



**PROPERTY INVESTMENT EXCHANGE LIMITED
AND ITS SUBSIDIARIES
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2006**

GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET. LONDON W1G 9BR

T +44 (0)20 7299 1400 . F +44 (0)20 7299 1401

E gemail@geraldedelman.com

www.geraldedelman.com

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

DIRECTORS AND ADVISERS

Directors	P N C Marples S J K Barratt R G N Nabarro P R Best C L Powell
Secretary	M R Benton
Company number	04074325
Registered office	25 Harley Street London W1G 9BR
Registered auditors	Gerald Edelman 25 Harley Street London W1G 9BR
Business address	3 Tenterden Street Hanover Square London W1S 1TD
Bankers	Allied Irish Bank 10 Berkeley Square London W1J 6AA
Solicitors	Solomon Taylor & Shaw 3 Coach House Yard Hampstead High Street London NW3 1QD

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

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PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2006

The directors present their report and financial statements for the year ended 30 April 2006.

Directors

The following directors have held office since 1 May 2005:

P N C Marples
S J K Barratt
R G N Nabarro
P R Best
C L Powell

Principal activities and review of the business

The principal activity of the company during the year continued to be the provision of web-based marketing platforms for the commercial property industry, through its various services: Propex Professional - investment; Shopproperty.co.uk/SP Pro - retail; and Prime PA - CRM systems.

Group turnover for the year to 30 April 2006 was £1.71m. This represents an increase of 45% over the previous year of £1.18m. The group earnings before interest, taxation, depreciation and amortisation were £124,206 compared with £108,573 in the previous year, an increase of 14%. The group has invested in additional staff and substantially increased marketing expenditure during the year. After depreciation and goodwill write off, the group showed a loss for the year of £13,896 (2005 - £13,502 profit). The loss is largely attributable to the immediate write off of goodwill on the acquisition of UK Property Investment Pages Ltd (UK PIP), of £29,168.

The continuing growth in turnover was attributable to expansion of all of the Propex services. Propex Professional, the investment platform, increased turnover to £1,002,000 (2005 - £710,000), retail services increased to £302,000 (2005 - £120,000) and property listing and advertising increased to £345,000 (2005 - £256,000).

On 20 September 2005, the group completed the acquisition of UKPIP and on 27 April 2006, the group completed the acquisition of Screenedata Ltd.

The acquisition of UKPIP gives Propex the only commercial investment listing website in the UK. Screenedata Ltd, which was acquired just before the year end, provides a database of office availability across London and the South East. With more than 100 surveyor clients, the acquisition will provide the platform for the group to provide new web-services to office agencies and a one-stop solution for the provision of services across all the main property sectors: retail, investment and business space.

Prospects for the future remain good with strong demand for all of the group's services. The company has a client base of more than 450 agency, institutional and property company clients, the majority of whom pay annual subscription income.

Propex has the opportunity to capitalise on its pre-eminent position as provider of web-services to the property industry. It continues to look for new areas where it can provide related services to the property industry and will seek to bring about further consolidation of support services required by surveying practices, property owners and occupiers.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend payment of a dividend.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	30 April 2006	1 May 2005
P N C Marples	32,739	32,739
S J K Barratt	-	-
P R Best	-	-
R G N Nabarro	-	-
C L Powell	67,068	67,068

P N C Marples holds options to acquire a further 40,000 ordinary shares of 1p at £2.50 per share exercisable at any time before 10 September 2013 and 90,000 ordinary shares of 1p at £5.00 per share exercisable at anytime before 26 February 2016.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing 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 year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

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

On behalf of the board

P N C Marples
Director
18 July 2006

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PROPERTY INVESTMENT EXCHANGE LIMITED

We have audited the financial statements of Property Investment Exchange Limited on pages 5 to 15 for the year ended 30 April 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 company's and the group'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.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF PROPERTY INVESTMENT EXCHANGE LIMITED

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 company's and the group's affairs as at 30 April 2006 and of the group's loss for the year then ended ;
- the information given in the directors' report is consistent with the financial statements; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Gerald Edelman

18 July 2006

Chartered Accountants

Registered Auditors

25 Harley Street
London
W1G 9BR

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2006

	Notes	2006 £	2005 £
Turnover	2	1,711,687	1,183,279
Cost of sales		(165,168)	(96,328)
Gross profit		1,546,519	1,086,951
Administrative expenses		(1,579,580)	(1,088,981)
Other operating income		-	7,010
Operating (loss)/profit	3	(33,061)	4,980
Other interest receivable and similar income		19,166	8,522
(Loss)/profit on ordinary activities before taxation	3	(13,895)	13,502
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation		(13,895)	13,502

