

Myratech.net plc

REPORT AND FINANCIAL STATEMENTS

Year ended 30 June 2006

Company Registration No. 3896384

Myratech.net plc

DIRECTORS AND OFFICERS

DIRECTORS

Michael Jackson - Chairman
Vin Murria
David Lowe

SECRETARY

Anthony Mobley FCA

REGISTERED OFFICE

Elderstreet
32 Bedford Row
London
WC1R 4HR

NOMINATED ADVISER AND BROKER

Corporate Synergy PLC
30 Old Broad Street
London
EC2N 1HT

AUDITORS

Baker Tilly
Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

REGISTRARS

Capita Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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CHAIRMAN'S STATEMENT

INTRODUCTION

Since the company came out of administration on the 24th September 2004 it has remained a cash shell listed on the alternative investment market.

RESULTS AND FINANCE

The operating loss for the year was £49,000 (2005: £45,000). Retained loss for the year was £28,000 (2005: profit £210,000). Basic loss per share was 0.0099p (2005: earnings per share 0.13p). The loss reported is in respect of incidental costs of maintaining the company's AIM listing. The directors do not propose the payment of a dividend in respect of the year (2005: Nil).

OPERATIONS

The company was released from Administration on 24 September 2004 and its shares re-admitted on AIM on 27 September 2004. The company is currently without any trading activities ('a shell company').

BOARD

No changes to the board occurred during the year.

Michael Jackson, aged 55, has specialised in raising finance and investing in the smaller company sector for the past 20 years. He founded Elderstreet (now Elderstreet Investments Limited) in 1990. He became an investor in, and director of, The Sage Group plc in 1983 and is currently its chairman. He is a director of several other public and private companies.

Vinodka Murria, aged 42, is a partner at Elderstreet Capital Partners focusing on software applications as well as mergers and acquisitions activity. Prior to joining Elderstreet Capital Partners she was European chief operating officer for Kewill Systems Plc, a \$120 million software company operating in the key application areas of enterprise systems, logistics and e-commerce. Vinodka is a director and investor in a number of quoted and unquoted companies and is chief executive officer of Computer Software Group plc, Mediasurface plc and Leeds Group plc.

David Lowe, aged 52, has been a director of many small and medium sized companies for 25 years. He is a director of Computer Software Group plc and APT Controls Limited, and is a majority shareholder and the chairman of Garran Lockers Limited. He is an independent non-executive director and represents Elderstreet on the Board of Halifax Industrial Limited (chairman) and Snacktime Limited. David was previously a majority shareholder and director of several businesses in the gravel, transport, engineering and print sectors. David qualified as an FCA in 1977.

OUTLOOK

The Company is currently in negotiations regarding a potential acquisition which if successfully concluded would constitute a reverse takeover under the AIM Rules. Following consultation with the London Stock Exchange, trading in the Company's shares were suspended on 26 October 2006 pending completion of the negotiations.

Michael Jackson
Chairman
15 December 2006

Myratech.net plc

DIRECTORS' REPORT

The directors submit their report and the group financial statements of Myratech.net plc for the year ended 30 June 2006.

PRINCIPAL ACTIVITY

The company is currently a cash shell listed on the Alternative Investment Market.

RESULTS AND DIVIDENDS

The group trading loss for the period, after taxation, was £28,117 (2005: profit £210,225).

The directors do not recommend the payment of a dividend.

RISK AND UNCERTAINTIES

Subject to the company being unable to complete a transaction by the January 2007, under the new AIM rules it is most probable it would lose its AIM listing.

POST BALANCE SHEET EVENT

The company is currently in negotiations regarding a potential acquisition which if successfully concluded would constitute a reverse takeover under the AIM Rules. Following consultation with the London Stock Exchange, trading in the company's shares were suspended on 26 October 2006 pending completion of the negotiations.

DIRECTORS

The following directors have held office throughout the period:

Michael Jackson
Vin Murria
David Lowe

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of 1p each</i>	
	<i>30.06.06</i>	<i>30.06.05</i>
Michael Jackson	-	-
Vin Murria	-	-
David Lowe	-	-

The share price during the year has ranged from 0.68p down to 0.2p.

POLICY ON PAYMENT OF CREDITORS

The company's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the terms agreed with the supplier. The company had no trade creditors at 30 June 2006 and creditor days are not therefore given.

