Company Registration No. 3074721

Cibernet plc

Report and Financial Statements

31 December 2003



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Cibernet plc

Report and financial statements 2003

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Cibernet plc

Report and financial statements 2003

Officers and professional advisers

Directors

S Harris
J McDonell
I McWilliams
G Simmons

Secretary

Hackwood Secretaries Limited

Registered Office

Hackwood Secretaries Limited
1 Silk Street
LONDON
EC2Y 8HQ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Cibernet plc

Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2003.

Principal activities

The principal activity of the company is promoting and operating a net settlement system for mobile operators and carriers.

Review of business and future developments

The business continued to expand and further contracts were secured during the period.

The directors envisage the further development of the business in the future.

Results and dividends

The loss before tax for the financial period amounted to £365,545 (Period to 10 March 2003: profit £314,612). The directors do not recommend the payment of a dividend for the period.

Research and development

The company does not carry out research and development other than on internal software. The cost of internally developed software is expensed to the profit and loss account as incurred.

Directors and their interests

The names of directors who held office during the period and subsequently are given below:

G Shaginaw	(resigned 31 October 2003)
J Edgerton	(resigned 29 December 2003)
I McWilliams	(appointed 29 December 2003)
G Simmons	(appointed 29 December 2003)
S Reddy	(resigned 26 June 2003)
S Raju	(resigned 26 June 2003)
S Harris	(appointed 17 March 2003)
J McDonnell	(appointed 17 March 2003)

G Shaginaw holds a nominee share of £1 (previous period - £1) in the company.

The remaining directors had no interest as defined by the Companies Act 1985 in the ordinary share capital of the company at the beginning or end of the year.

Policy on payment of suppliers

It is company policy in respect of suppliers to the company to settle the terms of payment when agreeing the basis of each transaction or series of linked transactions; to make suppliers aware of the terms of payment, and in the absence of dispute and upon receipt of a valid request, for payments to be made as expeditiously as possible within such terms. At 31 December 2003 the creditor payment period stood at 40 (previous period 38 days).

Cibernet plc

Directors' report

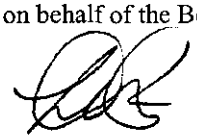
Acquisition of own shares

Further to the shareholders resolution of the 8 July 2003 the company purchased 5,227 ordinary shares with a nominal value of £1, representing 6.7% of the company's called up ordinary share capital for a consideration of £673,885 from Mobile-X Overseas Ltd.

Auditors

A resolution to reappoint our auditors, Deloitte & Touche LLP, will be proposed at the annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



2 November 2004

Director Ian McWilliams

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company 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; and
- 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 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 Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Cibernet plc

We have audited the financial statements of Cibernet plc for the period from 11 March 2003 to 31 December 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the cash flow statement and the related notes 1 to 20. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 the company's affairs as at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
9 November 2004

Cibernet plc

Profit and loss account
Period ended 31 December 2003

	Note	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Turnover	2	3,228,236	3,293,856
Cost of Sales		(846,140)	(569,034)
Gross Profit		2,382,096	2,724,822
Distribution Costs		(1,432,113)	(1,219,544)
Administrative Expenses		(1,360,171)	(1,224,628)
Operating (loss)/profit	3	(410,188)	280,650
Interest receivable and similar income		44,652	34,624
Interest payable and similar charges	6	(9)	(662)
(Loss)/profit on ordinary activities before taxation		(365,545)	314,612
Tax on (loss) / profit on ordinary activities	7	(314,026)	(42,577)
Retained (loss) / profit for the year transferred to reserves	13	(679,571)	272,035

The above results relate to continuing operations.

