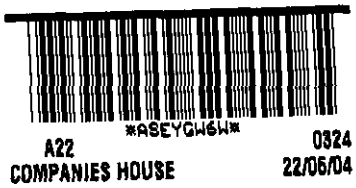
Uni World Communications Limited

Financial statements

For the period from 1 June 2003 to 31 December 2003



Company No. 2998021

Company information

Company registration number	2998021
Registered office	59 Kennedy Crescent GOSPORT Hampshire PO12 2NL
Directors	Mr C Potter Mr A G C Potter Mr G Potter Miss J E Hilsden Mr P Corbishley Mr P L Banner Mr R M Falconer Mr R A Haunch Mr K L Jauncey
Secretary	Mr R A Haunch
Bankers	National Westminster Bank Plc 5 High Street GOSPORT Hampshire PO12 1DA
Auditors	Grant Thornton Chartered Accountants Registered Auditors 1 Westminster Way OXFORD Oxfordshire OX2 0PZ

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Report of the directors

The directors present their report and the financial statements of the company for the period from 1 June 2003 to 31 December 2003.

Principal activities and business review

The principal activity of the company during the year was the provision of telecommunication services to the business community.

The directors are pleased to see the continued growth of the company. Our commitment to customer service has continued to attract new business and, on a like for like period, the turnover is almost double that of the previous financial year.

This growth has been continued into the new financial year.

In particular, the company became partners of BT Wholesale during 2003 and became qualified to provide customers with their line rentals. Over 2,000 clients now have Uni World Communications Limited as their line service provider.

None of these very significant achievements could have been reached without the continued support and dedication of its employees, and the directors would like to place on record their appreciation of the commitment made by the company's staff. We value them greatly.

Results and dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.01 each	
	At 31 December 2003	**At 1 June 2003**
Mr C Potter	**45,471**	45,471
Mrs B Potter	**54,533**	54,533
Mr A G C Potter	–	–
Mr G Potter	–	–
Mr R Hisom	–	–
Miss J E Hilsden	–	–

At 1 June 2003 and at 31 December 2003, directors had the following share holdings in Andrew Charles Associates (Communication) Limited, the company's ultimate controlling party. Mr C Potter held 200 shares, Mrs B Potter held 200 shares, Mr A G C Potter held 50 shares and Mr G Potter held 50 shares.

Mr P Corbishley was appointed as a director on 1 March 2004.
Mr P L Banner was appointed as a director on 1 March 2004.
Mr R M Falconer was appointed as a director on 1 March 2004.
Mr R A Haunch was appointed as a director on 1 March 2004.
Mr K L Jauncey was appointed as a director on 1 March 2004.
Mrs B Potter retired as a director on 1 March 2004.
Mr R Hisom retired as a director on 1 March 2004.

The interests of the directors in the share options of the company are detailed at note 15 to the financial statements.

Directors' responsibilities

Company law in the United Kingdom 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 at the end of the period and of the profit or loss for the period then ended. 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 appropriate accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Post balance sheet event

On 1 March 2004 the majority of the share capital of Andrew Charles Associates (Communication) Limited, the company's parent undertaking, was acquired by Gamma Telecom Holdings Limited in addition to the shares in the company held by Mr C Potter and Mrs B Potter.

On the same date the holders of options in the company's shares renounced their rights to such options.

Auditors

Grant Thornton were appointed auditors to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD

R A Haunch
Secretary

9 June 2004

Grant Thornton

Report of the independent auditors to the members of Uni World Communications Limited

We have audited the financial statements of Uni World Communications Limited for the period from 1 June 2003 to 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 21. These financial statements have been prepared under 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 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 report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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, 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 transactions with the company is not disclosed.

We read other information contained in the directors' report and consider whether it is consistent with the audited financial statements. 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 opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 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 of the state of affairs of the company as at 31 December 2003 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD

16 June 2004

Principal accounting policies

Basis of accounting

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

Turnover

Turnover represents the amounts (excluding VAT) derived from the provision of goods and services to customers during the year. Call revenue is recognised in the months in which the calls are made. Revenue for fixed charges such as line rentals is recognised on a monthly basis as it is utilised.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office furniture	-	25% reducing balance
Office equipment	-	25% reducing balance

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Customer set up and installation costs

Customer set up and installation costs are charged to revenue as incurred.

Profit and loss account

	Note	**7 months to 31 Dec 03 £**	Year to 31 May 03 £
Turnover	1	**8,831,761**	7,881,167
Cost of sales		**(7,566,416)**	(6,860,190)
Gross profit		**1,265,345**	1,020,977
Other operating charges	2	**904,071**	661,030
Operating profit	3	**361,274**	359,947
Interest receivable and similar income		**7,331**	2,158
Interest payable	6	**(6,331)**	(16,583)
Profit on ordinary activities before taxation		**362,274**	345,522
Tax on profit on ordinary activities	7	**(93,615)**	(80,564)
Profit on ordinary activities after taxation		**268,659**	264,958
Dividends	8	**–**	22,000
Retained profit for the financial period		**268,659**	242,958