Myratech.net plc

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDINGS

The company is aware of the following interests in more than 3% of the ordinary shares of the company at 30 June 2006:

	30 June 2006
Syncissue Limited	27.0%
Pacific Continental Securities (UK)	6.0%
Pershing Keen Nominees Limited	4.9%
Mark Abrams (including family and non-beneficial interests)	3.8%
Barclayshare Nominees Limited	3.7%

ANNUAL GENERAL MEETING

Notice of the company's AGM to be issued in the near future.

AUDITORS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

Anthony Mobley
Secretary

15 December 2006

The directors are supportive of the general principles contained in the Combined Code on Corporate Governance as applied to smaller quoted companies and, although not required, consider it appropriate to provide corporate governance disclosures.

The Board

The board comprises Michael Jackson, Vin Murria and David Lowe (non-executive). The directors believe that this is an appropriate balance of non-executive and executive directors at this stage of the company's development.

There is a formal schedule of matters reserved for decision by the Board covering key areas of the group's affairs.

Audit Committee

An audit committee has been established which consists of the company secretary and one director. It is responsible for ensuring that the financial performance of the group is properly reported on and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

Remuneration Committee

A remuneration committee is not necessary at present whilst the group has no trading activities. When needed it will consist of the non-executive directors. Its role is to review the performance of executive directors and sets the scale and structure of their remuneration and other benefits, having due regard to the interests of shareholders. The board itself determines the remuneration of the non-executive directors.

Internal Financial Controls

The directors recognise that they have overall responsibility for the group's system of internal financial controls. Any such system can provide reasonable, but not absolute, assurance against material misstatement or loss. The internal financial controls are established to provide reasonable assurance of the safeguarding of the group's assets against unauthorised use or disposition, the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The directors have reviewed the effectiveness of the existing controls, which they consider to be appropriate for the group and the business environment within which it operates. The main elements of the internal financial controls are:

- Clearly defined authorisation limits and procedures;
- The group's financial and operating performance is closely monitored at monthly board meetings.

The directors intend to conduct ongoing reviews of the internal control systems to ensure that they remain appropriate to the needs of the group.

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DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 company and to enable them to ensure that the financial statements comply with the requirements of the Companies 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.

They are responsible for ensuring that the annual report includes information required by the AIM Rules of the Financial Services Authority (or Listing Rules).

We have audited the group and parent company financial statements on pages 8 to 21.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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, the Chairman's Statement and the Corporate Governance Statement. 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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 affairs of the group and the company as at 30 June 2006 and of the group loss for the year then ended have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY

Registered Auditor
Chartered Accountants
City Plaza
Temple Row
Birmingham
B2 5AF

15 December 2006

Myratech.net plc
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year to 30 June 2006

	<i>Notes</i>	30 June 2006 £'000	30 June 2005 £'000
TURNOVER	1		
Cost of sales		-	-
		<hr/>	<hr/>
GROSS PROFIT		-	-
Administrative expenses		(49)	(45)
		<hr/>	<hr/>
OPERATING LOSS			
Continuing operations - loss		(49)	(45)
		<hr/>	<hr/>
Exceptional item - fundamental reorganisation	2	-	248
Interest receivable	3	21	7
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(28)	210
Taxation	6	-	-
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE PERIOD	14	(28)	210
		<hr/> <hr/>	<hr/> <hr/>
BASIC (LOSS)/EARNINGS PER SHARE	8	(0.0099)p	0.13p
DILUTED (LOSS)/EARNINGS PER SHARE	8	(0.0099)p	0.13p
		<hr/> <hr/>	<hr/> <hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Myratech.net plc
 CONSOLIDATED BALANCE SHEET
 30 June 2006

	<i>Notes</i>	At 30 June 2006 £'000	At 30 June 2005 £'000
FIXED ASSETS			
Intangible assets	9	-	-
CURRENT ASSETS			
Debtors	11	1	12
Cash at bank and in hand		555	536
		<u>556</u>	<u>548</u>
CREDITORS: Amounts falling due within one year	12	(82)	(46)
NET CURRENT ASSETS		<u>474</u>	<u>502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>474</u>	<u>502</u>
CAPITAL AND RESERVES			
Called up share capital	13	550	550
Merger reserve	14	(118)	(118)
Share premium account	14	5,331	5,331
Profit and loss account	14	(5,289)	(5,261)
SHAREHOLDERS' FUNDS	15	<u>474</u>	<u>502</u>

