



INTERACTIVE PROSPECT TARGETING HOLDINGS PLC
Annual Report & Accounts 2005

IPT Key Products & Services



www.myoffers.co.uk

Phenomenally popular prize draw site, attracting 500,000 – 700,000 log-ins per month.



www.quizplayer.co.uk

One of the UK's leading quiz sites, with over half a million quizzes played each month.



www.chooseagift.co.uk

An innovative new site giving online shoppers a free gift for every purchase they make.



www.dailydiettracker.co.uk

230,000 users monitor and track their daily nutritional intake and exercise routines.



www.everyinvestor.co.uk

A fully authorised independent financial adviser, giving down-to-earth advice and tips to 980,000 registered users.



www.mymortgagekey.co.uk

Guides consumers through the huge range of mortgage deals available and matches them with a broker who can help.



www.webbrands.co.uk

An online promotional vehicle giving brand exposure across an inventory of top name online partners.



MoneyMaker

A generic financial services newsletter with a Thursday distribution of 250,000



TheShareWeekly

The UK's largest online share tipsheet, giving around 100 tips per year.



Email list rental

5.9 million opt-in email addresses, with 200,000 new records added per month.



Postal list rental

6 million household postal addresses, 9.5 million individual records.



EmailBureau

Low cost managed email broadcast solutions, from 1/3 p per send.



eBizmailer

A licensed software solution enabling marketers to manage their own email broadcasts from ¼ p per send.



EmailMonitor

A suite of products providing solutions for email deliverability issues.



EmailTracker

The UK's first and only online e-competitor database, with an archive of over 300,000 emails.



holistic list management

A full service email and postal list service, managing 16.5 million postal addresses and 9 million email addresses.



IMRS

The UK's largest online consumer panel, with 300,000 unincentivised members, and access to a database of 10.5 million UK names.

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Highlights

- › Turnover up 61% to £13.6 million
- › Diluted earnings per share increased by 158% from 2.6p to 6.7p
- › Operating profits increased by 90% to £1.7million
- › Profit before tax up by 160% to over £2.6 million
- › Shareholders' funds increased by £5.1 million to £11.7 million
- › Successful acquisition of PPS, contributes positively to Operating Profit
- › Secondary placing on AIM raising £2.8million, net of expenses
- › Cumulative gross registrations to the company's websites exceeded 11 million

Chairman's Statement

On 9 December 2004 the shares of the company were listed on the Alternative Investment Market (AIM). In our first year of trading as a public company, I am delighted to be able to report that turnover for the year was £13.6m, an increase of 61% over 2004 and this was reflected in a 229% increase in profit on ordinary activities after tax to over £2.3m. Included in this, the group also reports £0.5m of exceptional profits (£0.7m before tax), the detail of which is explained later in the Chief Executive's report. Together these profits have produced basic earnings per share of 7.2 pence (2004: 3.0 pence).

In August of 2005, your group completed the acquisition of the Postal Preference Service, a leading "permission" database company. I am pleased to report that this acquisition has been integrated into the group in a most positive way producing earnings of £0.2m^a before goodwill amortisation, and, as equally pleasing, of the staff that joined us from the Postal Preference Service, over 68% remain with the group. The success of this, our first acquisition, encourages me to believe that the group can implement a successful acquisition strategy in tandem with the continued expansion of core products.

IPT continues to assist digital marketers by providing exceptional direct marketing solutions. In the year we provided data or services to over 750 clients and each of our divisions consolidated its position as a market leader in its core area.

IPT is proud to have spearheaded the UK direct marketing industry's adoption of the opt-in email marketing medium, and we aim to remain at the forefront of this dynamic industry.

In conclusion, I am pleased to confirm that the new year has commenced in line with our expectations and I should particularly like to thank the Chief Executive, his management team and all IPT employees for their efforts to date.

Colin Lloyd

Non-executive Chairman

13 March 2006

^a Represented by Gross Profit of £1,077,000, less administrative expenses of £674,000, less restructuring costs of £230,000.

Chief Executive's Review

Overall, IPT has expanded its turnover from £8.4m in 2004 to £13.6m in 2005 - a growth of 61%. This expansion has not only been fuelled by the growth in our client numbers from over 400 to over 750, but I am pleased to report that existing clients have increased their expenditure with IPT.

Each of our divisions has performed to our expectations and continued to lead the market in its respective sector. We have invested, as we have seen the need, to replace and upgrade technology to ensure we continue to provide our existing clients with the level of service they demand in a fast and dynamic market. We continue to expand our client base by demonstrating to prospects the quality of our products and the high professional standards we adopt in our work practices.

Our innovation leads the way with the development of new web sites, each of which expands the depth and size of our core asset, our consumer database. The progress made this year will help us to achieve the ambitious targets we have set for ourselves in 2006, as we make new data available to a market hungry to expand the boundaries of email marketing.

In August 2005 we completed the acquisition of the Postal Preference Service, which added to the group a postal database of over 3.5 million UK households and the experienced and skilled personnel that worked with this data. I am pleased that the integration of this data and our new employees has been completed in a seamless manner, which has allowed the enlarged group to achieve its targets for 2005.

Previously I have described our trading divisions; Customer Acquisition, Direct and Services, through which we conduct our business, and below I will outline the progress these divisions have made during the year.

Customer Acquisition

Our flagship online data collection site MyOffers.co.uk is now one of the most visited websites in the UK, frequently appearing in the top thirty by volume of unique users in the industry tables. Notably, Nielsen Net Ratings (Oct. '05) reported MyOffers as the third fastest growing website in terms of broadband users. With over 200,000 unique new registrations each month, our Customer Acquisition division is able to guarantee clients consistently high volumes of fresh data to meet their needs.

To date, our Customer Acquisition division has delivered over 1000 opt-in prospect databases to well-known consumer brands. We are also recognised as one of the UK's most reliable sources of fresh leads, particularly for clients requiring opt-in telephone numbers for outbound call centres.

The MyOffers site is constantly evolving to meet the demands of our dedicated online member base and to attract the many thousands of new members that join the site each week. We continually develop new promotions and content to ensure increased repeat visits, which translate into greater numbers of questionnaire completions. Members continue to return regularly to the site to enjoy our online quizzes, daily prize draws, interactive games and daily polls.

Last year IPT introduced WebBrands, a co-operative online promotion tool giving non-competing companies the opportunity to co-operate in a shared registration program. When WebBrands was launched IPT predicted that each client would gain 1million new registrations within 18 months. Now the timescale to reach that level has reduced to just 12 months.

This year IPT has launched DailyDietTracker, a simple and highly attractive proposition to its users. Appealing to the health-conscious consumer, DailyDietTracker enables its members to monitor and plan their daily nutritional intake alongside their exercise routines. The data collected through DailyDietTracker allows IPT to build a unique database of health-conscious consumers and their consumption habits, appealing especially to FMCG and food retailing clients.

IPT's consumer prospect data continues to be equally responsive, whether used for email marketing, telesales, SMS or direct mail.

IPT Direct

With in-house databases of over 5.9 million email and 9 million individual postal prospects (IPT Lifestyle incorporating the Postal Preference Service), IPT Direct provides a fast, low-cost and effective method of targeting consumers for acquisition and brand-building campaigns. Across these files 3.6 million records have both postal and email contacts and 1.2 million have mobile contacts, providing access to true multi-channel marketing.

Importantly, our robust data collection programmes, which are expected to add 1.2 million records to our databases in 2006, place IPT in the forefront of the UK 'Lifestyle' data industry in terms of data recency.

For clients wishing to target prospects who share the same characteristics as their best customers, IPT has recently relaunched its Profiling service which employs proven analytical techniques in order to deliver insight and selective targeting.

IPT Direct provides a measurable, predictable and scaleable channel for our broad blue chip client base.

