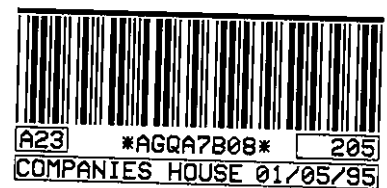


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**TELEHOUSE INTERNATIONAL CORPORATION
OF EUROPE LIMITED**



ANNUAL REPORT 1995

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS 1995

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TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Executive Directors	K. Miyoshi (Chairman and Managing Director) T. Endo (Deputy Managing Director) (Resigned 25.4.94) A. J. Bannington F.C.A. F. Matsumoto S. Takanabe (Appointed 23.5.94)
Non-Executive Directors	M. C. Jones M. Endo A. Shimizu M. Tomizawa H. Kurokawa (Appointed 24.4.95) G. Sasaki (Resigned 22.6.94; Reappointed 21.12.94; Resigned 24.4.95) H. Nakajima (Resigned 28.4.94)
Secretary	M. A. Mathews
Registered office	Coriander Avenue London E14 2AA
Registered number	2138407
Bankers	The Dai-Ichi Kangyo Bank Limited The Sakura Bank Limited The Fuji Bank Limited The Mitsubishi Bank Limited The Sanwa Bank Limited The Sumitomo Bank Limited The Tokai Bank Limited The Bank of Tokyo Limited The Industrial Bank of Japan Limited National Westminster Bank PLC
Solicitors	Waltons & Morse Field Fisher Waterhouse Anthony Gold, Lerman & Muirhead
Auditors	Saffery Champness Chartered Accountants Registered Auditors

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited group Financial Statements of Telehouse International Corporation of Europe Limited for the year ended 31 March 1995.

1. PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The group's principal activity is to provide customised IT Housing and Management Services, in the Telehouse building.

The company is committed to develop new services to meet client requirements and is pleased to report the continued expansion of its existing and new services.

2. FINANCIAL RESULTS

A summary of the results of the year's trading is given on page 5 of the Financial Statements.

3. MARKET VALUE OF LONG LEASEHOLD LAND AND BUILDING

The building was revalued as at 31 March 1993 and the directors are of the opinion that the current market value of the property has not significantly changed since that date. Details of that revaluation are shown in Note 7 to the Financial Statements.

4. FIXED ASSETS

Changes in fixed assets are set out in Note 7 to the Financial Statements.

5. DIRECTORS

The current composition of the Board and changes since 1 April 1994 are set out on page 1.

None of the directors had any interest in the share capital of the company during the year. With the exception of A. J. Bannington and M. C. Jones, all the directors are Japanese nationals.

6. SUBSTANTIAL SHAREHOLDERS

At 31 March 1995, the following companies held substantial shareholdings of £1 ordinary shares in the company:

Telehouse Holdings Limited ("THL")	- 81.67%
BT Holdings Limited	- 5%

7. SHARE CAPITAL

The issued share capital of the company has been increased to £36,000,000 with the issue of 21,000,000 £1 Ordinary Shares on 10 June 1994.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

DIRECTORS' REPORT

8. DIRECTORS' RESPONSIBILITIES

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 and group and of the profit or loss of the group 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, 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. EMPLOYEES

The group's policy is to provide employees with regular information on matters of concern to them and to consult them regularly, as far as is practicable, so that their views can be taken into account when decisions are taken which could affect them.

It continues to be the group's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The group's policy is to provide equal opportunities to all its staff on the basis of objective criteria and personal merit.

10. AUDITORS

A resolution to reappoint Messrs. Saffery Champness as auditors to the company and for the directors to fix their remuneration will be put to the members at the Annual General Meeting.

By order of the Board



M. A. Mathews
Secretary

27 April 1995

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 3, the company's directors are responsible for the preparation of 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 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and the group as at 31 March 1995 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness
Chartered Accountants
Registered Auditors
Fairfax House
Fulwood Place
Gray's Inn
London WC1V 6UB

27 April 1995

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1995

<i>Notes</i>	1995 £	1994 £
1(g) TURNOVER	4,901,453	3,775,467
ADMINISTRATIVE EXPENSES	(4,796,654)	(4,348,593)
OPERATING PROFIT/(LOSS)	<u>104,799</u>	<u>(573,126)</u>
INTEREST RECEIVABLE	1,116,588	51,931
	<u>1,221,387</u>	<u>(521,195)</u>
2 INTEREST PAYABLE	<u>(1,679,526)</u>	<u>(1,745,971)</u>
3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(458,139)	(2,267,166)
5 TAXATION	<u>-</u>	<u>-</u>
6 LOSS FOR THE YEAR	<u>£(458,139)</u>	<u>£(2,267,166)</u>

All of the group's activities are classed as continuing.

There were no recognised gains or losses other than those included in the consolidated profit and loss account.