Cibernet plc

Statement of total recognised gains and losses
Period ended 31 December 2003

	Note	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Retained (loss) / profit for the year transferred to reserves	13	(679,571)	272,035
Reserves movement as a result of share repurchase	13	(673,885)	-
Total recognised (losses) / gains in the period		(1,353,456)	272,035

Cibernet plc

Balance sheet
31 December 2003

	Note	31 December 2003 £	10 March 2003 £
Fixed assets			
Tangible assets	8	233,275	280,936
Current assets			
Debtors	9	1,005,814	1,904,520
Investment	10	929,284	902,395
Cash at bank and in hand		892,690	767,041
		2,827,788	3,573,956
Creditors: amounts falling due within one year	11	(1,242,169)	(682,542)
Net current assets		1,585,619	2,891,414
Total assets less current liabilities		1,818,894	3,172,350
Capital and reserves			
Called up share capital	12	72,898	78,125
Share premium account	13	2,654,265	2,654,265
Profit and loss account	13	(913,496)	439,960
Capital redemption reserve	13	5,227	-
Equity shareholders' funds	14	1,818,894	3,172,350

These financial statements were approved by the Board of Directors on 2 November 2004.

Signed on behalf of the Board of Directors



Director Ian McWilliams

Cibernet plc

Cash flow statement
Period ended 31 December 2003

	Note	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Net cash inflow from operating activities	16	935,746	915,058
Returns on investments and servicing of finance			
Interest received		17,763	28,979
Interest paid		(9)	(662)
Net cash inflow from returns on investments and servicing of finance		17,753	28,317
Taxation			
Corporation tax paid		-	(8,278)
Capital expenditure			
Purchase of tangible fixed assets		(153,965)	(213,461)
Management of liquid resources			
Purchase of liquid investment		-	(897,750)
Financing			
Buy back of shares from minority shareholder		(673,885)	-
Increase / (decrease) in cash in the period	17,18	125,649	(176,114)

Cibernet plc

Notes to the accounts
Period ended 31 December 2003

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the significant accounting policies, applied consistently through the current and prior period, is set out below.

Software costs

Externally purchased and developed software is capitalised. Internally developed software is expensed to the profit and loss account as incurred.

Fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation and provision for impairment.

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets, less their residual values, over the expected useful lives of the assets concerned. The rates used for this purpose are as follows:

Computer equipment and associated software	50% reducing balance basis
Software	Straight line over five years
Fixtures and fittings	30% reducing balance basis
Leasehold property and improvements	Over length of lease

Current Investments

Current asset investments are stated at the lower of cost and net realisable value.

***Operating* leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Foreign currencies

Foreign currency transactions during the year are translated at the rates ruling on the dates of the transactions. Foreign currency balances at the year end are translated at the rate ruling at that date. Any exchange differences are charged to the profit and loss account in the period in which they arise.

Pensions

Pensions cost consist of contributions to an external pension fund.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computation in periods difference from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the accounts
Period ended 31 December 2003

Turnover

Turnover, which excludes value added tax and trade discounts, represents settlement, invoicing and consultancy fees for services provided to telephone operators and carriers. Deferred revenue arises from timing differences caused by invoicing quarterly for work not yet carried out at the year end.

2. Segmental reporting

All the results relate to the company's sole principal activity.

The geographical analysis of turnover is as follows:

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
UK	179,651	206,163
Africa	236,470	144,956
Asia	386,127	354,578
Europe	1,483,163	528,708
North America	462,277	1,477,575
Latin America	386,888	361,934
Rest of the world	93,660	219,942
	3,228,236	3,293,856

Notes to the accounts
Period ended 31 December 2003

3. Operating loss/(profit)

Operating (loss)/ profit is stated after charging the following amounts:

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Auditors' remuneration		
- audit	20,000	18,500
- non audit	-	3,408
Depreciation of owned tangible fixed assets	78,911	88,427
Amounts written off tangible fixed assets	122,715	-
Operating lease charges		
- Land and buildings	115,973	87,337
- Other operating leases	8,642	9,707

4. Directors' emoluments

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Aggregate emoluments	24,500	86,823

Included in the above amount is £nil (2002: £nil) relating to contributions to the directors personal pension scheme.

