purchases of Treasury shares are shown as a deduction from shareholders’ funds. The subsequent disposal or transfer of Treasury shares reduces this deduction from shareholders’ funds to the extent that the proceeds are less than or equal to the original weighted average cost of the Treasury shares. Where the proceeds are in excess of the original weighted average cost of the Treasury shares, an amount equal to this excess is transferred to the share premium account.

Foreign currencies

Group

The financial statements of overseas Group undertakings are translated into Sterling at the rate of exchange ruling at the balance sheet date, with the profit and loss account translated at average rates for the respective year. The exchange differences arising on translation are taken directly to reserves.

Company

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date or, if applicable, the forward contract rate. All exchange differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

1 ACCOUNTING POLICIES (continued)

Hedging

The Company uses forward currency contracts to reduce exposure to foreign exchange rates. The Company considers its forward foreign currency contracts qualify for hedge accounting when certain criteria are met:

- The instrument must be related to a firm foreign currency commitment;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange movements on the group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

Leased assets

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

During the year, the Company operated two defined contribution pension schemes, one in the United Kingdom and one in the United States. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The Group provides pensions for four directors by means of contributions to a money purchase scheme run by an insurance company. The Group's contributions to the scheme are charged in the profit and loss account as they accrue.

2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

During the year the Group operated in one principal area of activity, the provision of online investor relations and web-based corporate communications solutions. It operated within three geographical markets, the United Kingdom, Rest of Europe and North America.

The continuing operations comprise the Company and its subsidiary undertakings involved in the provision of online investor relations and web-based corporate communications solutions.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

2 TURNOVER AND SEGMENTAL ANALYSIS (CONTINUED)

The activity in the Rest of the World in the prior year related to the Australian operation, which was discontinued during 2004.

The acquisition in the prior year comprised Communicast Inc., which was acquired on 31 October 2004.

	UK		Rest of Europe		North America		Rest of the World		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	£	£	£	£	£	£	£	£	£	£
By geographical area										
GROUP TURNOVER										
By destination:										
Continuing operations:										
Ongoing – total sales	6,058,425	5,911,914	2,494,599	3,743,982	9,326,587	7,862,147	-	-	17,879,611	17,518,043
Ongoing-inter-segment sales	(19,719)	(17,490)	-	-	(72,536)	(45,075)	-	-	(92,255)	(62,565)
Ongoing – sales to third parties	6,038,706	5,894,424	2,494,599	3,743,982	9,254,051	7,817,072	-	-	17,787,356	17,455,478
Discontinued operations	-	-	-	-	-	-	-	70,500	-	70,500
	6,038,706	5,894,424	2,494,599	3,743,982	9,254,051	7,817,072	-	70,500	17,787,356	17,525,978
By origin:										
Continuing operations:										
Ongoing – total sales	7,182,179	7,296,261	1,370,845	2,359,635	9,326,587	7,862,147	-	-	17,879,611	17,518,043
Ongoing-inter-segment sales	(19,719)	(17,490)	-	-	(72,536)	(45,075)	-	-	(92,255)	(62,565)
Ongoing – sales to third parties	7,162,460	7,278,771	1,370,845	2,359,635	9,254,051	7,817,072	-	-	17,787,356	17,455,478
Discontinued operations	-	-	-	-	-	-	-	70,500	-	70,500
	7,162,460	7,278,771	1,370,845	2,359,635	9,254,051	7,817,072	-	70,500	17,787,356	17,525,978
PROFIT/(LOSS)										
Segment profit /(loss):										
Continuing operations:										
	(670,254)	(226,274)	(1,330,029)	(755,737)	230,674	1,051,058	-	-	(1,769,609)	69,047
Discontinued operations	-	-	-	-	-	-	-	(149,193)	-	(149,193)
Group operating profit/(loss)	(670,254)	(226,274)	(1,330,029)	(755,737)	230,674	1,051,058	-	(149,193)	(1,769,609)	(80,146)
Profit on disposal of fixed asset investment of continuing operations									-	90,747
Loss on termination of operation									-	(108,756)
Income from investments									21,541	
Net interest receivable									67,017	3,906
Loss on ordinary activities before taxation									(1,681,141)	(94,249)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