The notes on pages 9 to 18 form part of these Financial Statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

CONSOLIDATED BALANCE SHEET

31 March 1995

Notes	1995	1994
	£	£
FIXED ASSETS		
7 Tangible assets	29,531,464	29,352,389
	<u> </u>	<u> </u>
CURRENT ASSETS		
9 Debtors- Amounts receivable within one year	1,374,742	3,002,197
- Amounts receivable in more than one year	19,371,468	-
Cash at bank and in hand	743,817	1,044,175
	<u> </u>	<u> </u>
	21,490,027	4,046,372
10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(4,793,303)	(9,167,395)
	<u> </u>	<u> </u>
NET CURRENT ASSETS/(LIABILITIES)	16,696,724	(5,121,023)
	<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES	46,228,188	24,231,366
10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(29,727,254)	(28,272,293)
	<u> </u>	<u> </u>
TOTAL NET ASSETS/(LIABILITIES)	£16,500,934	£(4,040,927)
	<u> </u>	<u> </u>
CAPITAL AND RESERVES		
14 Called up share capital	36,000,000	15,000,000
15 Reserves	(19,499,066)	(19,040,927)
	<u> </u>	<u> </u>
16 SHAREHOLDERS' FUNDS	£16,500,934	£(4,040,927)
	<u> </u>	<u> </u>

Signed on behalf of the Board of Directors

K. Miyoshi
Chairman



Approved by the Board on 27 April 1995.

The notes on pages 9 to 18 form part of these Financial Statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

BALANCE SHEET

31 March 1995

Notes		1995	1994
		£	£
	FIXED ASSETS		
7	Tangible assets	29,531,464	29,352,389
8	Investments	100	100
		<u>29,531,564</u>	<u>29,352,489</u>
	CURRENT ASSETS		
9	Debtors- Amounts receivable within one year	1,374,742	3,002,197
	- Amounts receivable in more than one year	19,371,468	-
	Cash at bank and in hand	742,850	1,043,158
		<u>21,489,060</u>	<u>4,045,355</u>
10	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>(5,414,985)</u>	<u>(9,661,719)</u>
	NET CURRENT ASSETS/(LIABILITIES)	<u>16,074,075</u>	<u>(5,616,364)</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>45,605,639</u>	<u>23,736,125</u>
10	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>(29,727,254)</u>	<u>(28,272,293)</u>
	TOTAL NET ASSETS/(LIABILITIES)	<u>£15,878,385</u>	<u>£(4,536,168)</u>
	CAPITAL AND RESERVES		
14	Called up share capital	36,000,000	15,000,000
15	Reserves	(20,121,615)	(19,536,168)
16	SHAREHOLDERS' FUNDS	<u>£15,878,385</u>	<u>£(4,536,168)</u>

Signed on behalf of the Board of Directors

K. Miyoshi
Chairman



Approved by the Board on 27 April 1995

The notes on pages 9 to 18 form part of these Financial Statements

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

GROUP CASH FLOW STATEMENT for the year ended 31 March 1995

Notes		1995	1994
	£	£	£
19	Net cash inflow/(outflow) from operating activities	2,074,626	(1,834,745)
	Returns on Investments and Servicing of Finance		
	Interest paid	(1,679,526)	(1,745,971)
	Interest received	1,116,588	51,931
	Net cash outflow from Returns on Investments and Servicing of Finance	(562,938)	(1,694,040)
	Taxation		
	Corporation tax refund received	-	193,608
	Investing Activities		
	Purchase of tangible fixed assets	(699,871)	(265,060)
	Sale of tangible fixed assets	-	8,100
	Loan made to parent company	(19,456,850)	-
	Loan capital repayments received	37,151	-
	Net cash outflow from investing activities	(20,119,570)	(256,960)
	Net cash outflow before financing	(18,607,882)	(3,592,137)
	Financing Activities		
	Finance lease capital repayments	(492,476)	(1,766,995)
	Capital contribution	-	4,052,000
	Issue of Ordinary Share Capital	21,000,000	-
	Net cash inflow from financing activities	20,507,524	2,285,005
20	Net increase/(decrease) in cash and cash equivalents	£1,899,642	£(1,307,132)

The notes on pages 9 to 18 form part of these financial statements.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

1. ACCOUNTING POLICIES

(a) Accounting convention

The Financial Statements are prepared under the historical cost convention, modified to include the revaluation of long leasehold land and building and in accordance with applicable accounting standards.

(b) Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the company and its subsidiary for the year ended 31 March 1995.

(c) Tangible fixed assets

Fixed assets include long leasehold land and building revalued by the directors as at 31 March 1993. Other fixed assets are stated at cost.

