IMUTUAL PLC

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD 25 JUNE 2010 TO 30 JUNE 2011

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for the Period 25 June 2010 to 30 June 2011

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COMPANY INFORMATION
for the Period 25 June 2010 to 30 June 2011

DIRECTORS:	R Yendall Mrs S Yendall
REGISTERED OFFICE:	12 Payton Street Stratford upon Avon Warwickshire CV37 6UA
REGISTERED NUMBER:	07296295 (England and Wales)
AUDITORS:	Cooper Adams Ltd 12 Payton Street Stratford upon Avon Warwickshire CV37 6UA

REPORT OF THE DIRECTORS
for the Period 25 June 2010 to 30 June 2011

The directors present their report with the financial statements of the company for the period 25 June 2010 to 30 June 2011.

INCORPORATION
The company was incorporated on 25 June 2010 and commenced trading on 14 July 2010.

PRINCIPAL ACTIVITY
The principal activity of the company in the period under review was that of a marketing company.

The company generates revenues through the promotion of online retail offers on its website imutual.co.uk, earning commission on a Cost-per-action (CPA) basis. It passes that cashback to its customers and also offers free shares in the company as an incentive for them to transact on the website and recommend it to others.

REVIEW OF BUSINESS
The period under review was the company's first period of operation, and included a number of significant achievements:
- Establishing the imutual concept and brand
- Creating the legal framework for the company to operate its unique "free share" offer
- Incorporating the company and implementing all essential business processes commensurate with its PLC status
- Design and build of the website to provide core cashback functionality to its members
- Setting up commercial agreements with over 2,000 retail partners
- Building the technical infrastructure to be able to manage these cashback offers and associated customer service processes
- Tracking over £40,000 of cashback on behalf of members, consisting of nearly 180,000 separate transactions.

All of this was achieved with administrative expenses of £33,962, underlining the directors' determination to operate the company frugally, in order to maximise returns for its members. Of these costs, approximately one third can be attributed to one-off activities associated with set-up of the company, such as legal advice on the share structure. As the company grows, the remaining costs (mostly salaries and accountancy/audit costs) need not increase in direct proportion to revenues; therefore the company is well placed to improve its operating efficiency in the future.

However, note that the directors have not taken any salary from the company to date, and will need to do so at some future point when the company can afford this. Also note that approximately £2,000 of revenue related to one-off consultancy work undertaken by R Yendall on behalf of the company.

Performance of the business
During the period, the imutual website attracted 1,630 new members. Of the 788 who made at least one cashback transaction, they each generated average revenue of over £50. So while the number of registrations during the period was lower than anticipated, the average revenue was far higher than expected. Given the popularity of similar sites and imutual's unique "free share" offer, we believe this augurs well for the company's future performance.

Financial position
We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

The company reported a loss after tax of £26,072. A gross margin of 8.14% was achieved for the period. With £12,502 raised from share capital issued, this leaves closing reserves of -£13,570. The directors have demonstrated their commitment to the business by giving a written undertaking to provide ongoing financial support for the company.

RISK MANAGEMENT

The directors are aware of their responsibilities to review and manage any perceived risks to the business. Our analysis of current areas of risk for the company is as follows:

REPORT OF THE DIRECTORS
for the Period 25 June 2010 to 30 June 2011

Credit risk
imutual's revenues are spread across several hundred different merchants, and each merchant relationship is managed through one of around twenty third party affiliate networks. The company takes care to ensure that it does not become over-reliant on revenue from a single source and takes active steps to manage credit risk.

Commercial risk
The company operates standard marketing agreements with affiliate networks, in an industry with which the directors have considerable experience. The company has taken expert advice from several sources with regards to the share offer, and will continue to review its legal framework to ensure that the imutual business model complies with the UK's regulatory environment.

Cashflow
In general, website members are only paid once imutual receives payment from the merchant for the associated transactions. In addition, the company has minimal overheads to maintain and strives to keep sufficient cash resources to meet any future expenses.

DIVIDENDS
No dividends will be distributed for the period ended 30 June 2011.

DIRECTORS
The directors who have held office during the period from 25 June 2010 to the date of this report are as follows:

R Yendall - appointed 25 June 2010
Mrs S Yendall - appointed 25 June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
for the Period 25 June 2010 to 30 June 2011

AUDITORS
The auditors, Cooper Adams Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

R Yendall - Director

9 November 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IMUTUAL PLC

We have audited the financial statements of imutual Plc for the period ended 30 June 2011 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Cooper FCA (Senior Statutory Auditor)
for and on behalf of Cooper Adams Ltd
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

9 November 2011

PROFIT AND LOSS ACCOUNT
for the Period 25 June 2010 to 30 June 2011

	Notes	£
TURNOVER		44,603
Cost of sales		40,971
GROSS PROFIT		3,632
Administrative expenses		33,962
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(30,330)
Tax on loss on ordinary activities	4	(4,258)
LOSS FOR THE FINANCIAL PERIOD		(26,072)

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the loss for the current period.