2 TURNOVER AND SEGMENTAL ANALYSIS (continued)

	<i>UK</i>		<i>Rest of Europe</i>		<i>North America</i>		<i>Rest of the World</i>		<i>Total</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	£	£	£	£	£	£	£	£	£	£
Net assets by segment:										
Continuing operations	17,308,490	15,468,309	(2,655,604)	(1,024,446)	(3,717,255)	(1,413,617)	-	-	10,935,631	13,030,246
Discontinued operations	-	-	-	-	-	-	(469,604)	(469,397)	(469,604)	(469,397)
TOTAL NET ASSETS	17,308,490	15,468,309	(2,655,604)	(1,024,446)	(3,717,255)	(1,413,617)	(469,604)	(469,397)	10,466,027	12,560,849

3 COST OF SALES AND OPERATING COSTS

	<i>Continuing operations</i>		<i>Discontinued</i>		<i>Total</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	£	£	£	£	£	£
Cost of sales	5,485,019	5,607,827	-	45,813	5,485,019	5,653,640
Administrative expenses						
- Exceptional administrative expenses	202,704	225,468	-	-	202,704	225,468
- Other administrative expenses:						
- Operating expenses	10,582,732	8,766,402	-	173,880	10,582,732	8,940,282
- Goodwill amortisation	3,286,510	2,786,734	-	-	3,286,510	2,786,734
					14,071,946	11,952,484

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

4 OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of tangible fixed assets - owned assets	176,911	280,838
Amortisation of goodwill	3,286,510	2,786,734
Auditors' remuneration		
- audit services UK*	60,000	52,000
- audit services overseas	22,626	32,400
- non-audit services UK [#]	63,600	63,700
- non-audit services overseas	34,945	29,062
Operating lease rentals		
- land and buildings	476,344	451,321
- plant and machinery	15,867	15,890
Rental income	(44,391)	(42,733)
Exceptional administrative expense	202,704	225,468

* 2005 - **£10,500** (2004 - £10,500) relates to the Company

[#] 2005 - **£ 57,600** (2004 - £54,700) relates to the Company

The exceptional administrative expense in the year of £202,704 relates to costs incurred in preparation for the proposed financing transaction.

The exceptional administrative expense in the prior year of £225,468 represents a payment in lieu of notice to a former director.

5 EXCEPTIONAL ITEMS

Recognised below operating profit:

	2005	2004
	£	£
Profit on disposal of fixed asset investment (see below)	-	90,747
Loss on termination of operation (see below)	-	(108,756)
	<u>-</u>	<u>(18,009)</u>

On 19 April 2004, the Company disposed of its entire holding of 2,550,000 ordinary shares in Stockcube plc for consideration of 6p per share. After transaction costs, this generated net consideration of £151,947, resulting in a profit on disposal of £90,747. The tax effect in the profit and loss account relating to this was a charge of £27,224. The impact on cash flow was £151,947.

The Australian operation was terminated during 2004. Exceptional costs of £108,756 were incurred during the prior year in connection with the termination.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

6 EMPLOYEE INFORMATION

The average monthly number of employees (including Executive Directors) in the Group during the year was:

<i>By activity:</i>	2005	2004
Sales and distribution	56	52
Administration	50	52
Warehouse	27	29
	<u>133</u>	<u>133</u>

7 STAFF COSTS

	2005	2004
	£	£
Wages and salaries	4,833,648	4,432,951
Social security costs	469,433	441,864
Other pension costs	257,219	294,982
	<u>5,560,300</u>	<u>5,169,797</u>

Included within staff costs in 2004 is £225,468 of exceptional expense representing a payment in lieu of notice to a former director (see note 4).

Details of remuneration, pension entitlements, and interest in share options for each Director are set out in the table headed "Directors' Emoluments" within the Directors' report.

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank loans and overdrafts	34,404	6,692
Other interest payable	(22,221)	49,975
	<u>12,183</u>	<u>56,667</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

9 TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of charge in year:

	2005	2004
	£	£
Current tax:		
UK corporation tax on losses of the period	411,886	519,601
Adjustments in respect of previous periods	(64,814)	(53,718)
Foreign tax:		
Current tax	223,230	216,725
Adjustments in respect of previous periods	52,748	173,537
Total current tax (see note 9b)	623,050	856,145
Deferred tax:		
Origination and reversal of timing differences (see note 16)	(23,499)	(98,464)
Tax on loss on ordinary activities	599,551	757,681

b) Factors affecting current tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30%.