In view of the significant level of annual expenditure incurred by the company to maintain the Telehouse building at its current high quality condition, the directors' estimate of the residual value of the building is such that depreciation would be immaterial. On other assets it is provided over the estimated useful lives of the assets and is calculated on the cost of the assets, on a straight line basis.

The following rates are used:

Electronic equipment	33 1/3 % per annum
Motor vehicles	33 1/3 % per annum
Fixtures and fittings	20% per annum

(d) Deferred taxation

Deferred taxation is provided using the liability method on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

(e) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date. All translation differences are taken to the profit and loss account.

(f) Leases

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are charged to the profit and loss account using the annuity method.

(g) Turnover

Turnover represents income received from rent, fitting out work, telecom facilities management and other value added services, excluding value added tax, attributable to the group's principal activities.

(h) Pension costs

The company makes contributions to the personal pension plans of certain employees. These are charged to the profit and loss account in the year in which they are payable.

2. INTEREST PAYABLE

	1995	1994
	£	£
On bank loans:		
Repayable within five years not by instalments	218,200	301,446
On finance leases:		
Repayable within five years	924	1,925
Repayable in more than five years	1,460,402	1,429,077
Other interest paid	-	13,523
	<u>£1,679,526</u>	<u>£1,745,971</u>

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
Loss on ordinary activities before taxation is after charging/(crediting):		
Rentals under operating leases:		
Land and buildings	-	119,176
Other assets	313,604	327,497
Auditors' remuneration:		
Audit	11,000	9,750
Non-audit	20,207	37,445
Depreciation:		
Owned assets	510,258	455,711
Assets held under finance leases	8,876	11,812
(Profit)/loss on sale of fixed assets	1,662	(8,100)
Exceptional items:		
Refund of employers' NI in respect of seconded staff	-	(277,824)
Rent received less outgoings	(4,267)	(88,267)

4. EMPLOYEES

The average weekly number of persons (including directors) employed by the group during the year was:

	Number	Number
Office and Management	10	11
Operations	12	11
Sales and Marketing	6	4
	<u>28</u>	<u>26</u>

	£	£
STAFF COSTS (for the above persons)		
Wages and salaries	1,044,929	1,451,835
Social security costs (1994 - see note 3 above)	73,878	(205,356)
Other pension costs	53,527	55,719
	<u>£1,172,334</u>	<u>£1,302,198</u>

DIRECTORS' REMUNERATION

In respect of directors of Telehouse International Corporation of Europe Ltd.:

Emoluments (including pension contributions and benefits in kind)	113,706	615,424
Payments to third parties for Directors' Services	206,266	-
	<u>£319,972</u>	<u>£615,424</u>

The directors' emoluments disclosed above (excluding pensions, pension contributions and payments to third parties) included: Chairman

Highest paid director

£5,946	£84,214
<u>£75,239</u>	<u>£84,214</u>

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

DIRECTORS' REMUNERATION (CONT'D.)

	1995	1994
The number of other directors who received emoluments (excluding pensions, pension contributions and payments to third parties) in the following ranges was:	Number	Number
£0 - £5,000	7	9
£5,001 - £10,000	1	-
£10,001 - £15,000	1	-
£70,001 - £75,000	-	1
£75,001 - £80,000	-	1
£135,001 - £140,000	-	1
£140,001 - £145,000	-	1

5. TAXATION

There is no tax liability for the year as there are tax losses of approximately £16,421,500 available for carry forward against future taxable profit, £4,241,187 of which is subject to Inland Revenue agreement.

6. LOSS FOR THE YEAR

	£	£
Dealt with in the Financial Statements of the parent company	(585,447)	(2,391,041)
Retained by subsidiary	127,308	123,875
	<u>£(458,139)</u>	<u>£(2,267,166)</u>

As permitted by Section 230 (3) of the Companies Act 1985, the company has not presented its own profit and loss account in addition to the consolidated profit and loss account.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1995

7. TANGIBLE FIXED ASSETS
GROUP AND COMPANY

Cost or Valuation	Long Leasehold Land and Building £	Electronic Equipment £	Motor Vehicles £	Fixtures & Fittings £	TOTAL £
At 1.4.94	28,159,583	343,463	169,379	2,046,108	30,718,533
Additions	-	141,417	615	557,839	699,871
Disposals	-	(995)	-	(83,130)	(84,125)
At 31.3.95	28,159,583	483,885	169,994	2,520,817	31,334,279
Depreciation					
At 1.4.94	-	296,546	132,213	937,385	1,366,144
Charge for the year	-	43,644	19,926	455,564	519,134
Disposals	-	(387)	-	(82,076)	(82,463)
At 31.3.95	-	339,803	152,139	1,310,873	1,802,815
Net Book Value					
At 31.3.95	£28,159,583	£144,082	£17,855	£1,209,944	£29,531,464
At 31.3.94	£28,159,583	£46,917	£37,166	£1,108,723	£29,352,389

The net book value of the company's fixed assets includes £27,492,844 (1994-£27,501,412) in respect of assets held under finance leases.