Chief Executive's Review continued.

IPT Services

IPT Services continues to offer clients a range of email marketing and database management solutions using the most innovative technology available.

EmailBureau provides a fast and effective campaign management solution, built on the most advanced hardware and database technology platforms in the UK. The flagship IronPort C300D broadcast platform is now complimented by eBizmailer, a licensed software solution which allows our clients to enjoy optimum delivery performance and the most efficient email service on the market. We currently broadcast in excess of 100 million emails per month on behalf of our clients.

Through Internet Market Research Services (IMRS) we offer a wealth of expertise in market research, both online and in the real world. IMRS conducts Internet-based surveys and focus groups, and we also offer mixed-model surveys combining telephone, postal or face-to-face surveys with Internet interviews. Our expertise extends to the latest innovations in market research, allowing IMRS to offer marketers an ever-growing range of services to help to gather intelligence relevant to their businesses.

Holistic List Management is more than just a list management service. By taking a highly targeted approach, holistic focuses on established and proven responsive lists, both for mail and email. This means that the highest quality data is guaranteed to the list buyer, whilst an exceptional level of service is assured for list owners. By the end of 2006 holistic aims to hold the largest email list management portfolio in the UK, and to be the first choice for third party email data.

Exceptional Items

The shortage of investment funds available to Internet-based businesses in the recent past has led to many of these businesses failing or being starved of growth. As part of its business model IPT has assisted selected Internet-based clients by providing prospect data at market rates but paid for by a mix of cash and equity in these businesses. During 2005 a proportion of the equity acquired through this arrangement was sold, realising an exceptional profit of £727,000 pre tax, which is included in the profit and loss account.

Employees

I am delighted with the dedication of IPT's employees and am pleased that the employees of the Postal Preference Service Limited have integrated so positively. The management team and all our employees have shown outstanding commitment to achieving our business development objectives and new product initiatives.

Outlook

Our aim for 2006 is to continue to expand our core businesses and to develop new opportunities within the rapidly expanding market place in which we operate. The beginning of this year has seen our business continue to expand and develop, and this together with the continued growth in on-line marketing is reason for management, employees and shareholders to be optimistic.

Lionel Thain

Chief Executive Officer

13 March 2006

Financial Review

In 2005 IPT enjoyed another successful year of development and expansion. Through organic growth IPT is now firmly established as a leading provider of email marketing services in the UK, and with the acquisition of the Postal Preference Service (PPS) in August 2005, IPT has expanded its offering in more traditional direct marketing sectors.

Results of Operations

Revenues increased to £13.6m in 2005 from £8.4m in the prior year, an increase of 61%. Excluding the impact of the PPS acquisition, revenues increased to £12.2m in 2005 (2004: £8.4m) representing organic growth of 44% in the year. IPT's position as a principal supplier of opt-in email data underpinned revenue growth of 62% in our Data divisions to £11.4m (2004: £7.0m). IPT's Services division also experienced strong growth of 56% to £2.2m (2004: £1.4m) as its email delivery and market research services continued to build a wider client base.

Gross profit margins have remained healthy and improved to 82% in 2005 (2004: 81%), with gross profit increasing to £11.2m (2004: £6.8m), an increase of 64%.

Administrative expenses include sales and support services costs for the business, together with the various central overheads of the group, and amortisation costs. Overall administration expenses grew to £9.5m (2004: £5.9m), and excluding the impact of the PPS acquisition expenses grew to £8.5m, representing an increase of 43%. The increase in administrative expenses relates to the expansion of the infrastructure of the group due to the increased level of activity in the business. This includes an increase in average headcount from 104 in 2004 to 132 in 2005, an increase of 27%.

Operating profit was £1.7m (2004: £0.9m), an increase of 90% over the prior year. Excluding exceptional restructuring costs within PPS of £0.2m, and goodwill amortisation of £0.1m, operating profits would have increased by 128% to £2.0m in 2005.

The profit before tax was £2.6m (2004: £1.0m), an increase of 160% over the prior year. 2005 includes a profit on disposal of fixed asset investments of £0.7m (2004: £0.08m).

The group tax charge of 11% for 2005 reflects a significant tax deduction for the costs of employee share options exercised in the year.

Dividends of £0.1m were paid during 2004 to the holders of preference shares in the group's principal trading subsidiary. The preference shares were converted to ordinary shares as part of the flotation process in December 2004. No dividends were declared or paid in 2005.

Basic earnings per share increased from 3.0p to 7.2p in 2005, with diluted EPS increasing by 158% to 6.7p.

Balance Sheet & Cash Flow

Net assets increased to £11.7m (2004: £6.6m) during the year. The group generated operating cash of £2.0m compared to £1m in 2004, although, largely due to the cash outlay of £4.4m on the acquisition of PPS (made up of the £1.1m cash consideration and £3.3m repayment of PPS debt), overall cash balances only increased by £0.2m in the year. Group cash balances at 31 December 2005 were £5.4m allowing for further expansion and investment in the future.

In August 2005, the group completed the acquisition of the Postal Preference Service (PPS) for a cash consideration of £1.1m, and including net debt at acquisition of £3.3m, a total cash outlay of £4.4m. At the acquisition date, a fair value adjustment of £4.6m was booked, mainly to reflect the alignment of the accounting policies of PPS to the rest of the group. The group also recognised a deferred tax asset of £0.4m in relation to trading losses within PPS that it believes would reverse in the short term. This adjusted the fair value of net liabilities acquired to £1.8m. In total this gave rise to goodwill of £2.9m, which is being written off over a period of 10 years.

Data acquisition costs of £0.8m were capitalised in the year, an increase of £0.4m on 2004 with added investment in new data. These data costs will be written off over 3 years.

Capital expenditure on tangible fixed assets increased to £0.45m in 2005 (2004: £0.24m), as the group continues to invest in the latest market leading technology and improve infrastructures.

Trade debtors increased to £4.3m (2004: £2.1m) due to the increased turnover of the group in the year. Trade creditors increased to £1.8m (2004: £0.7m) also due to increased activity in the year.

In August 2005, to coincide with the acquisition of PPS, the group successfully raised £2.8m, net of expenses, in a secondary placing of 2.6 million shares on the AIM, at a price of £1.15 per share.

Eoin Ryan

Finance Director

13 March 2006

Directors' Report

The directors present their report on the affairs of the company and the group together with the financial statements and independent auditors' report for the year ended 31 December 2005.

Principal activity

The principal activity of the group, which has remained unchanged throughout the year, is the provision of email marketing services.

Commentary on the business is given in the Chairman's and Chief Executive's reports.

Results and dividends

The audited financial statements for the year ended 31 December 2005 are set out on pages 14 to 34. In 2005 the group made an operating profit of £1,692,000 (2004: £890,000).

The directors do not recommend the payment of a dividend to the holders of the issued ordinary share capital (2004: £nil).

Directors and their interests

The board comprises the following 2 executive and 3 non-executive directors.

Colin Lloyd - Non-Executive Chairman (aged 63)

Colin founded KLP Group plc, which listed on the London Stock Market in 1983. In 1990 KLP Group plc was acquired by RSCG SA and Colin became Chairman of RSCG UK Limited and President of Marketing Services of RSCG SA. In 1993 he was appointed the Chief Executive of the Direct Marketing Association (DMA) and subsequently its President. Previous positions include Vice President of the Federation of Direct Marketing (Brussels), President of the International Federation of Direct Marketing Associations, a Council Member of the Advertising Association, and a Director of the Advertising Standards Board of Finance. He is a Fellow of the Institute of Sales Promotion (ISP), in the Hall of Fame of the Marketing Agencies Association Worldwide and on the Roll of Honour of DMA. He is now an independent director of companies in the marketing and technology industries and President of the ISP.