The differences are explained below:

	2005	2004
	£	£
Loss on ordinary activities before tax	(1,681,141)	(94,249)
Loss on ordinary activities multiplied by the standard rate of corporation tax	(504,342)	(28,275)
Effects of:		
Disallowed expenses, primarily goodwill amortisation	591,461	442,383
Depreciation in excess of capital allowances	26,870	66,741
Short term timing differences	(8,420)	(79,673)
Adjustments in respect of previous periods	(12,066)	119,819
Tax losses carried forward	478,434	209,514
Tax losses unavailable to carry forward	1,286	77,263
Adjustments in respect of the difference between US and UK rates	49,827	48,373
Current tax charge for the period	623,050	856,145

c) Factors that may affect future tax charges:

The group has estimated tax losses of £3,027,000 (2004: £1,262,000) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

10 LOSS PER SHARE

The calculation of basic loss per ordinary share is based on the loss for the year of £2,280,692 (2004: loss of £851,930) and on 7,635,239 (2004: 7,459,271) ordinary shares, being the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares excludes Treasury shares and shares held by the GEBT. The diluted loss per ordinary share is based on the loss for the year of £2,280,692 (2004: loss of £851,930) and on 7,635,239 (2004: 7,459,271) ordinary shares, calculated as follows:

	2005	2004
Basic weighted average number of shares	7,635,239	7,459,271
Dilutive potential ordinary shares:		
Share option schemes	-	-
Diluted weighted average number of shares	<u>7,635,239</u>	<u>7,459,271</u>

The impact of the options granted under various option schemes has been excluded from the 2005 diluted loss per share calculation as its effect is antidilutive.

The basic and diluted loss per share in respect of the discontinued operation is nil (2004: 3.5p).

11 INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Total goodwill</i>
	£
Cost:	
At 1 January 2005	65,010,898
Acquisition of subsidiary undertaking (see note 13)	6,203
Decrease in deferred consideration (see note 13,16)	(263,700)
Exchange adjustment	<u>57,495</u>
At 31 December 2005	<u>64,810,896</u>
Amortisation:	
At 1 January 2005	55,036,156
Charge for the year	3,286,510
Exchange adjustment	<u>(23,990)</u>
At 31 December 2005	<u>58,298,676</u>
Net book value:	
At 31 December 2005	<u>6,512,220</u>
At 1 January 2005	<u>9,974,742</u>

At the year end, the directors performed an impairment review of the carrying value of goodwill and calculated that no impairment charge was necessary.

Amortisation of goodwill with a book value of £0.3m at 31 December 2005 relating to A&N WILink AB will continue until the end of February 2006.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

The goodwill with a book value of £5.1m at 31 December 2005 relating to WILink US Holdings Inc. is being amortised over 10 years from the date of acquisition.

Goodwill of £1.8m arising on the acquisition of Communicast Inc. is being amortised evenly over its estimated economic life of 3 years.

12 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Leasehold improvements</i>	<i>Computer equipment and software</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2005	315,310	709,713	188,737	1,213,760
Additions	17,303	126,958	-	144,261
Disposals	(2,799)	(35,798)	(11,673)	(50,270)
Exchange adjustments	25,937	78,531	32,349	136,817
At 31 December 2005	355,751	879,404	209,413	1,444,568
Depreciation:				
At 1 January 2005	309,916	520,708	146,126	976,750
Provided during the year	21,784	144,913	10,214	176,911
Disposals	(2,799)	(35,798)	(11,673)	(50,270)
Exchange adjustments	25,893	73,187	28,529	127,609
At 31 December 2005	354,794	703,010	173,196	1,231,000
Net book value:				
At 31 December 2005	957	176,394	36,217	213,568
At 1 January 2005	5,394	189,005	42,611	237,010
 <i>Company</i>				
	<i>Leasehold improvements</i>	<i>Computer equipment and software</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2005	750	75,835	12,586	89,171
Additions	-	7,421	-	7,421
At 31 December 2005	750	83,256	12,586	96,592
Depreciation:				
At 1 January 2005	750	68,124	12,479	81,353
Provided during the year	-	8,337	107	8,444
At 31 December 2005	750	76,461	12,586	89,797
Net book value:				
At 31 December 2005	-	6,795	-	6,795
At 1 January 2005	-	7,711	107	7,818

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

13 INVESTMENTS

Other fixed asset investments

<i>Group</i>	<i>Listed £</i>
Cost:	
At 1 January 2005	389,364
Additions	1,039
	<u>390,403</u>
At 31 December 2005	<u>390,403</u>
Amounts provided:	
At 1 January 2005 and 31 December 2005	<u>-</u>
Net book value:	
At 31 December 2005	<u>390,403</u>
At 1 January 2005	<u>389,364</u>

During the year, the Company acquired 20,772 shares in Optimistic Entertainment plc at a cost of £1,039.

