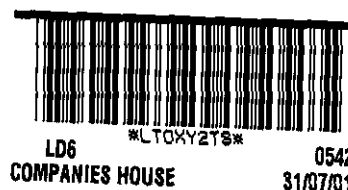


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NEWSNET CORPORATION LIMITED
FINANCIAL STATEMENTS

30TH JUNE 2000



Company Registration Number 3814021

HARE WILSON & CO
Chartered Accountants & Registered Auditors
Redmead House, Uxbridge Road
Hillingdon Heath, Uxbridge
Middlesex, UB10 0LT

NEWSNET CORPORATION LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

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NEWSNET CORPORATION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The director	Mr P R Dodd-Noble
Company secretary	Julia Dodd-Noble
Registered office	Readmead House Uxbridge Road Hillingdon Heath Uxbridge Middlesex UB10 0LT
Auditors	Hare Wilson & Co Chartered Accountants & Registered Auditors Redmead House, Uxbridge Road Hillingdon Heath, Uxbridge Middlesex, UB10 0LT

NEWSNET CORPORATION LIMITED

THE DIRECTOR'S REPORT

PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

The director has pleasure in presenting his report and the financial statements of the company for the period from 26th July 1999 to 30th June 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was in the field of telecommunications.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the period together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 30 June 2000	At 26 July 1999
Mr P R Dodd-Noble	<u>51</u>	<u>-</u>

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

AUDITORS

A resolution to re-appoint Hare Wilson & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

NEWSNET CORPORATION LIMITED

THE DIRECTOR'S REPORT *(continued)*

PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Readmead House
Uxbridge Road
Hillingdon Heath
Uxbridge
Middlesex
UB10 OLT

Signed by order of the director



JULIA DODD-NOBLE
Company Secretary

Approved by the director on 26/07/2001

NEWSNET CORPORATION LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000**

We have audited the financial statements on pages 5 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

As described on page 2, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with 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 director 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 30th June 2000 and of the profit of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

John Wilson

Redmead House, Uxbridge Road
Hillingdon Heath, Uxbridge
Middlesex, UB10 0LT

HARE WILSON & CO
Chartered Accountants
& Registered Auditors

30/07/2001

NEWSNET CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

	Note	Period to 30 Jun 00 £
TURNOVER		579,465
Cost of sales		<u>509,225</u>
GROSS PROFIT		70,240
Distribution Costs		1,687
Administrative expenses		<u>41,387</u>
OPERATING PROFIT	2	27,166
Tax on profit on ordinary activities	3	<u>(4,743)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		22,423
Equity dividends paid		6,825
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u>15,598</u>

NEWSNET CORPORATION LIMITED

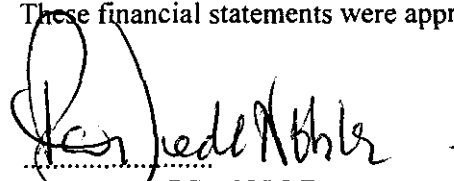
BALANCE SHEET

30TH JUNE 2000

	Note	£
FIXED ASSETS		
Intangible assets	4	400,000
CURRENT ASSETS		
Debtors	5	250,368
Cash at bank		<u>26,632</u>
		277,000
CREDITORS: Amounts falling due within one year	6	<u>(661,301)</u>
NET CURRENT LIABILITIES		<u>(384,301)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,699</u>
CAPITAL AND RESERVES		
Called-up equity share capital	8	101
Profit and Loss Account		<u>15,598</u>
SHAREHOLDERS' FUNDS		<u>15,699</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved and signed by the director on^{26/07/2001}.....


 MR P R DODD-NOBLE

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

2. OPERATING PROFIT

Operating profit is stated after charging:

	Period to 30 Jun 00 £
Director's emoluments	-
Auditors' fees	<u>2,000</u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period to 30 Jun 00 £
Corporation Tax based on the results for the period at 17%	<u>4,743</u>

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	<u>400,000</u>
At 30th June 2000	<u>400,000</u>
AMORTISATION	<u>-</u>
NET BOOK VALUE	
At 30th June 2000	<u>400,000</u>

NEWSNET CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 26TH JULY 1999 TO 30TH JUNE 2000

5. DEBTORS

	30 Jun 00
	£
Trade debtors	250,267
Other debtors	101
	<u>250,368</u>

6. CREDITORS: Amounts falling due within one year

	£
Trade creditors	29,417
Other creditors including taxation:	
Corporation Tax	4,743
VAT	10,444
Other creditors	<u>613,410</u>
	628,597
Accruals and deferred income	<u>3,287</u>
	<u>661,301</u>

7. RELATED PARTY TRANSACTIONS

The company was under the control of Mr P Dodd-Noble throughout the period. Mr P Dodd-Noble is the managing director and majority shareholder.

Mr P Dodd-Noble is a director of Telelogic Limited which provide specialist IT consultancy services. Fees amounting to £19,900 were paid in the ordinary course of the business. Mr P Dodd-Noble is also a director of Newsnet Limited which provides services in the field of telecommunications. During the year management fees amounting to £135,000 was paid to Newsnet Limited. In addition the company also had trading transactions in the normal course of business and at year end £613,410 was due to Newsnet Limited. The company purchased Goodwill amounting to £400,000 from Newsnet Limited.

8. SHARE CAPITAL**Authorised share capital:**

	30 Jun 00
	£
10,000 Ordinary shares of £1.00 each	<u>10,000</u>

Allotted, called up and fully paid:

	30 Jun 00
	£
Issue of ordinary shares	<u>101</u>