Lionel Thain - Chief Executive Officer (aged 44)

Lionel is a co-founder of IPT and, with over fifteen years experience in direct marketing, brings a wealth of insight and industry knowledge to the company. In 1993 Lionel was appointed Managing Director of ICD Marketing Services Limited, a subsidiary of International Communication and Data plc (ICD), one of the largest lifestyle database companies in the UK, having joined the company as Sales and Marketing Director in 1982. R.R. Donnelley and Sons company acquired ICD in 1995 and integrated it into Metromail Corporation (Metromail), its direct marketing subsidiary. From 1995 to 1998 Lionel developed the ICD business rapidly, introducing the first UK national mailing campaign and building the lifestyle database to 6.4 million households, the largest in the UK. In 1997 ICD reported profits of £1.8 million on sales of £14.9 million.

Lionel also had responsibility for overseas development at Metromail (Europe and Australia). In partnership with PMP Communications Pty, he successfully launched the first lifestyle data business in Australia (Pacific CDL), and he was also responsible for exploiting opportunities in France and Germany. He left ICD following the acquisition of Metromail by Great Universal Stores plc (GUS) in 1998.

Eoin Ryan, FCA - Finance Director (aged 37)

Eoin Ryan is a member of the Institute of Chartered Accountants in Ireland. He joined IPT in 2000 from National Car Parks Limited (NCP) where he was Finance Planning and Analysis Manager. Prior to NCP Eoin spent two years at ICD, where he was responsible for financial planning including overseas development opportunities. Eoin has also previously held positions with Independent News & Media Group, and Deloitte & Touche.

David Cicurel - Non-Executive Director (aged 56)

David is CEO of Judges Capital plc, an AIM quoted scientific instrument company. Having spent much of his working life as a turnaround specialist, he has been responsible for a number of corporate recovery exercises including two UK public companies', International Media Communications plc (later Continental Foods) and ICD where he orchestrated the recovery of the company and helped groom it for sale. As Chairman of ICD from 1992 to 1995 he has gained exposure to IPT's management team and business environment.

Barton L. Faber - Non-executive Director (age 58)

Barton is a limited partner in Atrium Venture Partners L.P., a venture capital fund, managed by Atrium Capital Corporation, which focuses on the information management industry. Barton participates in the investment decisions of Atrium Ventures LLC, the general partner of Atrium Venture Partners L.P. In 1995, he became Chairman of Metromail and following its demerger from R.R. Donnelly & Sons company and initial public offering in 1996, he actively directed Metromail until its sale to GUS for \$910 million in a cash transaction in 1998. Barton joined R.R. Donnelly & Sons company in 1985 and was president of the company's Information Resources from 1989 to 1995. Barton currently serves on the board of directors of Document Sciences Corporation, Inc., Looking Glass, Inc. and Intervisual Communications, Inc. He attended Arizona State University for his undergraduate studies and received his MBA in 1971 from New York University.

Directors' Report continued.

The directors' interests in the share capital of the company are shown in the Remuneration Report. No director had a beneficial interest in any subsidiary undertaking.

Donations

The group did not make any political or charitable donations during the year (2004: £nil).

Payment policy

The group's policy is to abide by the terms of payment agreed with its suppliers. At 31 December 2005 the number of supplier days outstanding, based on the average monthly outstanding group creditor balances, was 57 days (2004: 60 days).

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, colour, race, religion or ethnic origin.

Disabled employees

The group is committed to ensuring that people with disabilities are supported and encouraged to apply for employment and to achieve progress through the group. They are treated so that they have an equal opportunity, so far as is justifiable, to be selected, trained and promoted. Every reasonable effort will be made to enable people with disabilities to be retained in the employment of the group.

AGM

The 2006 Annual General Meeting will take place on 10 May 2006 in London.

Substantial shareholdings

As at 9 March 2006 the company had been notified that the following were interested in 3% or more of the company's share capital:

Shareholder	Ordinary Shares	Issued Share Capital %
SGAM Asset Management Limited	3,628,525	10.1
Lionel Thain	3,026,150	8.5
Rigjet Corporation SA	3,000,000	8.4
Martin Kiersnowski	2,126,303	5.9
Gerrard Trust (Jersey) Limited	2,114,411	5.9
The Goldman Sachs Group Inc.	2,117,040	5.9
Blackfinch Limited	1,500,000	4.2
JOHCM OEIC Managers LLP	1,481,435	4.1

Auditors

Deloitte & Touche LLP have expressed a willingness to continue in office and a resolution for the reappointment of Deloitte & Touche will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 13 March 2006
and signed on behalf of the Board

Ivan Southall

Secretary

Corporate Governance Statement

Introduction

The revised Combined Code on Corporate Governance, published in July 2004, is not mandatory for companies listed on the Alternative Investment Market of the London Stock Exchange.

The Board nevertheless recognises the importance of the principles of good corporate governance and is committed to applying the principles of the Combined Code where they are appropriate given the company's size. The following provide information on how these principles have been applied but does not constitute compliance with the July 2003 Code.

The Board of Directors

The Board comprises the independent non-executive Chairman, the Chief Executive, the Finance Director and two independent non-executive directors. The Board considers that, notwithstanding their interests in the shares and share options of the company as set out in the Remuneration Report on pages 10 to 12, the current non-executive directors are independent of the management of the group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The current non-executive directors are paid a fixed fee and are not dependent on the company for their primary source of income or paid by the company in any capacity other than as a non-executive director. In addition, an independent Director will not have previously been a Senior Manager of the company, and will not have participated in the company's incentive bonus schemes.

The Board meets regularly, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining acquisition possibilities and when appropriate, reporting to shareholders. To enable the Board to discharge its duties, all directors receive appropriate and timely information. The Chairman ensures that the directors take independent professional advice as required.

The following committees deal with specific aspects of the group's affairs:

Audit Committee

The Audit Committee is chaired by David Cicurel and consists of all the non-executive directors. The Audit Committee is responsible for reviewing, on behalf of the Board, the group's accounting and financial reporting practices and disclosures, its internal controls, the work of the external auditors and group compliance with financial policies, regulations and laws. The Committee is also responsible for reviewing the scope and results of the audit and the fees of the auditors. Prior to awarding any non-audit services to the auditors, the Committee considers the implications with regards to their objectivity and independence. The Committee is authorised to seek information from any member of the group and to obtain external professional advice if it considers it necessary. The Committee meets half-yearly to review the annual and half-yearly financial reports through a process involving discussion with the Finance Director and the external auditors prior to their submission to the Board. In addition the committee reviews the effectiveness of the system of internal financial control by reviewing the adequacy of control and monitoring procedures in relation to each of the key risks identified in the business.

Remuneration Committee

The Remuneration Committee is chaired by Colin Lloyd and consists of all the non-executive directors. The Remuneration Committee meets periodically as required. The role of the Committee is to approve the terms of service, agree the remuneration and to determine the allocation of share options to the Executive Directors within the terms of the remuneration policy, which is approved annually by the Board.

Further details of the company's policies on remuneration, service contracts and share options are given in the Remuneration Report on pages 10 to 12.

Internal Controls

The Directors are responsible for the group's system of internal control and reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The active involvement of the executive directors in the group's management groups and committees allows the board to continually monitor and assess significant business, operational, financial, compliance and other risks, and to review the effectiveness of internal control. The group has a budgetary process in which the key risks faced by the group are identified. Performance is monitored and relevant action taken through the monthly reporting to the Board of variances from the budget, updated forecasts for the period together with information on the key risk areas. Capital expenditure is regulated by the budgetary process and authorisation levels.

Responsibility levels are communicated throughout the group including delegation of authority and authorisation levels, segregation of duties and other control procedures.

The Audit Committee monitors controls which are in force and any perceived gaps in the control environment, and also considers and determines relevant action in respect of any control issues raised by the external auditors.