On 25 June 2004, EXC Plc acquired the share capital of David Conrad (Investments) Limited, in which the Company previously held 29.9% of the shares. The consideration was satisfied by the issue of shares in EXC Plc. This resulted in the Company owning a proportional holding in EXC Plc of 8.6%.

The market value of the listed investments at 31 December 2005 is £814,811 (2004: £1,345,205). If the Company were to dispose of these investments at the balance sheet date there would be a tax liability arising of £nil (2004: £nil).

<i>Company</i>	<i>Subsidiary undertaking £</i>	<i>Listed investments £</i>	<i>Total £</i>
Cost:			
At 1 January 2005	55,145,158	308,807	55,453,965
Additions	-	1,039	1,039
	<u>55,145,158</u>	<u>309,846</u>	<u>55,455,004</u>
At 31 December 2005	<u>55,145,158</u>	<u>309,846</u>	<u>55,455,004</u>
Amounts provided:			
At 1 January 2005 and 31 December 2005	<u>42,248,129</u>	<u>-</u>	<u>42,248,129</u>
Net book value:			
At 31 December 2005	<u>12,897,029</u>	<u>309,846</u>	<u>13,206,875</u>
At 1 January 2005	<u>12,897,029</u>	<u>308,807</u>	<u>13,205,836</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

13 INVESTMENTS (continued)

Investments held at 31 December 2005 were:

<i>Name of company</i>	<i>Holding</i>	<i>Nature of business</i>	<i>Proportion of voting rights and share capital held</i>
<i>SUBSIDIARY UNDERTAKINGS:</i>			
WILink US Holdings Inc. [#]	Common stock	Holding company	100%
WILink Inc. ^{# *}	Common stock	Provider of financial data and reports	100%
Communicast Inc. ^{# *}	Common stock	Provider of webcasting services	100%
WILink Europe Limited *	Ordinary shares	Provider of financial data and reports	100%
Communicast Limited	Ordinary shares	Not trading	100%
World Investor Services Limited	Ordinary shares	Provider of financial data and reports	100%
World Investor Link Limited	Ordinary shares	Not trading	100%
A&N WILink AB ^	Ordinary shares	Provider of financial data and reports	100%
WILink Pty Limited +	Ordinary shares	Provider of financial data and reports	100%
WILink Corporate Services Limited x	Ordinary shares	Provider of consultancy services to WILink Group companies	100%
Vcall Inc #*	Common stock	Provider of webcasting services	100%
Informed Investors Inc. #*	Common stock	Provider of financial conferences	100%

[#] incorporated in the USA

[^] incorporated in Sweden

⁺ incorporated in Australia

^x incorporated in Guernsey

^{*} held by a subsidiary undertaking

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

13 INVESTMENTS (continued)

ACQUISITION OF COMMUNICAST INC.

On 31 October 2004, the Group acquired the entire issued share capital of Communicast Inc. ("Communicast"). Initial consideration of \$3.16 million (£1.67 million) was paid, consisting of \$2.37 million (£1.25 million) of cash and the transfer of 166,596 shares in the Company from Treasury to the vendors on completion of the deal. Additional consideration is payable subject to an earn-out after one year up to a maximum deferred consideration of \$3.75 million (£1.98 million). As at 31 December 2004, the Directors had estimated that the deferred consideration would be £263,700. However, as at 31 December 2005, the Directors now estimate that no deferred consideration will be payable. The entire provision for £263,700 has therefore been reversed during the year (see note 16). Also during the year ended 31 December 2005, additional acquisition costs were incurred of £6,203 (see note 11).

14 DEBTORS

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	3,428,173	2,556,970	-	-
Other debtors	131,539	271,629	86,986	239,522
Corporation tax	1,625	-	1,625	1,713
Deferred tax	373,287	250,955	9,389	9,637
Other taxation and social security	28,895	36,179	24,894	34,703
Prepayments	404,889	904,830	13,381	26,320
Amounts due from subsidiary undertakings	-	-	8,424,204	8,323,029
	4,368,408	4,020,563	8,560,479	8,634,924

In the Company, the amounts due from subsidiary undertakings of £8,424,204 (2004: £8,323,029 on a comparable basis or £8,332,666 as previously reported) are due after more than one year.