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet

	Note	31 Dec 03 £	31 May 03 £
Fixed assets			
Tangible assets	9	**67,402**	46,096
Current assets			
Debtors	10	**1,769,321**	1,443,200
Cash at bank		**1,436,245**	870,343
		3,205,566	2,313,543
Creditors: amounts falling due within one year	11	**(2,588,518)**	(1,943,861)
Net current assets		**617,048**	369,682
Total assets less current liabilities		**684,450**	415,778
Provisions for liabilities and charges			
Deferred taxation	12	**(10,759)**	(10,746)
		673,691	405,032
Capital and reserves			
Called-up equity share capital	15	**5,000**	5,000
Share option reserve	16	**–**	27,664
Profit and loss account	16	**668,691**	372,368
Shareholders' funds	17	**673,691**	405,032

These financial statements were approved by the directors on 9 June 2004 and are signed on their behalf by:

C Potter
Director

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	7 months to 31 Dec 03 £	Year to 31 May 03 £
Net cash inflow from operating activities	18	**605,423**	665,882
Returns on investments and servicing of finance	18	**(9,252)**	(14,425)
Taxation	18	**–**	(12,880)
Capital expenditure and financial investment	18	**(30,269)**	(36,984)
Equity dividends paid		**–**	(22,000)
Cash inflow before financing		**565,902**	579,593
Financing	18	**–**	19,683
Increase in cash	18	**565,902**	599,276

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover is principally attributable to the primary activity of the company, being the sale of call and rental charges.

An analysis of turnover is given below:

	31 Dec 03 £	Year to 31 May 03 £
United Kingdom	**8,819,355**	7,881,167
Republic of Ireland	**12,406**	–
	8,831,761	7,881,167

2 Other operating income and charges

	31 Dec 03 £	Year to 31 May 03 £
Administrative expenses	**904,071**	661,030

3 Operating profit

Operating profit is stated after charging:

	31 Dec 03 £	Year to 31 May 03 £
Depreciation of owned fixed assets	**8,963**	7,673
Auditors' remuneration:		
Audit fees	**15,000**	4,000

4 Directors and employees

The average number of staff employed by the company during the financial period amounted to:

	31 Dec 03 Number	Year to 31 May 03 Number
Selling and distribution	**20**	13
Administration	**9**	6
Management	**6**	5
Information technology	**2**	2
	37	26

The aggregate payroll costs of the above were:

	31 Dec 03 £	Year to 31 May 03 £
Wages and salaries	**560,210**	386,740
Social security costs	**58,844**	37,658
	619,054	424,398

5 Directors

Remuneration in respect of directors was as follows:

	31 Dec 03 £	Year to 31 May 03 £
Emoluments receivable	**166,650**	53,851

6 Interest payable and similar charges

	31 Dec 03 £	Year to 31 May 03 £
Interest payable on director current accounts	**6,331**	16,583

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	31 Dec 03 £	Year to 31 May 03 £
Current tax:		
In respect of the period:		
UK corporation tax based on the results for the period at 30% (To 31 May 03 - 30%)	**93,602**	71,361
Total current tax	**93,602**	71,361
Deferred tax:		
Increase in deferred tax provision	**13**	9,203
Tax on profit on ordinary activities	**93,615**	80,564

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (To 31 May 03 - 30%).

	31 Dec 03 £	Year to 31 May 03 £
Profit on ordinary activities before taxation	**362,274**	345,522
Profit on ordinary activities by rate of tax	**108,682**	103,657
Expenses not deductible for tax purposes	**682**	6,191
Capital allowances for period in excess of depreciation	**(1,528)**	(7,407)
Effect of marginal rate relief	**(14,234)**	(31,860)
Other	**-**	780
Total current tax (note 7(a))	**93,602**	71,361

8 Dividends

	31 Dec 03 £	Year to 31 May 03 £
Equity dividends:		
Dividend paid on ordinary shares	**-**	22,000

9 Tangible fixed assets

	Office furniture £	Office equipment £	Total £
Cost			
At 1 June 2003	19,480	51,969	71,449
Additions	15,111	15,158	30,269
At 31 December 2003	34,591	67,127	101,718
Depreciation			
At 1 June 2003	6,533	18,820	25,353
Charge for the period	2,730	6,233	8,963
At 31 December 2003	9,263	25,053	34,316
Net book value			
At 31 December 2003	**25,328**	**42,074**	**67,402**
At 31 May 2003	12,947	33,149	46,096

10 Debtors

	31 Dec 03 £	31 May 03 £
Trade debtors	**331,514**	252,099
Amounts owed by group undertakings	**339,355**	339,079
Prepayments and accrued income	**1,098,452**	852,022
	1,769,321	1,443,200

11 Creditors: amounts falling due within one year

	31 Dec 03 £	31 May 03 £
Trade creditors	**1,384,724**	822,723
Corporation tax	**164,963**	71,361
Other taxation and social security	**88,146**	81,972
Directors current accounts	**80,916**	208,885
Accruals and deferred income	**869,769**	758,920
	2,588,518	1,943,861