The Board has considered the need for an internal audit function and concluded that it would not be appropriate at present given the size of the organisation.

Corporate Governance Statement continued.

Going Concern

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue its operation for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the group's financial statements.

Relations with Shareholders

The company encourages the participation of both institutional and private investors. Presentations to institutional investors are held regularly and communication with private individuals and institutional investors is maintained through the Annual General Meeting and on the company's website.

Statement of Directors' Responsibilities

United Kingdom 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 the group as at the end of the financial year 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Remuneration Report

For the year ended 31 December 2005

Membership

The Remuneration Committee consists of Colin Lloyd, David Cicurel and Barton Faber.

Remuneration Policy

The group's policy on remuneration is to attract, retain and incentivise the best staff in a manner consistent with the goals of corporate governance. In setting the group's remuneration policy, the remuneration committee considers a number of factors including the basic salaries and benefits available to executive directors of comparable companies.

Consistent with this policy, the company's remuneration packages awarded to executive directors are intended to be competitive and comprise a mix of performance-related and non-performance-related elements. There is a discretionary bonus scheme, subject to the achievement of agreed goals and targets, for executive directors which is designed to incentivise them to perform at the highest levels and to align their interests with those of the shareholders.

The fees paid to non-executive directors are determined by the board. Non-executive directors do not receive a bonus or participate in the group's share option schemes. However, certain share options granted to some non-executive directors in previous years are still outstanding; details of these are given on page 11.

Directors' Service Agreements

Executive directors are employed under the terms of written service agreements, which set out their responsibilities and obligations to the group, and the terms of their employment. The service agreements are terminable on 12 months' written notice from either party and include garden leave and pay in lieu of notice provisions.

Non-executive directors are employed under the terms of letters of appointment and terminable on not less than 3 month's written notice by either party.

The main elements of the executive directors' remuneration package is as follows:

Basic Salary

This is determined by the Committee by taking into account the position and performance of the individual, together with the performance of the company.

Performance-Related Bonuses

The executive directors receive performance bonuses based on the annual performance of the company. The performance measures principally relate to the profitability of the company. Bonus awards for 2005 are set out in the Directors Remuneration section below.

Share Options

The executive directors are entitled to participate in the company's share option scheme and options are granted at the discretion of the Committee. The Committee believe the continued grant of share options will motivate the executive directors to increase shareholder returns in the medium to long term.

AUDITED INFORMATION

Directors' remuneration

The directors received the following remuneration during the year.

	Salary and fees £'000	Annual Bonus £'000	Gain on exercise of share options* £'000	Total 2005 £'000	Total 2004 £'000
Executive					
Lionel Thain	131	110	89	330	110
Eoin Ryan	92	47	396	535	79
Non-executive					
Colin Lloyd	24	-	-	24	18
David Cicurel	12	-	-	12	4
Barton Faber	-	-	-	-	1
Total	259	157	485	901	212

The group does not operate any pension plans.

*The gain on exercise of share options is calculated as follows:

Remuneration Report continued.

For the year ended 31 December 2005

	Date	Number of options exercised	Exercise price per share	Market value per share on date of exercise share	Gain on exercise £'000
Executive					
Lionel Thain	20/01/2005	35,070	£0.0067	£1.26	44
	15/12/2005	35,070	£0.0067	£1.30	45
Eoin Ryan	20/01/2005	155,314	£0.0067	£1.26	195
	15/12/2005	155,314	£0.0067	£1.30	201
Total					485

The market price of the ordinary shares as at 31 December 2005 was £1.53 and the range during the year was £0.86 to £1.56.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of the options are as follows:

	At 1 January 2005	Options Granted	Options Exercised	At 31 December 2005	Exercise Price	Earliest date of exercise	Date of expiry
Executive							
Lionel Thain	140,280	-	(70,140)	70,140	0.06p	15/12/04	15/12/11
Eoin Ryan	621,255	-	(310,628)	310,627	0.06p	15/12/04	15/12/11
Eoin Ryan	70,245	-	-	70,245	40.71p	20/01/07	20/01/14
Eoin Ryan	-	20,000	-	20,000	140.00p	29/09/08	29/09/15
Non-executive							
Colin Lloyd	220,500	-	-	220,500	19.99p	04/09/01	04/09/10
David Cicurel	100,500	-	-	100,500	19.99p	04/09/01	04/09/10
Barton Faber	-	-	-	-			

Options are exercisable 25% from the exercisable date, and 25% and 50% from the first and second anniversary of the exercisable date.

Remuneration Report continued.

For the year ended 31 December 2005

Directors' interests in shares

The directors who held office at 31 December 2005 had the following interests in the ordinary shares of the company:

	2005 Number	2004 Number*
Colin Lloyd	161,535	161,535
Lionel Thain*	3,026,150	3,206,010
Eoin Ryan	310,628	27,780
Bart Faber**	300,000	2,352,000
David Cicurel	-	-

* Mr Thain's interest includes 18,510 ordinary shares registered in the names of his children.

** In 2004 Mr. Faber's interest included 2,052,000 ordinary shares registered in the name of Atrium Venture Partners L.P. a limited partnership in which Mr. Faber is a limited partner. During 2005, Atrium Venture Partners L.P. disposed of their shareholding in the company.

Colin Lloyd

13 March 2006

Independent Auditors' Report

To the members of Interactive Prospect Targeting Holdings plc

We have audited the group and individual company financial statements (the "financial statements") of Interactive Prospect Targeting Holdings plc for the year ended 31 December 2005, which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

We have also audited the information in the part of the directors' remuneration report that is described as having been audited. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework 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 the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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. It also 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 circumstances of the company and the group, 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's and the individual company's affairs as at 31 December 2005 and of the group's profit for the year then ended;
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Reading

13 March 2006

Consolidated Profit & Loss Account

For the year ended 31 December 2005

		Acquisition		Total	Total
	Note	2005 £'000	2005 £'000	2005 £'000	2004 £'000
TURNOVER	2	12,172	1,388	13,560	8,441
Cost of sales		(2,070)	(311)	(2,381)	(1,607)
Gross profit		10,102	1,077	11,179	6,834
Administrative expenses		(8,465)	(674)	(9,139)	(5,939)
Costs of restructuring		-	(230)	(230)	-
Amortisation of goodwill		(5)	(113)	(118)	(5)
Total administrative expenses		(8,470)	(1,017)	(9,487)	(5,944)
OPERATING PROFIT	4	1,632	60	1,692	890
Profit on disposal of fixed asset investments	3			727	78
Interest receivable and similar income				190	34
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				2,609	1,002
Tax charge on profit on ordinary activities	5			(297)	(299)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION				2,312	703
Minority interest	12			-	(2)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION & MINORITY INTEREST				2,312	701
Dividends	6			-	(115)
Retained profit for the year	19			2,312	586
Earnings per share	7				
Basic earnings per share (pence)				7.2	3.0
Diluted earnings per share (pence)				6.7	2.6

All results arise from continuing operations

There are no recognised gains or losses other than the results for the year. Accordingly, a statement of total recognised gains and losses has not been presented.