15 CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	£	£	£	£
Amounts due to subsidiary undertakings	-	-	2,828,605	2,540,542
Trade creditors	595,358	941,961	-	-
Corporation tax	299,327	256,190	-	-
Other taxation and social security	346,337	235,444	-	-
Other creditors	784,177	975,588	-	-
Deferred consideration (see note 13)	-	33,848	-	-
Bank loan	613,194	337,240	-	-
Accruals and deferred income	1,865,956	2,097,554	159,767	376,188
	4,504,349	4,877,825	2,988,372	2,916,730

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

16 PROVISIONS FOR LIABILITIES AND CHARGES

<i>Group</i>	<i>Lease Termination</i>	<i>Contingent Consideration</i>	<i>Total</i>
			£
At 1 January 2005	27,634	263,700	291,334
Reverse provision for Communicast contingent consideration (see note 13)	-	(263,700)	(263,700)
Costs incurred in terminating the office lease in Australia	(20,307)	-	(20,307)
At 31 December 2005	7,327	-	7,327

Provision has been made for the cost of terminating the office lease in Australia. It is expected that all of these costs will have been incurred within the next financial year.

Deferred tax

The provided and unprovided deferred tax (asset) at the balance sheet date is as follows:

<i>Group</i>	2005		2004	
	<i>Provided</i>	<i>Unprovided</i>	<i>Provided</i>	<i>Unprovided</i>
	£	£	£	£
Decelerated capital allowances	(139,690)	(87,243)	(99,657)	(87,243)
Timing differences relating to the amortisation of goodwill	(164,302)	(673,767)	(153,757)	(671,489)
Other timing differences	(69,295)	-	2,459	-
Tax losses carried forward	-	(908,127)	-	(412,358)
Deferred tax asset	(373,287)	(1,669,137)	(250,955)	(1,171,090)

<i>Group</i>	£
Provided at 1 January 2005	(250,955)
Profit and loss account	(23,499)
Adjustments in respect of prior years	(98,833)
Provided at 31 December 2005	(373,287)

<i>Company</i>	2005		2004	
	<i>Provided</i>	<i>Unprovided</i>	<i>Provided</i>	<i>Unprovided</i>
	£	£	£	£
Decelerated capital allowances	(5,888)	-	(6,136)	-
Timing differences relating to the amortisation of goodwill	-	-	-	-
Other timing differences	(3,501)	-	(3,501)	-
Tax losses carried forward	-	-	-	-
Deferred tax asset	(9,389)	-	(9,637)	-

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

16 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

<i>Company</i>	£
Provided at 1 January 2005	(9,637)
Profit and loss account	109
Adjustments in respect of prior years	139
Provided at 31 December 2005	<u>(9,389)</u>

A deferred tax asset has been recognised in accordance with the provisions of FRS 19.

17 SHARE CAPITAL

	2005	2004	2005	2004
	Number	Number	£	£
Authorised:				
Ordinary shares of 80p each	<u>18,750,000</u>	18,750,000	<u>15,000,000</u>	15,000,000
Allotted, called up and fully paid:				
Ordinary shares of 80p each	<u>8,688,507</u>	8,557,256	<u>6,950,806</u>	6,845,805

The table below summarises the share option schemes operated by the Company during the year:

<i>Scheme</i>	<i>Outstanding at 31 December 2004</i>	<i>Granted during year</i>	<i>Exercised during year</i>	<i>Lapsed during year</i>	<i>Outstanding at 31 December 2005</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>
1997 ISO US	89,125				89,125	80p	18 July 2000
1997 Approved	36,200				36,200	96p	16 March 2003
1997 Unapproved	2,100				2,100	80p	18 July 2000
1997 Unapproved NQS	16,925			16,925	-	96p	18 July 2000
2000 Approved	42,500		1,250	3,125	38,125	160p	4 December 2004
2000 Approved	18,950			6,250	12,700	191.2p	5 June 2005
2000 Approved	24,825		12,500	8,750	3,575	227.2p	31 March 2005
2000 Approved	7,500			1,250	6,250	312p	26 May 2007
2000 Approved	-	28,844		20,980	7,864	257.5p	28 January 2008
2000 Unapproved	28,125			9,375	18,750	160p	4 December 2004
2000 Unapproved	25,000			25,000	-	191.2p	5 June 2005
2000 Unapproved	69,842		40,117	574	29,151	227.2p	31 March 2005
2000 Unapproved	8,750			2,500	6,250	312p	26 May 2007
2000 Unapproved	-	41,156		24,020	17,136	257.5p	28 January 2008
2000 ISO US	68,250			2,500	65,750	160p	4 December 2004
2000 ISO US	52,500			3,750	48,750	191.2p	5 June 2005
2000 ISO US	147,357		77,384	1,690	68,283	227.2p	31 March 2005
2000 ISO US	11,250			8,750	2,500	312p	26 May 2007
2000 ISO US	-	200,000			200,000	257.5p	28 January 2008
2001 AESOP	3,500			3,500	-	-	5 June 2004
2001 AESOP	1,076			508	568	-	27 May 2005
LTIS	461,631			18,750	442,881	152.3p - 160p	5 December 2004
LTIS	250,000				250,000	100.5p	25 March 2005
LTIS	118,250				118,250	221.7p - 227.2p	31 March 2005
	<u>1,483,656</u>	<u>270,000</u>	<u>131,251</u>	<u>158,197</u>	<u>1,464,208</u>		