Approved by the board and authorised for issue on 15 December 2006

V Murria Director

Myratech.net plc
 COMPANY BALANCE SHEET
 30 June 2006

	<i>Notes</i>	At 30 June 2006 £'000	At 30 June 2005 £'000
FIXED ASSETS			
Investments	10	-	-
CURRENT ASSETS			
Debtors	11	1	12
Cash at bank and in hand		555	536
		556	548
CREDITORS: Amounts falling due within one year	12	(113)	(77)
NET CURRENT ASSETS		443	471
TOTAL ASSETS LESS CURRENT LIABILITIES		443	471
CAPITAL AND RESERVES			
Called up share capital	13	550	550
Share premium account	14	5,331	5,331
Profit and loss account	14	(5,438)	(5,410)
SHAREHOLDERS' FUNDS	15	443	471

Approved by the board and authorised for issue on 15 December 2006

V Murria Director

Myratech.net plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2006

	<i>Notes</i>	30 June 2006 £'000	30 June 2005 £'000
Cash flow from operating activities	16a	(2)	(139)
Returns on investments and servicing of finance	16b	21	7
		—————	—————
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		19	(132)
Financing	16b	-	638
		—————	—————
INCREASE IN CASH IN THE YEAR		19	506
		=====	=====
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2006 £'000	2005 £'000
Increase in cash in year		19	506
Cash flow from decrease in debt and lease financing		-	70
		—————	—————
Movement in net funds in the year		19	576
Net funds at beginning of year		536	(40)
		—————	—————
Net funds at end of year	16c	555	536
		=====	=====

Myratech.net plc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

Myratech.net plc issued ordinary shares credited as fully paid as consideration for the acquisition of The Web Factory Birmingham Limited and Burra Burra Distribution Limited. The acquisition has been accounted for as a merger under the conditions set out in Financial Reporting Standard 6.

The Group financial statements merge the financial statements of Myratech.net plc and its subsidiary undertakings Burra Burra Distribution Limited and The Web Factory Birmingham Limited as if they had always been so owned. Accordingly, the whole results, assets, liabilities and shareholders' funds of the merged companies are consolidated regardless of the actual merger date.

The consolidated financial statements also incorporate the acquisition of Forsyth Whitehead & Associates Limited using the acquisition method.

No profit and loss account is presented for Myratech.net plc as provided by Section 230(3) of the Companies Act 1985.

PURCHASED GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and amortised over the period which the goodwill is considered to be effective. Annual impairment reviews are performed to ensure the carrying value of the asset does not exceed the recoverable amount.

INVESTMENTS

Shares in subsidiary undertakings are considered long term investments and are classified as fixed assets.

All investments are stated at cost. Where there is a transfer of the trade and net assets or liabilities of a subsidiary undertaking to another group company, the remaining shell of the subsidiary may have a carrying value in the parent company's balance sheet in excess of its net worth. In such a reorganisation there has been no real loss either to the parent or to the group. In this case a provision is made against the carrying value of the investment on the same basis as the amortisation of the purchased goodwill which arose on the reorganisation.

In addition, provision is made for any permanent diminution in the value of fixed asset investments.

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 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 and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that they are recoverable. They are considered to be recoverable on the basis that it is more likely than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

1 **TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The group is currently a cash shell listed on the Alternative Investment Market

2	EXCEPTIONAL ITEM – FUNDAMENTAL REORGANISATION	30 June 2006 £'000	30 June 2005 £'000
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	Amounts written back under CVA provisions	-	248
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3 **INTEREST RECEIVABLE**

30 June 2006 £'000	30 June 2005 £'000
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Bank interest receivable	21	7
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4 **(LOSS)/PROFIT ON ORDINARY ACTIVITIES**

30 June 2006 £'000	30 June 2005 £'000
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(Loss)/profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration: audit services	5	5
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5 **EMPLOYEES**

2006 No.	2005 No.
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The average monthly number of persons (including directors) employed by the company during the period was:

Administration	3	3
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There were no staff costs or directors remuneration during the year.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

6 TAXATION

	30 June 2006 £'000	30 June 2005 £'000
Reconciliation of the UK Corporation tax statutory rate charge to the Group's tax on (loss)/profit on ordinary activities: (Loss)/Profit on ordinary activities	(28)	210
Tax at UK rate of 30% (2005: 30%)	(8)	(63)
Tax losses carried forward	8	-
Income not taxable	-	63
Total current tax	-	-

Tax losses from discontinued operations are in excess of £4.6 million (2005: £4.6 million). There is uncertainty as to whether these will be available to carry forward and offset against future trading profits.