Consolidated Balance Sheet

As at 31 December 2005

	Note	2005 €'000	2004 €'000
FIXED ASSETS			
Intangible assets - goodwill	10	2,855	45
Intangible assets - other	10	1,520	403
Tangible fixed assets	11	756	385
Investments	12	-	2
		<u>5,131</u>	<u>835</u>
CURRENT ASSETS			
Debtors	14	5,553	2,473
Current asset investments	13	-	28
Cash at bank and in hand		5,414	5,204
		<u>10,967</u>	<u>7,705</u>
CREDITORS: amounts falling due within one year	15	<u>(4,382)</u>	<u>(1,894)</u>
NET CURRENT ASSETS		<u>6,585</u>	<u>5,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,716</u>	<u>6,646</u>
CREDITORS: amounts falling due after one year	16	<u>-</u>	<u>(3)</u>
NET ASSETS		<u><u>11,716</u></u>	<u><u>6,643</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	143	133
Share premium account	19	6,747	3,926
Merger reserve	19	2,354	2,354
EBT reserve	19	(72)	(2)
Other reserve	19	18	18
Profit and loss account	19	2,526	214
EQUITY SHAREHOLDERS' FUNDS	19	<u><u>11,716</u></u>	<u><u>6,643</u></u>

These financial statements were approved by the Board of Directors on 13 March 2006

Signed on behalf of the Board of Directors

Lionel Thain
Chief Executive

Eoin Ryan
Finance Director

Company Balance Sheet

As at 31 December 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	12	1,227	106
		<u>1,227</u>	<u>106</u>
CURRENT ASSETS			
Debtors	14	5,789	21
Cash at bank and in hand		-	4,225
		<u>5,789</u>	<u>4,246</u>
CREDITORS: amounts falling due within one year	15	(99)	(287)
NET CURRENT ASSETS		<u>5,690</u>	<u>3,959</u>
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		<u><u>6,917</u></u>	<u><u>4,065</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	143	133
Share premium account	19	6,747	3,926
Profit and loss account	19	27	6
EQUITY SHAREHOLDERS' FUNDS	19	<u>6,917</u>	<u>4,065</u>

These financial statements were approved by the Board of Directors on 13 March 2006

Signed on behalf of the Board of Directors

Lionel Thain
Chief Executive

Eoin Ryan
Finance Director

Consolidated Cashflow Statement

For the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Net cash inflow from operating activities	20	2,011	950
Returns on investments and servicing of finance	21	190	(99)
Taxation	21	(152)	-
Capital expenditure and financial investment	21	(504)	(503)
Acquisitions and disposals	21	(2,487)	-
Cash (outflow)/(inflow) before management of liquid resources and financing		(942)	348
Financing	21	1,152	3,952
Increase in cash in the year	21	210	4,300

Notes To The Financial Statements

Year ended 31 December 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. These have been applied throughout the current and preceding year.

Merger accounting

Interactive Prospect Targeting Holdings plc acquired all the share capital of Interactive Prospect Targeting Limited pursuant to a share for share exchange agreement dated 1 December 2004. Merger accounting has been adopted in respect of this acquisition, the results of the acquired company being included as though the combination had existed throughout the periods presented in these financial statements. The 2004 financial information represents the results of the combined entities for the year ended 31 December 2004.

All other subsidiary undertakings have been consolidated using the equity method.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of the subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. Acquisitions are accounted for under the acquisition method.

Intangible assets - Goodwill

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and written off over its estimated useful economic life being 10 years. Provision is made for any impairment. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given is credited to the profit and loss account in the periods expected to benefit.

Intangible assets - Other

Intangible assets, which comprise of licences and data acquisition costs, are stated at cost, net of amortisation and any provision for impairment. Data acquisition costs comprise the external purchase costs of data used by customers for marketing purposes. The relevant costs are capitalised and amortised in equal instalments over a period of 3 years.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation has been provided at the following annual rates in order to write off the assets over their estimated useful lives.

Computer equipment	-	33% on cost
Computer software	-	50% on cost
Fixtures and fittings	-	20% on cost

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue is recognised on delivery of data to customers. Subscription revenue is recognised over the subscription period.

Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes To The Financial Statements continued.

Year ended 31 December 2005

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Leases

Assets held under finance leases and other similar contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are written off to the profit and loss account as incurred.

Pension Costs

The group does not operate any pension plans, but does administer a stakeholder pension scheme on behalf of any employees wishing to participate.

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains or losses arising from a change in exchange rates subsequent to the date of transaction are included as an exchange gain or loss in the profit and loss account for the period.

Financial Instruments

The groups' financial instruments comprise cash, liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the groups' operations. The group does not enter into derivative transactions for speculative purposes. It is, and has been throughout the year under review, the group's policy that no trading in financial instruments is undertaken.

Notes To The Financial Statements continued.

Year ended 31 December 2005

2. SEGMENTAL INFORMATION

Turnover and profit before tax are derived from the one principal activity of the group, being the provision of email marketing services. The directors consider there is only one class of business.

Additional information of analysis of turnover by division is given below:

	2005 £'000	2004 £'000
Data Rental and Acquisition	11,369	7,035
Services	2,191	1,406
	<u>13,560</u>	<u>8,441</u>

All turnover, operating profits and net assets are sourced in the UK.

A geographical analysis of the turnover by destination in the year is given below:

	2005 £'000	2004 £'000
Europe	13,482	8,099
North America	78	342
	<u>13,560</u>	<u>8,441</u>

3. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

On 8 December 2005 the group disposed of its shareholding in Research Now plc, realising a profit of £147,000 (see Note 12). The tax effect of this is £44,000.

On 28 January 2005, the group disposed of its shareholding in Allegran Limited realising a profit of £450,000 (see Note 12). The tax effect of this is £135,000.

During the year the group disposed of the remainder of its shareholding in themutual.net, realising a profit of £130,000 (see Note 13). The tax effect of this is £39,000.

4. OPERATING PROFIT

Operating profit is stated after (crediting)/charging:

	2005 £'000	2004 £'000
Depreciation on owned assets	331	231
Depreciation on leased assets	19	7
Amortisation of intangible assets	594	141
Profit on disposal of fixed assets	-	(3)
Auditors' remuneration for audit services	47	30
Auditors' remuneration for non-audit services	5	10
Operating lease rentals - land & buildings	179	133
Loss on disposal of investment	-	1

In addition to the amounts shown above, the company paid the auditors a total of £61,000 in the year in respect of costs that related to the PPS acquisition and which have been included in the cost of investments.

In 2004, the auditors received fees of £60,000 in connection with the issue of shares in the company, the charge for which was debited to the share premium account.

Notes To The Financial Statements continued.

Year ended 31 December 2005

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2005 £'000	2004 £'000
Current tax		
UK corporation tax	(171)	(137)
Adjustment in respect of prior years	(16)	(7)
	<u>(187)</u>	<u>(144)</u>
Deferred tax		
Utilisation of deferred tax asset	(139)	(169)
Origination and reversal of timing differences	29	-
Adjustment in respect of prior years	-	14
	<u>(110)</u>	<u>(155)</u>
Total tax on profit on ordinary activities	<u>(297)</u>	<u>(299)</u>

The difference between the total current tax as shown and the amounts calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	2,609	1,002
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	<u>(783)</u>	<u>(301)</u>
Effects of:		
Depreciation in excess of capital allowances	(9)	(22)
Expenses not deductible	(50)	(17)
Prior period adjustments	(16)	(7)
Utilisation of prior period losses	-	186
Other timing differences	185	5
Goodwill expense not deductible	(35)	-
Tax deduction for employee share options	525	-
Other	(4)	12
Current tax charge for period	<u>(187)</u>	<u>(144)</u>

Movement on the group's and company's deferred tax asset is shown in note 14.

Notes To The Financial Statements continued.

Year ended 31 December 2005

6. DIVIDENDS

	2005 £'000	2004 £'000
Non-equity shares		
Class B-1 (10% cumulative dividend)	-	34
Class B-2 (10% cumulative dividend)	-	36
Class C-1 (10% cumulative dividend)	-	45
	<u>-</u>	<u>115</u>

The preference dividend related to the preference shares held in Interactive Prospect Targeting Limited, a subsidiary undertaking.

The holders of the 'B-1', 'B-2' and 'C-1' preference shares in Interactive Prospect Targeting Limited were entitled to a fixed gross cumulative dividend of 10% per annum commencing from 11 November 2003. The preference dividend was calculated on the aggregate of the nominal amount of such preference share, the premium paid on subscription and any arrears of the dividend for such preference share.