As part of the consideration for the acquisition of WILink US Holdings Inc., the Directors granted options to certain employees and holders of share options in WILink

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

17 SHARE CAPITAL (continued)

US Holdings Inc. on an equivalent basis resulting in options to subscribe for an aggregate of 789,256 80p ordinary shares at a price of either 80p or 96p per share. To provide for these grants to certain employees and holders of share options in the USA, WILink plc adopted the ISO US unapproved scheme, SOP UK unapproved scheme, and the SOP UK approved scheme in 2000. Details of options granted, exercised, and lapsed are included in the above table. National Insurance of £6,601 is payable on the unexercised options under the unapproved section at 31 December 2005 (2004: £21,485). The amount of National Insurance payable has been calculated based on the market price of the shares at the end of the year.

18 TREASURY SHARES

	2005	2004	2005	2004
	Number	Number	£	£
Authorised:				
Ordinary shares of 80p each	212,508	99,329	646,324	327,713

During the year ended 31 December 2005, the Company purchased 113,179 ordinary shares of 80p each in the Company. These shares are held by the Company as Treasury shares in accordance with the revisions to the Companies Act which came into effect on 31 December 2003. The Treasury shares are shown as a deduction from the special reserve (see note 19).

At 31 December 2005, the Company held, in aggregate, 212,508 ordinary shares of 80p each (2004: 99,329) with a nominal value of £170,006 (2004: £79,463), which are included in the special reserve at a cost of £390,534.

19 RESERVES

<i>Group</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Special reserve</i>	<i>Other reserves</i>	<i>Non-distributable reserve</i>	<i>Investment in own shares</i>	<i>Profit and loss account</i>
	£	£	£	£	£	£	£
At 1 January 2005	17,747	2,583,438	6,659,048	45,201,871	777,314	(1,643,415)	(47,880,959)
Exchange differences on retranslation of net assets of subsidiary undertakings							207,118
Arising on share issues and exercise of options	192,362						
Purchase of Treasury shares			(318,611)				
Retained loss for the year							(2,280,692)
At 31 December 2005	210,109	2,583,438	6,340,437	45,201,871	777,314	(1,643,415)	(49,954,533)

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

19 RESERVES (continued)

<i>Company</i>	<i>Share premium account £</i>	<i>Capital Redemption reserve £</i>	<i>Special reserve £</i>	<i>Other reserves £</i>	<i>Non- distributable reserve £</i>	<i>Investment in own shares £</i>	<i>Profit and loss account £</i>
At 1 January 2005	17,747	2,583,438	6,659,048	2,903,742	777,314	(1,643,415)	928,965
Arising on share issues and exercise of options	192,362						
Purchase of Treasury shares			(318,611)				
Retained loss for the year							(134,937)
At 31 December 2005	210,109	2,583,438	6,340,437	2,903,742	777,314	(1,643,415)	794,028

The **investment in own shares** reserve was created on adoption of UITF 38 for the year ended 31 December 2003, to show the investment in own shares held by the General Employee Benefit Trust ("GEBT") within shareholders' funds rather than in investments. The total investment in own shares held by the GEBT as at 31 December 2005 is 825,825 shares (2004: 825,825). These shares have a nominal value of 80p each and were acquired at an average cost of 199p each. Options have been granted to employees, exercisable on various future dates, over all of these shares held by the GEBT. The market value of these 825,825 shares at 31 December 2005 was £2,498,121 (2004: £2,250,373). If they had been sold at this value there would have been a liability to tax of £nil (2004: £nil) on the capital gain arising from the sale. All expenses incurred by the GEBT are settled directly by the Company and charged in the accounts as incurred.

The **special reserve** was created on cancellation of the share premium account under the Court restructure in 2002. During the year ended 31 December 2005, the Company repurchased £318,611 (2004: £nil) of own shares. These are shown as a deduction against the special reserve. In total, £646,324 of Treasury shares have been deducted from the special reserve.

