

Media Release

31st October 2005 – (Embargoed until 3pm on 31/10/2005)

Virtual Net Gross Profit Increases By 62%

Virtual Net, a technology based network for IFAs based in Maidstone, has announced further significant progress in its annual report for the year to 31 March 2005. Turnover increased by 44%, gross profit by 62% and a **financial profit of £293,000** was made over the twelve months.

The last twelve months at Virtual Net continued with the trend of an increase in turnover over the previous year from £8.1million to **£11.7million**, an increase of 44% over the eighteen month period ended 31st March 2004.

The **operating profit of £108,000** for the period compares with a loss of £463,000 for the eighteen month period ended 31st March 2004. This is after £176,000 was allocated in the financial year to the continued cost of future investments, acquisitions and consolidation of the existing business.

Junior Sobowale, CEO of Virtual Net, commented: "I am delighted with the progress that we have made and our strong cash and profit position is exactly as planned. We have invested heavily into our organic growth in membership with smart systems; extra skills to ensure a successful launch of our new service offering for advisers that are FSA directly authorised; and research into possible acquisitions or joint ventures to continue our drive for even greater economies of scale.

Virtual Net is on an aggressive growth strategy and these results will help us further improve upon customer satisfaction across all areas. The industry is changing and Virtual Net and its customers are adapting with that change. Virtual Net will continue to invest in quality support services for our network members, and our FSA Direct customers.

We need to keep on improving and be smarter in how we deliver easier, more effective compliance, regulatory and technical services to members. I am confident that we can continue to grow as a supplier of first class compliance services to all advisers in the marketplace.

A lot of other networks and support services will be envious of our strong financial results this year which fully reflect our prudent management of the business”

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Virtual Net enables IFAs to conduct all business via the internet. Online services include membership registration, case submission, real time case compliance decisions, commission management, training, product research, as well as providing access to a wide range of products and comprehensive marketing support.

Virtual Net breaks the mould in terms of IFA network services, by offering a number of unique benefits to its members including:

- **CHARGING STRUCTURE:** An industry-first charging structure which offers three different options, so that IFAs have an opportunity to choose whichever method is most appropriate to their business. The charging structure includes fixed, commission based and 'pay as you go' options.

- **INTERNET ACCESS:** Virtual Net's service is delivered exclusively via the internet, thereby ensuring it is fast, efficient and constantly available. The economies of delivering a service via the internet also enable Virtual Net to ensure its charging structures remain highly competitive.
 - **COMPLIANCE:** A compliance engine which provides real time compliance decisions on all submitted business (the first in the UK). Members will be immediately advised if additional information is required to complete a case. This service is available 24 hours a day.
 - **MEMBERSHIP:** Virtual Net provides access to a loan facility which can cover any indemnity commission payments which may be withheld during the notice period, if an IFA wishes to leave their current network. No notice is required to leave the Virtual Net network.
 - **BANKING:** Exclusive banking facilities with HSBC including free banking for 24 months (when transferring both business and personal accounts), enhanced interest rate, instant commission receipt and pre-agreed overdraft facilities.
 - **PRODUCT RESEARCH:** Ability to research on-line all life and pension products, mortgages, secured and unsecured loans, credit cards and banking accounts.
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