The preference shares were converted to ordinary shares on 30 November 2004 at a rate of 1 ordinary share per preference share held, and the accumulated dividend outstanding was paid on that date.

On 1 December 2004 Interactive Prospect Targeting Holdings plc acquired all the share capital of Interactive Prospect Targeting Limited pursuant to a share for share exchange agreement.

7. EARNINGS PER SHARE

Basic earnings per share has been calculated in accordance with FRS 14 by dividing the consolidated profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share have been calculated on the same basis as above except the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares has been added to the denominator.

The calculation of earnings per share is based on the following profits and number of shares:

	2005			2004		
	Profit after tax £'000	Number of shares '000	Pence per share	Profit after tax £'000	Number of shares '000	Pence per share
Basic earnings per share	2,312	32,048	7.2	586	19,406	3.0
Impact of share options	-	2,556	(0.5)	-	3,130	(0.4)
Impact of preference shares	-	-	-	115	4,471	-
	<u>2,312</u>	<u>34,604</u>	<u>6.7</u>	<u>701</u>	<u>27,007</u>	<u>2.6</u>

8. PROFIT FOR THE YEAR

The company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit of £20,718 (2004: £6,000) relating to the parent company.

Notes To The Financial Statements continued.

Year ended 31 December 2005

9. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2005 No.	2004 No.
Sales	50	39
Administration	82	65
	<u>132</u>	<u>104</u>

Their aggregate remuneration comprised:

	2005 £'000	2004 £'000
Wages and salaries	5,008	3,702
Social security costs	618	482
	<u>5,626</u>	<u>4,184</u>

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Data acquisition costs £'000	Licences £'000	Total £'000
Cost				
At 1 January 2005	50	579	19	648
On acquisition	-	785	-	785
Additions*	2,928	808	-	3,736
At 31 December 2005	<u>2,978</u>	<u>2,172</u>	<u>19</u>	<u>5,169</u>
Amortisation				
At 1 January 2005	5	176	19	200
Charge for the year	118	476	-	594
At 31 December 2005	<u>123</u>	<u>652</u>	<u>19</u>	<u>794</u>
Net book value				
At 31 December 2005	<u>2,855</u>	<u>1,520</u>	<u>-</u>	<u>4,375</u>
At 31 December 2004	<u>45</u>	<u>403</u>	<u>-</u>	<u>448</u>

All intangible assets (excluding goodwill) are held in subsidiary companies.

*Goodwill arose on the acquisition of The Postal Preference Service Limited (see Note 12).

Notes To The Financial Statements continued.

Year ended 31 December 2005

11. TANGIBLE FIXED ASSETS

Group	Fixtures & fittings £'000	Computer software £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2005	118	211	588	917
On Acquisition	4	228	38	270
Additions	84	112	255	451
At 31 December 2005	206	551	881	1,638
Accumulated depreciation				
At 1 January 2005	52	139	341	532
Charge for the year	34	107	209	350
At 31 December 2005	86	246	550	882
Net book value				
At 31 December 2005	120	305	331	756
At 31 December 2004	66	72	247	385

All fixed assets are held in subsidiary companies. The company holds no fixed assets.

Included within computer equipment are assets held under finance leases with a net book value of £14,000 (2004: £25,000).

12. FIXED ASSET INVESTMENTS

Group	2005 £'000	2004 £'000
Cost		
At 1 January 2005	2	2
Disposals during the year	(2)	-
At 31 December 2005	-	2

At 1 January 2005 the group held 18,608 shares in Research Now Limited (formerly the Mobile Channel Limited), a private company registered in the UK, at cost of £1,671. In July 2005, as part of a capital reorganisation, the group received 93,040 shares in Research Now plc in exchange for its shareholding in Research Now Limited. In August 2005 Research Now plc was listed on the Alternative Investment Market of the London Stock Exchange. On 8 December the group disposed of its shareholding in Research Now plc, realising a profit of £147,000 (see Note 3).

At 1 January 2005 the group held 3,315 shares in Allegran Limited, a private company, at a carrying value of £nil. On 28 January 2005, the group disposed of its shareholding in Allegran Limited realising a profit of £450,000 (see Note 3).

Notes To The Financial Statements continued.

Year ended 31 December 2005

12. FIXED ASSET INVESTMENTS continued

Company

Shares in subsidiaries	2005 £'000	2004 £'000
Cost		
At 1 January 2005	106	-
Acquired during the year	1,121	106
At 31 December 2005	<u>1,227</u>	<u>106</u>

The parent company held 100% of the issued share capital in the following subsidiary undertakings:

Subsidiary undertakings	Country of registration	Principal activity	Holding	%
Interactive Prospect Targeting Limited	England and Wales	Interactive Marketing	Ordinary shares	100%
The Postal Preference Service Limited	England and Wales	Direct Marketing	Ordinary shares	100%

The group also owns, through its subsidiaries, the following companies;

Subsidiary undertakings	Country of registration	Principal activity	Holding	%
Emailbureau Limited	England and Wales	Email broadcast and Data Management	Ordinary shares	100%
Newsletters Online Limited	England and Wales	Publishing Financial Newsletters	Ordinary shares	100%
EveryInvestor Limited	England and Wales	Publishing Financial Newsletters	Ordinary shares	100%
Payfinder Limited	England and Wales	Non-trading	Ordinary shares	100%
Health Information Services Limited	England and Wales	Non-trading	Ordinary shares	100%
MyOffers Limited	England and Wales	Dormant	Ordinary shares	100%
OK-mail Limited	England and Wales	Dormant	Ordinary shares	100%

Notes To The Financial Statements continued.

Year ended 31 December 2005

12. FIXED ASSET INVESTMENTS continued

On 19 August 2005 the group acquired the entire issued share capital of The Postal Preference Service Limited (PPS) for a total consideration of £1,121,000, including other costs of acquisition incurred. The consideration was satisfied in cash. Goodwill on consolidation is calculated as the difference between the fair value of the net assets acquired and the consideration paid, and is detailed below.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book value £'000	Provisional fair value adjustments £'000	Fair value to group £'000
Fixed Assets			
Tangible fixed assets	270	-	270
Intangible fixed assets	5,397	(4,612)	785
Current Assets			
Debtors	880	-	880
Prepayments and accrued income	124	-	124
Deferred tax	-	440	440
Current Assets			
Creditors	(1,340)	-	(1,340)
Net borrowings	(1,366)	-	(1,366)
Long-term borrowings	(1,600)	-	(1,600)
Net assets at acquisition date	2,365	(4,172)	(1,807)
Goodwill arising on acquisition			2,928
Consideration paid			1,121
Satisfied by:			
Cash			958
Costs of acquisition			163
			1,121

The book values of the assets and liabilities shown above have been taken from the management accounts of PPS at the date of acquisition.

The fair value adjustment reflects mainly the alignment of accounting policies of PPS to the rest of the group. The adjustment to deferred tax reflects the short-term timing difference that arises in relation to the expected availability of trading losses within PPS.

Notes To The Financial Statements continued.

Year ended 31 December 2005

	£'000
Cash consideration	1,121
Net debts acquired	3,300
	<u>4,421</u>

An amount of £230,000 has been charged to the group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the period from 19 August 2005 to 31 December 2005.

PPS traded at a loss after taxation of £6,041,000 in the year ended 31 December 2005 after the above fair value adjustments. £1,736,000 of the loss arose in the period from 1 January 2005 to 19 August 2005.