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 30 APRIL 2006

	Notes	Group 2006 £	2005 £	Company 2006 £	2005 £
Fixed assets					
Intangible assets	7	437,536	102,773	-	-
Tangible assets	8	327,227	207,134	-	-
Investments	9	-	-	991,845	490,494
		<u>764,763</u>	<u>309,907</u>	<u>991,845</u>	<u>490,494</u>
Current assets					
Debtors	10	582,746	525,786	222,091	513,847
Cash at bank and in hand		344,282	512,541	2,843	2,843
		<u>927,028</u>	<u>1,038,327</u>	<u>224,934</u>	<u>516,690</u>
Creditors: amounts falling due within one year	11	<u>(1,252,752)</u>	<u>(1,104,895)</u>	-	-
Net current liabilities		<u>(325,724)</u>	<u>(66,568)</u>	<u>224,934</u>	<u>516,690</u>
Total assets less current liabilities		<u>439,039</u>	<u>243,339</u>	<u>1,216,779</u>	<u>1,007,184</u>
Capital and reserves					
Called up share capital	13	9,611	8,941	9,611	8,941
Share premium account	14	1,567,320	1,358,395	1,567,320	1,358,395
Other reserves	14	300,006	300,006	-	-
Profit and loss account	14	<u>(1,437,898)</u>	<u>(1,424,003)</u>	<u>(360,152)</u>	<u>(360,152)</u>
Shareholders' funds	15	<u>439,039</u>	<u>243,339</u>	<u>1,216,779</u>	<u>1,007,184</u>

Approved by the Board and authorised for issue on 18 July 2006

P N C Marples
Director

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The group has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 April 2006. The group uses both merger and acquisition accounting in relevant circumstances. Under the principles of merger accounting the results of the subsidiary are included in the profit and loss account for the whole financial period regardless of the date when the control passed. Under acquisition accounting the results of subsidiaries acquired are included in the profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Website development costs	33% reducing balance method
Fixtures and fittings	25% reducing balance method
Computer equipment	33% reducing balance method

Costs of website development in progress are depreciated from the completion of the development project.

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Deferred taxation

Deferred tax is provided in full in respect of the taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Recognition of deferred tax asset is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The deferred tax balance has not been discounted.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

2 Turnover

The total turnover of the group for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

3 Operating (loss)/profit	2006 £	2005 £
Operating (loss)/profit is stated after charging:		
Depreciation of intangible assets	54,543	24,099
Depreciation of tangible assets	102,725	79,494
Operating lease rentals	53,405	51,057
Auditors' remuneration	7,000	10,050

4 Earnings before interest, taxation, depreciation and amortisation	2006 £	2005 £
(Loss)/profit on ordinary activities before taxation	(13,895)	13,502
Less : other interest receivable and similar income	(19,166)	(8,522)
Add : depreciation of intangible assets	54,543	24,099
Add : depreciation of tangible assets	102,725	79,494
Earnings before interest, taxation, depreciation and amortisation	124,207	108,573

5 Taxation

There is no provision for UK corporation tax due to prior years' tax losses brought forward subject to agreement with Inland Revenue.

6 (Loss)/profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2006 £	2005 £
Holding company's (loss)/profit for the financial year	-	1,047

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

7 Intangible fixed assets		
Group		
		Goodwill
		£
Cost		
At 1 May 2005		126,872
Additions		389,306
		<hr/>
At 30 April 2006		516,178
		<hr/>
Amortisation		
At 1 May 2005		24,099
Charge for the year		54,543
		<hr/>
At 30 April 2006		78,642
		<hr/>
Net book value		
At 30 April 2006		437,536
		<hr/> <hr/>
At 30 April 2005		102,773
		<hr/> <hr/>

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

8 Tangible fixed assets Group

	Website development costs £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 May 2005	358,653	68,098	306,903	733,654
Additions	197,340	3,250	22,228	222,818
At 30 April 2006	555,993	71,348	329,131	956,472
Depreciation				
At 1 May 2005	263,887	40,197	222,436	526,520
Charge for the year	71,530	7,788	23,407	102,725
At 30 April 2006	335,417	47,985	245,843	629,245
Net book value				
At 30 April 2006	220,576	23,363	83,288	327,227
At 30 April 2005	94,766	27,901	84,467	207,134

Company

	Website development costs £	Fixtures and fittings £	Total £
Cost			
At 1 May 2005 & at 30 April 2006	62,250	8,352	70,602
Depreciation			
At 1 May 2005 & at 30 April 2006	62,250	8,352	70,602
Net book value			
At 30 April 2006	-	-	-