Notes to the accounts
Period ended 31 December 2003

5. *Employee information*

The average monthly number of persons (including executive directors) employed by the company during the period was:

	296 day Period ended 31 December 2003 Number	283 day Period ended 10 March 2003 Number
By activity		
Selling	7	7
Distribution	20	19
Administration	6	5
	33	31

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Staff costs (for the above employees)		
Wages and salaries	931,333	911,360
Social security costs	93,100	88,286
Other pension costs	26,717	26,639
	1,051,150	1,026,285

6. Interest payable and similar charges

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Interest payable to bank	9	662

Notes to the accounts
Period ended 31 December 2003

7. Taxation

(a) Analysis of charge in the period

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
The charge for taxation is made up as follows:		
Current tax		
UK corporation tax at 30% (2002: 20%) on profits of the period	-	10,387
Adjustments in respect of previous periods	(10,387)	(1,192)
Total current tax	(10,387)	9,195
Deferred tax		
Origination and reversal of timing differences	-	212,279
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	358,412	-
Adjustments in respect of prior year tax	(33,999)	217,184
Adjustments due to change in tax rate	-	(178,847)
Total deferred tax	324,413	33,382
Total tax charge on (loss) / profit on ordinary activities	314,026	42,557

Notes to the accounts
Period ended 31 December 2003

7. Taxation (continued)

(b) Factors affecting the tax in the period

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
(Loss) / profit before tax	(365,545)	314,612
(Loss) / Profit multiplied by standard rate of corporation tax in the UK of 30%	(109,664)	94,384
Effects of:		
Capital allowances in excess of depreciation	25,444	-
Expenses not allowable for tax purposes	6,186	133,189
Adjustments in respect of previous periods	(10,387)	(1,192)
Utilisation of losses brought forward	78,032	(217,184)
Current tax (credit) / charge for year (note 8(a))	(10,387)	9,195

The deferred tax asset provided is made up as follows:

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Capital allowances in excess of depreciation	-	32,314
Tax losses available on ordinary activities	-	292,099
	-	324,413

A deferred tax asset has not been recognised in terms of timing differences relating to tax losses and capital allowances as there is insufficient evidence that the tax asset will be recovered. The amount of the asset not recognised is £393,560 and £68,328 respectively (Period ended 10 March 2003 £nil).

Notes to the accounts
Period ended 31 December 2003

8. Fixed assets

	Short leasehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment and associated software £	Total £
Cost					
At 10 March 2003	20,000	16,340	31,911	459,451	527,702
Additions in the period	-	2,885	12,106	138,974	153,965
At 31 December 2003	20,000	19,225	44,017	598,425	681,667
Depreciation					
At 10 March 2003	20,000	6,293	18,134	202,339	246,766
Charge for the period	-	2,280	6,242	70,389	78,911
Impairment	-	-	-	122,715	122,715
At 31 December 2003	20,000	8,573	24,376	395,443	448,392
Net book value					
At 31 December 2003	-	10,652	19,641	202,982	233,275
At 10 March 2003	-	10,047	13,777	257,112	280,936

9. Debtors

	As at 31 December 2003 £	As at 10 March 2003 £
Trade debtors	211,331	728,051
Corporation tax receivable	1,192	-
Amounts owed by group undertakings	616,607	651,580
Other debtors	98,706	13,033
Prepayments and accrued income	77,978	187,443
Deferred tax (see note 7)	-	324,413
	1,005,814	1,904,520

The above intercompany balance and loan are repayable on demand. Interest is charged at LIBOR + 3.0% per annum on the intercompany loan.

10. Investment

Current asset investment consists of a redemption bond held at market value.