The summarised profit and loss for the period from 1 January 2005 to 19 August 2005 shown on the basis of the accounting policies of PPS prior to the acquisition, are as follows:

	£'000
TURNOVER	3,200
Cost of sales	<u>(792)</u>
Gross profit	2,408
Administrative expenses	<u>(4,062)</u>
OPERATING LOSS	(1,654)
Interest payable and similar charges	<u>(82)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	<u><u>(1,736)</u></u>

13. CURRENT ASSET INVESTMENTS

At 1 January 2005 the group held 510,000 shares in themutual.net. During the year the company disposed of all of its shareholdings in themutual.net, realising a profit of £130,000 (see Note 3).

Notes To The Financial Statements continued.

Year ended 31 December 2005

14. DEBTORS

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade debtors	4,304	2,153	1	-
Amounts due by group undertakings	-	-	5,709	-
Deferred tax	341	11	-	-
Other debtors	11	78	-	11
Prepayments and accrued income	836	231	18	10
VAT recoverable	61	-	61	-
	<u>5,553</u>	<u>2,473</u>	<u>5,789</u>	<u>21</u>

The movement in deferred tax recoverable is as shown below:

	2005 £'000	2004 £'000
Group		
Opening deferred tax recoverable	11	166
On acquisition	440	-
Utilisation of deferred tax asset	(110)	(155)
Closing deferred tax recoverable	<u>341</u>	<u>11</u>

Deferred tax recoverable comprises of:

	2005 £'000	2004 £'000
Group		
Difference between capital allowances and depreciation	6	(1)
Tax losses available	300	-
Other timing differences	35	12
	<u>341</u>	<u>11</u>

Included within the deferred tax asset above is an amount of £300,000 that has been recognised in respect of losses in PPS to the extent that profits are foreseeable.

The estimated value of the deferred tax asset not recognised in respect of the PPS losses mentioned above, measured at a standard rate of 30% is £2,025,000 (2004: £nil).

Notes To The Financial Statements continued.

Year ended 31 December 2005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Obligations due under finance leases	5	11	-	-
Trade creditors	1,814	714	88	124
Bank overdraft	-	-	2	-
Amounts due to group undertakings	-	-	-	162
Corporation tax	187	152	9	1
Social security and other taxes	871	518	-	-
Other creditors	6	9	-	-
Accruals and deferred income	1,499	490	-	-
	<u>4,382</u>	<u>1,894</u>	<u>99</u>	<u>287</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2005 £'000	2005 £'000	2005 £'000	2005 £'000
Obligations due under finance leases, repayable between one and two years	-	3	-	-

The finance leases are secured on the assets to which they relate.

17. CALLED UP SHARE CAPITAL – GROUP & COMPANY

	2005		2004	
	Number '000	£'000	Number '000	£'000
Authorised				
Ordinary shares of 0.4p each	<u>60,000</u>	<u>240</u>	<u>50,000</u>	<u>200</u>
Allotted, called up, and fully paid				
Ordinary shares of 0.4p each	<u>35,795</u>	<u>143</u>	<u>33,185</u>	<u>133</u>

Authorised share capital

On 20 April 2005 the authorised share capital was increased by the creation of 10,000,000 Ordinary shares of 0.4p each.

Share issues in the year ended 31 December 2005

On 19 August 2005 the company issued 2,600,000 Ordinary shares of 0.4p under a placing of shares on the Alternative Investment Market of the London Stock Exchange. The issue was priced at £1.15 and raised, after expenses, £2,831,000 of additional funds for the group.

Notes To The Financial Statements continued.

Year ended 31 December 2005

18. OPTIONS IN THE SHARES OF INTERACTIVE PROSPECT TARGETING HOLDINGS PLC

Options

As at 31 December 2005 the outstanding share options which include share options granted to Directors as disclosed in the Remuneration Report were as follows:

Interactive Prospect Targeting Holdings Approved Share Option scheme

Number of ordinary shares

At 1 January '000	Exercised in the year	Granted in the year	Lapsed in the year	At 31 December '000	Date Granted	Exercise Price	Period of Option
2,815	(1,421)	-	(8)	1,386	15 Dec '01	0.06p	10 years
38	-	-	-	38	18 July '03	40.71p	10 years
774	-	-	(214)	560	20 Jan '04	40.71p	10 years
90	-	-	(22)	68	12 Oct '04	40.71p	10 years
3,717	(1,421)	-	(244)	2,052			

Interactive Prospect Targeting Holdings Unapproved Share Option scheme

Number of ordinary shares

At 1 January '000	Exercised in the year	Granted in the year	Lapsed in the year	At 31 December '000	Date Granted	Exercise Price	Period of Option
421	-	-	-	421	4 Sept '00	19.99p	10 years

Interactive Prospect Targeting Holdings EMI scheme

Number of ordinary shares

At 1 January '000	Exercised in the year	Granted in the year	Lapsed in the year	At 31 December '000	Date Granted	Exercise Price	Period of Option
-	-	572	(122)	450	29 Sept '05	£1.40	10 years

Interactive Prospect Targeting Holdings SAYE scheme

Number of ordinary shares

At 1 January '000	Exercised in the year	Granted in the year	Lapsed in the year	At 31 December '000	Date Granted	Exercise Price	Period of Option
-	-	121	-	121	26 Oct '05	£1.40	10 years

Total Share Options

Number of ordinary shares

At 1 January '000	Exercised in the year	Granted in the year	Lapsed in the year	At 31 December '000
4,138	(1,421)	693	(366)	3,044

Notes To The Financial Statements continued.

Year ended 31 December 2005

EBT Shareholding

The Interactive Prospect Targeting Employee Benefit Trust was established in November 2004 to satisfy the exercise of share options. At 1 January 2005, 2,815,470 shares at 0.4p were held in the trust, at a cost of £1,877. During the year 1,421,423 share options were exercised at a cost of £947. In 2005 a further 53,978 shares were acquired by the trust at a cost of £71,855 to satisfy future demand of outstanding options. At 31 December 2005 the trust held 1,448,025 shares, with a market value of £2,099,636.

19. SHARE CAPITAL AND RESERVES

Group	Share Capital £'000	Profit and loss account £'000	Merger reserve £'000	EBT reserve £'000	Other reserve £'000	Share premium account £'000	2005 £'000
Balance at beginning of year	133	214	2,354	(2)	18	3,926	6,643
Placing of shares	10	-	-	-	-	2,991	3,001
Placing Costs	-	-	-	-	-	(170)	(170)
Profit retained for the year	-	2,312	-	-	-	-	2,312
Purchase of own shares	-	-	-	(72)	-	-	(72)
Share options exercised	-	-	-	2	-	-	2
At 31 December 2005	143	2,526	2,354	(72)	18	6,747	11,716

Company	Share Capital £'000	Profit and loss account £'000	Share premium account £'000	2005 £'000
Balance at beginning of year	133	6	3,926	4,065
Profit retained for the year	-	21	-	21
Placing of shares	10	-	2,821	2,831
At 31 December 2005	143	27	6,747	6,917

Interactive Prospect Targeting Holdings plc acquired the entire issued share capital of Interactive Prospect Targeting Limited pursuant to a share for share exchange on 1 December 2004.

The merger reserve reflects the difference between the nominal value of the shares issued to acquire Interactive Prospect Targeting Limited and the cumulative value of the company's share capital and share premium account at the date of acquisition.

Notes To The Financial Statements continued.

Year ended 31 December 2005

20. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2005 £'000	2004 £'000
Operating profit	1,692	890
Depreciation	350	238
Amortisation	594	141
Loss on disposal of investment	-	1
Profit on disposal of fixed assets	-	(2)
Increase in debtors	(1,746)	(701)
Increase in creditors	1,121	383
Net cash inflow from operating activities	2,011	950

21. ANALYSIS OF CASH FLOWS

Returns on investments and servicing of finance	2005 £'000	2004 £'000
Interest received	190	34
Dividends paid to non-equity shareholders		(133)
Net cash inflow /(outflow)	190	(99)

Taxation	2005 £'000	2004 £'000
UK corporation tax paid	(152)	-
Net cash outflow	(152)	-

Capital expenditure and financial investment	2005 £'000	2004 £'000
Purchase of intangible fixed assets	(808)	(376)
Purchase of tangible fixed assets	(451)	(236)
Proceeds from sale of tangible fixed assets	-	3
Proceeds from sale of fixed asset investments	755	106
Net cash outflow	(504)	(503)

Notes To The Financial Statements continued.