The **capital redemption reserve** arose on the repurchase and subsequent cancellation of shares, following the tender offer in 2002.

Other reserves in both the Group and the Company represent the premium arising on the acquisition of WILink US Holdings Inc., via the issue of 1,648,156 ordinary shares in the year ended 31 December 2000. During the year ended 31 December 2001, £42,248,129 of these other reserves was released to the Company's profit and loss account reserves relating to the impairment of the investment in WILink US Holdings Inc.

The **non-distributable reserve** represents the profit on disposal of shares in the Company by the GEBT. Under FRS 25, no profits or losses can arise on transactions in own shares, so instead, the accumulated £777,314 surplus has been shown as a non-distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

20 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating loss	(1,769,609)	(80,146)
Depreciation	176,911	280,838
Amortisation of goodwill	3,286,510	2,786,734
(Increase)/decrease in operating debtors and prepayments	(347,845)	122,504
Decrease in operating creditors and accruals	(459,264)	(459,269)
	<u>886,703</u>	<u>2,650,661</u>
Net cash inflow from operating activities	<u><u>886,703</u></u>	<u><u>2,650,661</u></u>

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase /(decrease) in cash in the year	384,775	(510,422)
Cash inflow from increase in short term borrowings	(275,954)	(337,240)
	<u>108,821</u>	<u>(847,662)</u>
Movement in the period	108,821	(847,662)
Net funds at beginning of period	2,771,089	3,618,751
	<u>2,879,910</u>	<u>2,771,089</u>
Net funds at end of period	<u><u>2,879,910</u></u>	<u><u>2,771,089</u></u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2004 £	Cash flow £	At 31 December 2005 £
Cash at bank and in hand	3,108,329	384,775	3,493,104
Short term loan	(337,240)	(275,954)	(613,194)
	<u>2,771,089</u>	<u>108,821</u>	<u>2,879,910</u>
Total	<u><u>2,771,089</u></u>	<u><u>108,821</u></u>	<u><u>2,879,910</u></u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

23 OPERATING LEASE COMMITMENTS

At 31 December 2005, the Company had annual commitments under non-cancellable operating leases as set out below:

<i>Group</i>	<i>Land and buildings</i>		<i>2005</i>	<i>Other 2004</i>
	<i>2005</i>	<i>2004</i>		
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire				
Within one year	55,530	260,405	-	10,140
In two to five years	271,142	59,204	5,466	4,824
In over five years	143,588	134,589	-	-
	470,260	454,198	5,466	14,964
<i>Company</i>	<i>Land and buildings</i>		<i>2005</i>	<i>Other 2004</i>
	<i>2005</i>	<i>2004</i>		
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire				
Within one year	-	-	-	880

24 (LOSS)/PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these accounts. The Company's loss for the year is £134,937 (2004: profit of £125,546).

25 FINANCIAL INSTRUMENTS

The Group's policies and strategies relating to risk and financial instruments are explained in the Directors' Report. Financial assets and liabilities included in this note, other than currency disclosures, exclude short-term debtors and creditors other than finance lease obligations and the bank loan.

(a) Interest rate profile of financial assets

The interest rate profile of the Group's financial assets at 31 December was:

	<i>Floating rate financial assets</i>	
	<i>2005</i>	<i>2004</i>
	<i>£</i>	<i>£</i>
Sterling	2,208,678	2,147,857
US Dollar	124,302	265,486
Euro	405,621	366,335
Canadian Dollar	85,197	77,891
Swedish Krona	666,423	248,654
Australian Dollar	2,883	2,106
	3,493,104	3,108,329

Floating rate financial assets include cash invested primarily in overnight repurchase agreements backed by mortgage-backed securities and time deposits bearing interest based on the prevailing market rates. It is the Group's policy to place surplus cash resources in floating rate investments in the operating unit's functional currency as determined by the cash required by the Group.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

25 FINANCIAL INSTRUMENTS (continued)

In addition to the floating rate financial assets described above, the Group has sterling equity investments totalling £390,403 (2004: £389,364) (see note 13).

(b) Financial liabilities

The interest rate profile of the financial liabilities of the Group at 31 December was as follows:

	<i>Nil rate financial liabilities</i>	
	2005	2004
	£	£
Swedish Krona deferred consideration payable (note 15)	-	33,848
US Dollar deferred consideration payable (note 16)	-	263,700
AUS Dollar cost of terminating office lease (note 16)	7,327	27,634

In addition, the Group has a US Dollar loan of £613,194 (2004: £337,240) at the year end (see note 15). Interest is payable on the loan at a floating rate of LIBOR plus 2.25%.