Notes to the accounts
Period ended 31 December 2003

11. Creditors: amounts falling due within one year

	As at 31 December 2003 £	As at 10 March 2003 £
Trade creditors	380,471	207,707
Amounts owed to group undertakings	674,763	-
UK Corporation tax payable	-	9,195
Taxation and social security	83,919	31,025
Accruals and deferred income	103,016	434,615
	1,242,169	682,542

12. Called up share capital

	As at 31 December 2003 £	As at 10 March 2003 £
Authorised:		
102,041 ordinary shares of £1 each	102,041	102,041
Called up, allotted and fully paid		
72,898 ordinary shares of £1 each (10 March 2003: 78,125)	72,898	78,125

Further to the shareholders' resolution of the 8 July 2003 the company purchased 5,227 ordinary shares with a nominal value of £1, representing 6.7% of the company's called up ordinary share capital for a consideration of £673,885 from Mobile-X Overseas Ltd.

13. Reserves

	Capital *redemption* reserve	Share *premium* account	Profit *and loss* account
At 10 March 2003	-	2,654,265	439,960
Premium on share buy back	-	-	(668,658)
Retained loss for the period	-	-	(679,571)
Transfer to capital redemption reserve on share buy back	5,227	-	(5,227)
At 31 December 2003	5,227	2,654,265	(913,496)

Notes to the accounts
Period ended 31 December 2003

14. Reconciliation of movement in shareholders' funds

	As at 31 December 2003 £	As at 10 March 2003 £
Opening shareholders' funds	3,172,350	2,900,315
Net cost of buy back of ordinary shares	(673,885)	-
Retained (loss) / profit for the period	(679,571)	272,035
Closing shareholders' funds	1,818,894	3,172,350

15. Financial commitments

At 31 December 2003 company had annual commitments under non-cancellable operating leases expiring as follows:

	As at 31 December 2003 £		As at 10 March 2003 £	
	Land and Buildings	Other	Land and Buildings	Other
Within one year	-			-
In one to two years	-	7,484	-	-
In two to five years	121,500	5,330	121,500	10,982
	121,500	12,814	121,500	10,982

16. Reconciliation of operating (loss) / profit to net operating cash flows

	296 day Period ended 31 December 2003 £	283 day Period ended 10 March 2003 £
Operating (loss)/profit	(410,188)	280,650
Depreciation charges	78,911	88,427
Impairment	122,715	-
Decrease in debtors	575,485	344,378
Increase in creditors	568,823	201,603
Cash flow from operating activities	935,746	915,058

Notes to the accounts
Period ended 31 December 2003

17. Reconciliation of net cash flows to movement in net funds

	Period ended 31 December 2003 £	Period ended 10 March 2003 £
Increase/(decrease) in cash in the period	125,649	(175,114)
Cash outflow from purchase of liquid resources	-	897,750
Change in net funds resulting from cash flow	125,649	722,636
Interest earned on liquid resources	26,889	4,645
Net funds at beginning of period	1,669,436	942,155
Net funds at end of period	1,821,974	1,669,436

18. Analysis of net funds

	10 March 2003 £	Cash flows £	Other movements £	31 December 2003 £
Cash at bank and in hand	767,041	125,649	-	892,690
Liquid resources	902,395	-	26,889	929,284
Total	1,669,436	126,649	26,889	1,821,974

19. Related party disclosures

The company has taken taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with CB Holdings group companies or interests of the Group who are related parties.

CB Holdings through its 100% shareholdings in Cibernet Corporation and Trans Cibernet Cyprus Ltd holds an effective 100% stake in Cibernet Plc.

20. Ultimate parent undertaking

Due to its 64% shareholding in the issued share capital of the company, the immediate parent undertaking is Cibernet Corporation, a company incorporated in the United States of America.

The ultimate controlling party, and parent of the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, due to its 100% shareholding in the issued share capital of Cibernet Corporation, is CB Holdings, a company incorporated in the United States of America. Copies of CB Holdings Inc's financial statements can be obtained from 4600 East-West Highway, Suite 620, Bethesda, MD 20814, USA.