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

9 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 May 2005	490,494
Additions	501,351
	<hr/>
At 30 April 2006	991,845
	<hr/> <hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Percentage held	
		Class	%
Subsidiary undertakings			
Propex Services Limited (formerly Primepitch Ltd.)	England and Wales	Ordinary	100
Arianbell Limited	England and Wales	Ordinary	100
Shopproperty Limited	England and Wales	Ordinary	100
Prime Computer Consulting Limited	England and Wales	Ordinary	100
UK Property Investment Pages Limited	England and Wales	Ordinary	100
Screenedata Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Propex Services Limited (formerly Primepitch Ltd.)	Web-based services for the commercial property industry
Arianbell Limited	Dormant
Shopproperty Limited	Dormant
Prime Computer Consulting Limited	Dormant
UK Property Investment Pages Limited	Dormant
Screenedata Limited	Business space database

During the year the company acquired the entire issued share capital of Screenedata Limited for an initial consideration, comprising cash and shares, totalling £450,000. Under the terms of the agreement for the acquisition of Screenedata Limited, additional consideration may be payable depending on that company's turnover and profitability for the years ended 31 March 2007 and 2008; however, for the purpose of these financial statements there is insufficient evidence of the fair value of such further sums that may be payable to enable any estimate of additional consideration to be included in the cost of acquisition. In the event that further consideration becomes payable, it will be paid in cash no later than 30 April 2008.

In addition during the year the company acquired the entire issued share capital of UK Property Investment Pages Limited for a consideration, comprising cash and shares, totalling £31,668.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

10 Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	429,082	320,507	-	-
Amounts owed by group undertakings	-	-	222,091	513,847
Other debtors	1,188	1,049	-	-
Prepayments and accrued income	152,476	204,230	-	-
	<u>582,746</u>	<u>525,786</u>	<u>222,091</u>	<u>513,847</u>

11 Creditors : amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank loans and overdrafts	-	199	-	-
Trade creditors	75,211	83,740	-	-
Taxes and social security costs	23,470	32,157	-	-
Accruals and deferred income	1,154,071	988,799	-	-
	<u>1,252,752</u>	<u>1,104,895</u>	<u>-</u>	<u>-</u>

12 Deferred tax asset

No adjustment has been made to the financial statements to reflect a potential deferred tax asset that would arise from future utilisation of the company's available losses for tax purposes, due to uncertainty over the timing of such utilisation. The potential deferred tax asset that could arise on full utilisation would amount to approximately £154,000.

13 Share capital

	2006 £	2005 £
Authorised		
1,500,000 Ordinary shares of 1p each	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid		
961,159 Ordinary shares of 1p each	<u>9,611</u>	<u>8,941</u>

During the year the company issued a total of 67,028 ordinary shares of 1p each in part consideration for the respective acquisition of UK Property Investment Pages Limited and Screenedata Limited, details of which are referred to in Note 8.

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

14 Statement of movements on reserves

Group

	Share premium account £	Merger reserve £	Profit and loss account £
Balance at 1 May 2005	1,358,395	300,006	(1,424,003)
Retained loss for the year	-	-	(13,895)
Premium on shares issued during the year	226,358	-	-
Cost of share issue	(17,433)	-	-
Balance at 30 April 2006	<u>1,567,320</u>	<u>300,006</u>	<u>(1,437,898)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 May 2005	1,358,395	(360,152)
Premium on shares issued during the year	226,358	-
Cost of share issue	(17,433)	-
Balance at 30 April 2006	<u>1,567,320</u>	<u>(360,152)</u>

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

15 Reconciliation of movements in shareholders' funds	2006	2005
Group	£	£
(Loss)/Profit for the financial year	(13,895)	13,502
Proceeds from issue of shares	227,028	45,000
Cost of share issue written off to share premium account	(17,433)	(9,644)
	<hr/>	<hr/>
Net addition to shareholders' funds	195,700	48,858
Opening shareholders' funds	243,339	194,481
	<hr/>	<hr/>
Closing shareholders' funds	439,039	243,339
	<hr/> <hr/>	<hr/> <hr/>
	2006	2005
	£	£
Company		
(Loss)/Profit for the financial year	-	1,047
Proceeds from issue of shares	227,028	45,000
Cost of share issue written off to share premium account	(17,433)	(9,644)
	<hr/>	<hr/>
Net addition to shareholders' funds	209,595	36,403
Opening shareholders' funds	1,007,184	970,781
	<hr/>	<hr/>
Closing shareholders' funds	1,216,779	1,007,184
	<hr/> <hr/>	<hr/> <hr/>
16 Directors' emoluments	2006	2005
	£	£
Remuneration of executive director	153,832	117,433
Remuneration of non-executive directors	20,000	-
	<hr/>	<hr/>
Emoluments for qualifying services	173,832	117,433
	<hr/> <hr/>	<hr/> <hr/>

PROPERTY INVESTMENT EXCHANGE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006	2005
	Number	Number
Sales/Administration	13	10

Employment costs

	2006	2005
	£	£
Wages and salaries	701,517	495,081
Social security costs	77,311	53,014
	<u>778,828</u>	<u>548,095</u>

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.