Tax losses in respect of the shell activities are £46,000. (2005: £38,000)

Potential deferred tax assets have not been recognised, as it is not sufficiently certain that the group will have enough suitable taxable profits to offset these losses.

7 (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

	30 June 2006 £'000	30 June 2005 £'000
Dealt with in the financial statements of the parent company	(28)	210

8 (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based upon the loss after taxation of £28,117 and on 283,645,000 shares being the weighted average number of shares in issue during the year (2005: profit £210,225 and 164,293,458 being the number of ordinary shares in issue during the year).

The diluted (loss)/earnings per share for the year and the prior year is equivalent to the basic (loss)/earnings per share since there is a loss from continuing operations and the warrant instruments are not therefore dilutive.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

9 INTANGIBLE FIXED ASSETS

GROUP	Purchased goodwill £'000
Cost 1 July 2005 and 30 June 2006	603
Amortisation 1 July 2005 and 30 June 2006	603
Net book value 30 June 2006 and 30 June 2005	-

10 FIXED ASSET INVESTMENTS

COMPANY	Shares in subsidiary undertakings £'000
Cost 1 July 2005 and 30 June 2006	867
Amounts written off 1 July 2005 and 30 June 2006	867
Net book value 30 June 2006 and 30 June 2005	-

The company holds more than 20% of the share capital of the following companies, all of which are incorporated in England:

Subsidiary undertakings:	Class of holding	Proportion held directly %	Nature of business
Burra Burra Distribution Limited	Ordinary	100	Dormant
The Web Factory Birmingham Limited	Ordinary	100	Dormant
Forsyth Whitehead & Associates Limited	Ordinary	100	Dormant

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

11	DEBTORS	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
	Due within one year:				
	Other debtors	-	8	-	8
	Prepayments and accrued income	1	4	1	4
		<u>1</u>	<u>12</u>	<u>1</u>	<u>12</u>
12	CREDITORS: Amounts falling due within one year	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
	Amounts owed to subsidiary undertakings	-	-	31	31
	Accruals and deferred income	82	46	82	46
		<u>82</u>	<u>46</u>	<u>113</u>	<u>77</u>
13	SHARE CAPITAL				
	Authorised:				
	After re-structure 14 September 2004:		Ordinary shares 0.1p each	Deferred shares 0.9p each	Total £'000
	750,000,000 shares		750	-	750
	29,595,000 shares		-	266	266
			<u>750</u>	<u>266</u>	<u>1,016</u>
	At 30 June 2006 and 30 June 2005		<u>750</u>	<u>266</u>	<u>1,016</u>

By special resolution on 14 September 2004, the share capital of the company was restructured and the existing ordinary shares of 1p each were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p.

The rights attached to the deferred shares, which will not be readmitted to trading on AIM, will render them effectively valueless. It is intended the company will repurchase these shares in the near future for a nominal amount.

Myratech.net plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

13 SHARE CAPITAL (continued)

Allotted, issued and fully paid:

After re-structure 14 September 2004:	Ordinary shares 0.1p each	Deferred shares 0.9p each	Total £'000
283,645,000 shares	284	-	284
29,595,000 shares	-	266	266
	<hr/>	<hr/>	<hr/>
At 30 June 2006 and 30 June 2005	284	266	550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The ordinary shares and the deferred shares carry the same rights and privileges and rank *pari passu* in all respects except that the rights attaching to the deferred shares are as follows:

- the holders of the deferred shares, by virtue of their holding, have no rights to dividends or otherwise participate in the profits of the company.
- on return of capital on liquidation, the holders of deferred shares are entitled, pro rata to their holding of deferred shares, to be paid out of the assets of the company available for distribution among members. The amount paid up or credited as paid up is the amount of the deferred shares. This amount is to be paid after payment to the holders of ordinary shares of the amount paid up, or credited as paid up thereon and the sum of £100,000 on each ordinary share. The holders of the deferred shares shall not be entitled to any other or further right to participate in the assets of the company.
- the holders of the deferred shares do not, by virtue of their holdings of deferred shares have the right to receive notice of or attend and vote at any general meeting of the company.

No share options existed at the beginning or end of the financial year.

