to the

NEWSNET CORPORATION LIMITED

FINANCIAL STATEMENTS

30TH JUNE 2001

Company Registration Number 3814021



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

NEWSNET CORPORATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2001

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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 OLT
Accountants	Hare Wilson & Co Chartered Accountants Redmead House, Uxbridge Road Hillingdon Heath, Uxbridge Middlesex, UB10 0LT

NEWSNET CORPORATION LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 30TH JUNE 2001

The director has pleasure in presenting his report and the unaudited financial statements of the company for the year ended 30th June 2001.

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 year together with his beneficial interests in the shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 30 June 2001	At 1 July 2000
Mr P R Dodd-Noble	51	51

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.

JULIA DODD-NOBLE
Company Secretary

Approved by the director on 30/01/2002

NEWSNET CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH JUNE 2001

	Note	Year to 30 Jun 01 £	Period from 26 Jul 99 to 30 Jun 00 £
TURNOVER		**427,621**	579,465
Cost of sales		**457,412**	509,225
GROSS (LOSS)/PROFIT		**(29,791)**	70,240
Distribution Costs		**4,404**	1,687
Administrative expenses		**329,610**	41,387
Other operating income		**(516,109)**	-
OPERATING PROFIT	**2**	**152,304**	27,166
Interest receivable		**1,454**	-
Interest payable		**(65)**	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**153,693**	27,166
Tax on profit on ordinary activities	**3**	**(37,523)**	(4,743)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**116,170**	22,423
Equity dividends paid		**40,000**	6,825
RETAINED PROFIT FOR THE FINANCIAL YEAR		**76,170**	15,598
Balance brought forward		**15,598**	-
Balance carried forward		**91,768**	15,598

NEWSNET CORPORATION LIMITED

BALANCE SHEET

30TH JUNE 2001

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Intangible assets	4		-		400,000
Tangible assets	5		54,000		-
			54,000		400,000
CURRENT ASSETS					
Debtors	6	455,267		250,368	
Cash at bank		525		26,632	
		455,792		277,000	
CREDITORS: Amounts falling due within one year	7	(417,923)		(661,301)	
NET CURRENT ASSETS/(LIABILITIES)			37,869		(384,301)
TOTAL ASSETS LESS CURRENT LIABILITIES			91,869		15,699

The balance sheet continues on the following page.

The notes on pages 6 to 9 form part of these financial statements.

NEWSNET CORPORATION LIMITED

BALANCE SHEET *(continued)*

30TH JUNE 2001

	Note	2001 £	2000 £
CAPITAL AND RESERVES			
Called-up equity share capital	10	101	101
Profit and Loss Account		91,768	15,598
SHAREHOLDERS' FUNDS		91,869	15,699

The director is satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The director acknowledges his responsibility for:

(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and

(ii) preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

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 ...30/01/2002

.....

MR P R DODD-NOBLE

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2001

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 year, 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.

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:

Equipment - 25% reducing balance

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year to 30 Jun 01 £	Period from 26 Jul 99 to 30 Jun 00 £
Director's emoluments	**15,000**	-
Staff pension contributions	**4,532**	-
Depreciation	**18,000**	-
Profit on disposal of fixed assets	**(516,109)**	-

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year to 30 Jun 01 £	Period from 26 Jul 99 to 30 Jun 00 £
Corporation Tax based on the results for the year at 26% (2000 - 17%)	**37,523**	4,743

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2001

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st July 2000	**400,000**
Disposals	**(400,000)**
At 30th June 2001	**-**
AMORTISATION	**-**
NET BOOK VALUE	
At 30th June 2001	**-**
At 30th June 2000	400,000

5. TANGIBLE FIXED ASSETS

	Equipment £
COST	
Additions	**72,000**
At 30th June 2001	**72,000**
DEPRECIATION	
Charge for the year	**18,000**
At 30th June 2001	**18,000**
NET BOOK VALUE	
At 30th June 2001	**54,000**

6. DEBTORS

	2001 £	2000 £
Trade debtors	**80,734**	250,267
VAT recoverable	**16,420**	-
Other debtors	**8,540**	101
Director's current account:Mr P Dodd-Noble	**349,573**	-
	455,267	250,368

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2001

7. CREDITORS: Amounts falling due within one year

	2001		2000	
	£	£	£	£
Bank overdraft		7,986		-
Trade creditors		51,976		29,417
Other creditors including:				
Corporation Tax	42,265		4,743	
PAYE and social security	4,056		-	
VAT	-		10,444	
Other creditors	306,640		613,410	
		352,961		628,597
Accruals and deferred income		5,000		3,287
		417,923		661,301

8. TRANSACTIONS WITH THE DIRECTOR

During the year £349,573 was advanced to Mr P Dodd-Noble.

9. 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 £100,000 (2000: £19,900) were paid in the ordinary course of the business.

Mr P Dodd-Noble is also a director of Elidax Limited which provides estate development services. Fees amounting to £27,750 were paid in the ordinary course of the business.

Mr P Dodd-Noble is also a director of Noble House (London) Limited which provides financial management services. Fees amounting to £8,250 was 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. The company purchased fixtures and equipment at tax written down value of £72,000 from Newsnet Limited. During the year management fees amounting to £243,125 (2000: £135,000) was paid to Newsnet Limited. In addition the company also had trading transactions in the normal course of business. .

NEWSNET CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2001

10. SHARE CAPITAL

Authorised share capital:

	2001	2000
	£	£
10,000 Ordinary shares of £1.00 each	**10,000**	10,000

Allotted and called up:

	2001		2000	
	No.	£	No.	£
Ordinary shares	**101**	**101**	101	101

The amounts of paid-up share capital for the following category of shares differed from the called-up share capital stated above due to unpaid calls and were as follows:

	2001	2000
	£	£
Ordinary shares	101	101