(c) Fair values of financial assets and financial liabilities

Set out below is a comparison of book values and fair values of the Group's financial assets and financial liabilities at 31 December.

	<i>Book values</i>	<i>Book values</i>	<i>Fair values</i>	<i>Fair values</i>
	2005	2004	2005	2004
	£	£	£	£
Cash	3,493,104	3,108,329	3,493,104	3,108,329
Deferred contingent consideration	-	(297,548)	-	(297,548)
Short term loan	(613,194)	(337,240)	(613,194)	(337,240)
Investments	390,403	389,364	814,811	1,345,205

The fair value of the investments has been calculated using the market price of the shares as at the year end.

(d) Currency exposures

Although the Group is based in the UK, it has a significant investment in overseas operations in the US and Sweden. As a result, the Group's Sterling balance sheet can be significantly affected by movements in the foreign currencies listed below. The Group's policy for managing currency exposures (in other words, its structural currency exposures) arising from its investments overseas is to minimise non-functional currency borrowings. Gains and losses arising from these structural currency exposures are recognised in the statement of total recognised gains and losses.

The Company has an intercompany loan with the Swedish subsidiary, which is denominated in Swedish Krona. The book value and fair value of this loan is £1,354,319. During the year ended 31 December 2005, the Company put in place a fixed forward contract to minimise its exposure to Swedish Krona currency fluctuations. The forward contract is to purchase 18.5m Swedish Krona (representing the total amount of the loan) at a fixed exchange rate of 13.1202 in April 2006. As at the balance sheet date, the loss on the hedge was £55,549 (2004: £nil). This loss has been recognised in the statement of total recognised gains and losses. It is anticipated that any gain or loss will be recognised in the profit and loss account when the transaction occurs; it is anticipated that this will be in 2006.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2005

25 FINANCIAL INSTRUMENTS (continued)

The table below shows the Group's currency exposures; in other words, those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved. The Group minimises these risks by maintaining cash accounts in those currencies and periodically transferring the foreign balances to the functional currency when deemed necessary.

The currency risk profile for the Group's financial assets and liabilities was as follows:

<i>At 31 December 2005</i>	<i>Euro</i>	<i>US Dollar</i>	<i>Canadian Dollar</i>	<i>Norwegian Krone</i>	<i>Danish Krone</i>	<i>Australian Dollar</i>	<i>Other</i>
Functional currency of Group operations:							
Sterling	459,631	34,890	10,686	-	-	1,645	(557)
US Dollar	-	-	27,634	-	-	-	-
Swedish Krona	230,583	-	-	4,942	4,800	-	-
Total	690,214	34,890	38,320	4,942	4,800	1,645	(557)

<i>At 31 December 2004</i>	<i>Euro</i>	<i>US Dollar</i>	<i>Canadian Dollar</i>	<i>Norwegian Krone</i>	<i>Danish Krone</i>	<i>Australian Dollar</i>	<i>Other</i>
Functional currency of Group operations:							
Sterling	370,769	42,004	9,222	-	-	2,519	230
US Dollar	-	-	46,167	-	-	-	-
Swedish Krona	36,656	-	-	71,035	2,261	-	-
Total	407,425	42,004	55,389	71,035	2,261	2,519	230

26 PENSION

The Group operates two defined contribution pension schemes, one in the United Kingdom and one in the United States of America. The assets of the schemes are held separately from those of the Group in independently administered funds. The unpaid contributions at the year end were £6,230 (2004: £3,972). The pension cost charge for the year was £121,993 (2004: £94,911, or £133,886 on a like-for-like basis). In addition the Group also made contributions of £135,226 (2004: £191,494, or £201,494 on a like-for-like basis) to a money purchase scheme for the benefit of four directors.

27 RELATED PARTIES

The Group's related parties (as defined by Financial Reporting Standard 8), the nature of the relationships and the extent of the transactions with them are summarised below. All transactions with related parties were conducted at arm's length in the ordinary course of business.

Both Nigel Wray and Peter Wakeham are directors of Saracens Rugby Club. The value of transactions between the Group and Saracens Rugby Club during the year was payments of £26,651 (2004: £30,033), principally as consideration for the hospitality box held by the Group, of which £nil (2004 - £nil) was outstanding at the year end.

Lesley Burton, (the wife of Dr Burton, former Group Financial Director), provided company secretarial services to the Group in her capacity as a Chartered secretary, for which she received fees of £15,487 (2004: £10,810). Of this, £nil was outstanding at the year end (2004: £2,200).