12 Deferred taxation

	31 Dec 03 £	Year to 31 May 03 £
The movement in the deferred taxation provision during the period was:		
Provision brought forward	**10,746**	1,543
Profit and loss account movement arising during the period	**13**	9,203
Provision carried forward	**10,759**	10,746

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	31 Dec 03 £	31 May 03 £
Excess of taxation allowances over depreciation on fixed assets	**11,371**	10,746
Other timing differences	**(612)**	–
	10,759	10,746

13 Leasing commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	31 Dec 03 £	31 May 03 £
Operating leases which expire:		
Within 1 year	**10,762**	48,429
Within 2 to 5 years	**125,967**	–
	136,729	48,429

14 Related party transactions

The following transactions occurred during the period between the company and relates parties:

(1) The company paid £4,800 to XIS Limited, of which Mr C Potter is a director, in respect of website design services.

(2) The company repaid a total of £134,300 of capital and £16,583 of accrued interest to Mr C Potter, Mrs B Potter and Mr A G C Potter, in respect of their director loan accounts. The company pays interest on the amounts due at the rate of 7% per annum. The interest accrued for the period ended 31 December 2003 in respect of these loans was £6,331 (year ended 31 May 2003: £16,583).

(3) The company paid £57,690 to Lakeside Kennedy Holdings Limited, of which Mr R Hisom is a director, in return for the provision of his services to the company.

In the opinion of the directors all of the above transactions took place at arm's length.

15 Share capital

Authorised share capital:

	31 Dec 03 £	31 May 03 £
1,000,000 ordinary shares of £0.01 each	**10,000**	10,000

Allotted, called up and fully paid:

	31 Dec 03 Number	31 Dec 03 £	31 May 03 Number	31 May 03 £
Ordinary shares of £0.01 each	**500,000**	**5,000**	500,000	5,000

On 4 January 2002, Mr R Hisom was granted share options over 55,555 ordinary shares of one penny each, exercisable between 4 January 2003 and 4 January 2012. The price for these shares payable on exercise was one penny each. The underlying value of each share option at the date of grant was agreed with the Shares Valuation Division of the Inland Revenue at 54 pence, giving an intrinsic value of 53 pence per share.

The rights to exercise the options were waived by the holder on 1 March 2004.

16 Reserves

	Share option reserve £	Profit and loss account £
At 1 June 2003	**27,664**	**372,368**
Retained profit for the period	–	**268,659**
Other movements		
Share option reserve movement	**(27,664)**	**27,664**
At 31 December 2003	–	**668,691**

17 Reconciliation of movements in shareholders' funds

	31 Dec 03 £	31 May 03 £
Profit for the financial period	**268,659**	264,958
Dividends	–	(22,000)
	268,659	242,958
Transfer from share option reserve	**27,664**	–
Transfer to profit and loss account	**(27,664)**	–
Increase in share option reserve	–	19,683
Net addition to funds	**268,659**	262,641
Opening shareholders' equity funds	**405,032**	142,391
Closing shareholders' equity funds	**673,691**	405,032

18 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	31 Dec 03 £	Year to 31 May 03 £
Operating profit	**361,274**	359,947
Depreciation	**8,963**	7,673
Decrease in stocks	**–**	773
Increase in debtors	**(326,121)**	(475,881)
Increase in creditors	**561,307**	773,370
Net cash inflow from operating activities	**605,423**	665,882

Returns on investments and servicing of finance

	31 Dec 03 £	Year to 31 May 03 £
Interest received	**7,331**	2,158
Interest paid	**(16,583)**	(16,583)
Net cash outflow from returns on investments and servicing of finance	**(9,252)**	(14,425)

Taxation

	31 Dec 03 £	Year to 31 May 03 £
Taxation	**–**	(12,880)

Capital expenditure

	31 Dec 03 £	Year to 31 May 03 £
Payments to acquire tangible fixed assets	**(30,269)**	(36,984)
Net cash outflow from capital expenditure	**(30,269)**	(36,984)

Financing

	31 Dec 03 £	Year to 31 May 03 £
Increase in share option reserve	–	19,683
Net cash inflow from financing	–	19,683

Reconciliation of net cash flow to movement in net funds

	31 Dec 03 £	31 May 03 £
Increase in cash in the period	**565,902**	599,276
Movement in net funds in the period	**565,902**	599,276
Net funds at 1 June 2003	**870,343**	271,067
Net funds at 31 December 2003	**1,436,245**	870,343

Analysis of changes in net funds

	At 1 Jun 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	**870,343**	**565,902**	**1,436,245**
Net funds	**870,343**	**565,902**	**1,436,245**

19 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 December 2003 or at 31 May 2003.

20 Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2003 or at 31 May 2003.

21 Ultimate parent company

The ultimate parent company of Uni World Communications Limited throughout the period was Andrew Charles Associates (Communication) Limited. On 1 March 2004 the majority of the share capital of Andrew Charles Associates (Communication) Limited was acquired by Gamma Telecom Holdings Limited, a company registered in England and Wales, whose registered office address is 8-10 New Fetter Lane, London.