The notes form part of these financial statements

BALANCE SHEET
30 June 2011

	Notes	£
CURRENT ASSETS		
Debtors	5	27,816
Cash at bank		6,056
		33,872
CREDITORS		
Amounts falling due within one year	6	38,861
NET CURRENT LIABILITIES		(4,989)
TOTAL ASSETS LESS CURRENT LIABILITIES		(4,989)
CREDITORS		
Amounts falling due after more than one year	7	8,581
NET LIABILITIES		(13,570)
CAPITAL AND RESERVES		
Called up share capital	9	12,502
Profit and loss account	10	(26,072)
	14	(13,570)

The financial statements were approved by the Board of Directors on 9 November 2011 and were signed on its behalf by:

R Yendall - Director

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Period 25 June 2010 to 30 June 2011

	Notes	£
Net cash outflow from operating activities	1	(6,996)
		(6,996)
Financing	2	13,052
Increase in cash in the period		6,056

Reconciliation of net cash flow to movement in net debt	3	
Increase in cash in the period		6,056
Change in net debt resulting from cash flows		6,056
Movement in net debt in the period		6,056
Net debt at 25 June		-
Net funds at 30 June		6,056

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Period 25 June 2010 to 30 June 2011

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	£
Operating loss	(30,330)
Increase in debtors	(23,558)
Increase in creditors	46,892
Net cash outflow from operating activities	(6,996)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Financing	
Amount introduced by directors	550
Share issue	12,502
Net cash inflow from financing	13,052

3. ANALYSIS OF CHANGES IN NET DEBT

	At 25.6.10 £	Cash flow £	At 30.6.11 £
Net cash:			
Cash at bank	-	6,056	6,056
	-	6,056	6,056
Total	-	6,056	6,056

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Period 25 June 2010 to 30 June 2011

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
The company is showing net current liabilities and net liabilities as at 30 June 2011. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operation for the foreseeable future.

The directors believe that the company will achieve sufficient growth in order for the company to continue to trade as a going concern.

If the company was unable to continue its operations for the foreseeable future, adjustments would be required to provide for any reclassification and impairment of assets to their recoverable amounts. These financial statements do not include any such adjustments.

Accounting convention
The financial statements have been prepared under the historical cost convention.

Turnover
Turnover represents the amounts receivable from affiliate networks and other customers in the year, excluding value added tax. Commissions generated are recognised at the point that the original transaction takes place. A provision is made for any transactions not validated by merchants at the date of the audit report.

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. STAFF COSTS

	£
Wages and salaries	11,564

The average monthly number of employees during the period was as follows:

Administration	1
Management	2
	3

3. OPERATING LOSS

The operating loss is stated after charging:

	£
Auditors' remuneration	1,800

Directors' remuneration	-

continued...

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 25 June 2010 to 30 June 2011

4. **TAXATION**

Analysis of the tax credit
The tax credit on the loss on ordinary activities for the period was as follows:

	£
Deferred tax	(4,258)
Tax on loss on ordinary activities	(4,258)

Factors affecting the tax credit
The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	£
Loss on ordinary activities before tax	(30,330)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	(6,066)
Effects of:	
Expenses not deductible for tax purposes	1,808
Tax losses carried forward	4,258
Current tax credit	-

Factors that may affect future tax charges
The company has tax losses of £21,290 that are available indefinitely for offset against future taxable profits of the company. A deferred tax asset has been recognised in respect of these losses.

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Trade debtors	23,558
Deferred tax asset	4,258
	27,816

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Trade creditors	27,746
Social security and other taxes	2,840
Other creditors	3,000
Directors' current accounts	550
Accrued expenses	4,725
	38,861

7. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	£
Other creditors	8,581

continued...

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 25 June 2010 to 30 June 2011

8. DEFERRED TAX

	£
Tax losses	(4,258)
Balance at 30 June 2011	(4,258)

9. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal Value:	Paid up	£
305,381	Ordinary	£0.00001	100%	3
4,999,694,619	Ordinary	£0.00001	25%	12,499
5,000,000,000				12,502

During the period 5,000,000,000 ordinary shares of £0.00001 each were issued and were 25% paid up. 305,381 of these shares were later fully paid up at par.

10. RESERVES

	Profit and loss account £
Deficit for the period	(26,072)
At 30 June 2011	(26,072)

11. ULTIMATE PARENT COMPANY

The company's ultimate parent company is IMTL Member Shares Ltd.

12. RELATED PARTY DISCLOSURES

R Yendall (director) received £247 in the period from imutual Plc for commissions earned through affiliate networks, as a member of the imutual Plc website.

R Yendall also received 2,401 shares in the period from imutual Plc for shares earned through the imutual Plc website. R Yendall has agreed to transfer these shares back to the company after the period end for nil proceeds.

During the period R Yendall paid £550 in expenses on behalf of the company. At the balance sheet date £550 is owed to R Yendall.

R Yendall is also a director imutual Worldwide Ltd. During the period imutual Plc received a net loan of £11,581 from imutual Worldwide Ltd. The amount owed to imutual Worldwide Ltd at the period end is £11,581.

13. ULTIMATE CONTROLLING PARTY

The company is controlled by R Yendall, director of the company, by virtue of his 100% shareholding in the parent company, IMTL Member Shares Ltd.

continued...

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 25 June 2010 to 30 June 2011

14. RECONCILIATION OF MOVEMENTS IN RESERVES

	£
Loss for the financial period	(26,072)
Share capital issued	12,502
Net reduction of reserves	(13,570)
Opening reserves	-
Closing reserves	(13,570)