The company has granted the following warrant instruments:

Grant date	Subscription price per share	Period within which options are exercisable	Number of shares for which rights are exercisable
5 Dec 2002	2.5p	June 2003 to June 2008	759,868
5 Dec 2002	2.5p	June 2005 to June 2009	759,868
18 July 2003	2.38p	Prior to Jan 2009	1,000,000
21 Oct 2003	2.5p	Prior to Oct 2008	100,000
			<hr/>
			2,619,736
			<hr/> <hr/>

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

14 RESERVES	Merger reserve £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
GROUP				
1 July 2005	(118)	5,331	(5,261)	(48)
Loss for the year	-	-	(28)	(28)
30 June 2006	(118)	5,331	(5,289)	(76)
COMPANY				
1 July 2005		5,331	(5,410)	(79)
Loss for the year		-	(28)	(28)
30 June 2006		5,331	(5,438)	(107)

The merger reserve represents the excess of the nominal value of the shares issued by Myratech.net plc over the nominal value of the share capital of The Web Factory Birmingham Limited and Burra Burra Distribution Limited.

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
(Loss)/Profit for the financial period	(28)	210	(28)	210
Shares issued in the period	-	254	-	254
Premium on shares issued in period	-	498	-	498
Share issue costs	-	(44)	-	(44)
Net (reduction)/increase in shareholders' funds	(28)	918	(28)	918
Opening surplus/(deficit) on shareholders' funds	502	(416)	471	(447)
Closing surplus on shareholders' funds	474	502	443	471

Shareholders' funds are attributable to equity interests. Amounts attributable to non-equity interest are £Nil.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

16	CASH FLOWS	2006	2005
		£'000	£'000
a	Reconciliation of operating loss to net cash flow from operating activities		
	Operating loss	(49)	(45)
	Decrease/(increase) in debtors	11	(8)
	Increase/(decrease) in creditors	36	(86)
		<hr/>	<hr/>
	Net cash outflow from operating activities	(2)	(139)
		<hr/> <hr/>	<hr/> <hr/>
		2006	2005
		£'000	£'000
b	Analysis of cash flows for headings netted in the cash flow statement		
	Returns on investments and servicing of finance		
	Interest received	21	7
		<hr/>	<hr/>
	Net cash inflow from returns on investments and servicing of finance	21	7
		<hr/> <hr/>	<hr/> <hr/>
	Financing		
	Issue of ordinary shares	-	752
	Share issue costs	-	(44)
	Repayment of loans	-	(70)
		<hr/>	<hr/>
	Net cash inflow from financing	-	638
		<hr/> <hr/>	<hr/> <hr/>
c	Analysis of net funds		
		At 1	At 30
		July 2005	June 2006
		£'000	£'000
	Cash in hand, at bank	536	555
		<hr/> <hr/>	<hr/> <hr/>

17 CAPITAL COMMITMENTS

The company and the group had no capital commitments at 30 June 2006 or 30 June 2005.

18 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2006 and 30 June 2005 the group and company had no annual commitments under non-cancellable operating leases.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

19 FINANCIAL INSTRUMENTS

Treasury management

The group's financial instruments comprise cash, short-term deposits, short-term debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the group's operations as well as to manage working capital requirements.

It is, and has been throughout the period under review, the group's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken. The group faces few risks in respect of its financial instruments.

Interest rate risk

The group is currently financing its operations through the net proceeds arising from equity issues.

Liquidity risk

Whilst the group's operations are not currently cash generative, surplus cash is invested so as to achieve a market rate return.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the following disclosures:

Interest rate exposure of financial assets and liabilities

The interest rate exposure of the financial assets of the group as at 30 June 2006 was:

	Floating rate	
	2006	2005
	£'000	£'000
Sterling	555	536
	=====	=====
Of which:		
Cash	555	536
	=====	=====

Fair value of financial assets and liabilities

The book value of financial instruments held or issued to finance the group's operations are not different from the fair value of those instruments.

20 RELATED PARTY TRANSACTIONS

There were no transactions with related parties.

Myratech.net plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

21 PARENT UNDERTAKING

The company's immediate parent undertaking is Syncissue Limited, a company controlled by Elderstreet Capital Partners. Myratech.net plc is a subsidiary of Syncissue Limited by virtue of board control and the 27% shareholding held by Syncissue Limited. Elderstreet Capital Partners is the collective name for eight limited partnerships which invest in parallel with one another. Their ultimate general partner is Elderstreet Ballater Limited, a wholly owned subsidiary of Elderstreet Investments Limited.

22 POST BALANCE SHEET EVENT

The company is currently in negotiations regarding a potential acquisition which if successfully concluded would constitute a reverse takeover under the AIM Rules. Following consultation with the London Stock Exchange, trading in the company's shares were suspended on 26 October 2006 pending completion of the negotiations.