Year ended 31 December 2005

21. ANALYSIS OF CASH FLOWS continued

Acquisitions and disposals	2005 £'000	2004 £'000
Purchase of subsidiary undertaking	(1,121)	-
Net overdraft acquired	(1,366)	-
Net cash outflow	(2,487)	-
Financing	2005 £'000	2004 £'000
Issue of ordinary share capital net of costs	2,831	3,953
Purchase of own shares	(70)	(2)
Repayment of loans on acquisition	(1,600)	-
Capital element of finance lease rental payments	(9)	1
Net cash inflow	1,152	3,952

22. ANALYSIS AND RECONCILIATION OF NET FUNDS

	1 January 2005 £'000	Cash flow £'000	31 December 2005 £'000
Cash in hand, at bank	5,204	210	5,414
Finance leases	(14)	9	(5)
Net funds	5,190	219	5,409

Loans of £1,600,000 relating to PPS were acquired and paid off in the year.

	2005 £'000	2004 £'000
Increase in cash in the year	210	4,300
Cash flow from movement in debt and lease financing	9	(1)
Change in net funds resulting from cash flows	219	4,299
Movement in net funds in the year	219	4,299
Net funds at 1 January 2005	5,190	891
Net funds at 31 December 2005	5,409	5,190

Notes To The Financial Statements continued.

Year ended 31 December 2005

23. COMMITMENTS

Operating lease commitments – land and buildings	2005 £'000	2004 £'000
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Annual commitments under operating leases at 31 December 2005 are as follows:

Expiring between 2 and 5 years	179	133
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24. FINANCIAL INSTRUMENTS

As permitted by FRS 13, short-term debtors and creditors have been excluded from these disclosures. Certain financial assets, such as investments in subsidiary undertakings are excluded from the scope of these disclosures.

It is, and has been throughout the year under review, the group's policy that no trading in financial instruments is undertaken.

Treasury policies are determined by the Executive members of the Board, and reviewed regularly by them, based on business forecasts.

Sales are principally denominated in Sterling. As at 31 December 2005 the group had no currency exposures.

The fair value of financial instruments is equal to their book value.

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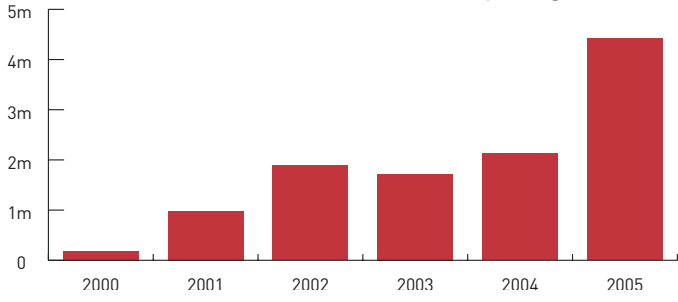
AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

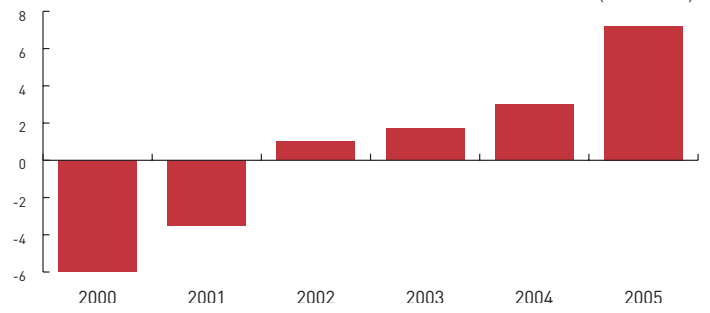
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Capita Registrars
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Beckenham
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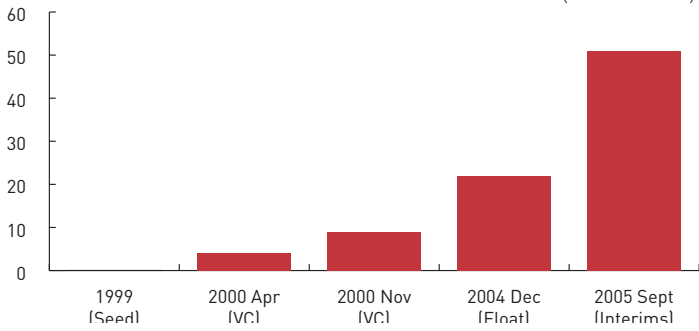
Group Registrations



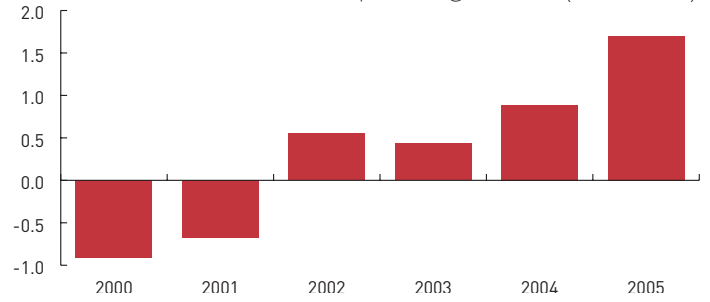
EPS (Pence)



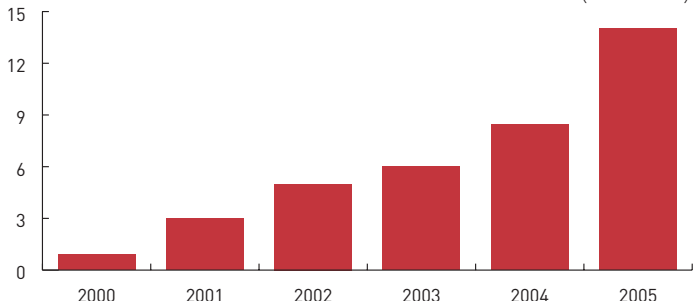
Market Value (£ Millions)



Operating Profits (£ Millions)



Revenue (Millions)





IPT Customer Acquisition is the UK's largest source of permission-based opt-in prospect data. Using our range of online data collection websites, such as the award-winning www.myoffers.co.uk, IPT provides access to 10.8 million registered users, including 200,000 fresh registrations every month. Over 1000 opt-in prospect databases have been delivered to date to blue chip brands, for email, telephone, SMS or direct mail contact.



IPT Direct represents the UK's largest consumer email list and fastest-growing lifestyle database. The IPT consumer file is 100% opt-in compliant and has over 900 selectable interest categories. It currently stands at 6 million household postal addresses and 5.9 million email addresses, with a further 1 million new households joining the database every year. We deliver an average of 200 client email and SMS campaigns and 42 direct mail data sets per month.



IPT Services offers a suite of tools and services to support and facilitate email marketing for our clients.

EmailBureau is one of the UK's market-leading email broadcasting service providers, featuring a sophisticated range of reporting and delivery tools. 1 million messages per hour can be broadcast, with up to 10,000 simultaneous deliveries, costing from only ¼ p per send.

Internet Market Research Services (IMRS) offers access to the UK's largest online consumer panel, with 300,000 unincentivised members. Additional market intelligence is provided via our World Comment, Intent to Purchase and Company Blogs Internet-based research.

holistic list management currently manages 16.5 million postal addresses and 9 million email addresses, and is poised to offer the broadest range of multi-channel list opportunities for direct marketers.

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