The long leasehold land and building was revalued on a depreciated cost valuation as at 31 March 1993 by the directors, and professionally valued by Jones Lang Wootton, Chartered Surveyors at 31 March 1992.

No depreciation is provided in respect of the long leasehold property in accordance with the accounting policy note 1 (c). On an historic cost basis, it would have been included at £38,500,616 (1994-£38,500,616) including interest capitalised of £4,543,390 (1994-£4,543,390).

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

8. FIXED ASSET INVESTMENTS COMPANY	1995	1994
Cost of investment in subsidiary undertaking	£100	£100
	<u> </u>	<u> </u>

The company owns 100 per cent of the issued ordinary shares of its subsidiary, Telehouse Management Limited, a building management company registered in England and Wales.

9. DEBTORS GROUP AND COMPANY		
Due within one year:	£	£
Trade Debtors	823,854	1,035,296
Amounts owed by parent	336,981	240,437
Other Debtors	60,480	437,486
Prepayments and accrued income	153,427	1,288,978
	<u> </u>	<u> </u>
	1,374,742	3,002,197
	<u> </u>	<u> </u>
Due in more than one year:		
Amounts owed by parent	19,371,468	-
	<u> </u>	<u> </u>
	£20,746,210	£3,002,197
	<u> </u>	<u> </u>

10. CREDITORS	GROUP		COMPANY	
	1995	1994	1995	1994
	£	£	£	£
Amounts falling due within one year:				
Bank Loans (unsecured)	2,800,000	5,000,000	2,800,000	5,000,000
Obligations under finance leases	2,403	1,949,840	2,403	1,949,840
Trade Creditors	335,649	644,354	335,649	644,354
Amounts owed to subsidiary	-	-	623,182	494,324
Amounts owed to parent	51,730	-	51,730	-
Other Tax and Social Security	400,570	185,347	400,570	185,347
Accruals and deferred income	1,202,951	1,387,854	1,201,451	1,387,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£4,793,303	£9,167,395	£5,414,985	£9,661,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts falling due in more than one year:				
Obligations under finance leases	£29,727,254	£28,272,293	£29,727,254	£28,272,293
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The bank loans which are unsecured are for a period of 91 days, at a rate of 7.1%.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

11. OBLIGATIONS UNDER FINANCE LEASES

GROUP AND COMPANY

	1995	1994
Due within one year	2,403	1,949,840
Due within two to five years	22,228	8,078,596
Due after five years	29,705,026	20,193,697
	<u>£29,729,657</u>	<u>£30,222,133</u>

12. COMMITMENTS UNDER OPERATING LEASES

GROUP AND COMPANY

	Land & Buildings		Other Assets	
	1995	1994	1995	1994
	£	£	£	£
At 31 March 1995 the group had annual commitments under non-cancellable operating leases as follows:				
Expiring within one year	-	27,425	220,676	7,276
Expiring between two and five years inclusive	-	-	13,785	321,788
	<u>£-</u>	<u>£27,425</u>	<u>£234,461</u>	<u>£329,064</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND COMPANY

Deferred Taxation

As a result of the substantial tax losses accumulated, no capital allowances have been claimed, so the requirement to provide for deferred tax does not arise.

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

14. SHARE CAPITAL COMPANY

AUTHORISED:

60,000,000 ordinary shares of £1 each

£60,000,000 £60,000,000

ALLOTTED CALLED UP AND FULLY PAID

36,000,000 ordinary shares of £1 each

£36,000,000 £15,000,000

The issued share capital of the company has been increased to £36,000,000 with the issue of 21,000,000 £1 Ordinary Shares on 10 June 1994. The aggregate contribution received was £21,000,000.

15. RESERVES

	GROUP		COMPANY	
	1995	1994	1995	1994
	£	£	£	£
Capital Contribution Reserve				
At 1 April 1994	-	-	-	-
Received in year	-	4,052,000	-	4,052,000
Transfer to Profit & Loss Account	-	(4,052,000)	-	(4,052,000)
	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
Profit and Loss Account				
At 1 April 1994	(19,040,927)	(20,825,761)	(19,536,168)	(21,197,127)
Retained Loss for the Year	(458,139)	(2,267,166)	(585,447)	(2,391,041)
Transfer from Capital Contribution Reserve Account	-	4,052,000	-	4,052,000
	<u>£(19,499,066)</u>	<u>£(19,040,927)</u>	<u>£(20,121,615)</u>	<u>£(19,536,168)</u>
Total Reserves	<u>£(19,499,066)</u>	<u>£(19,040,927)</u>	<u>£(20,121,615)</u>	<u>£(19,536,168)</u>

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1995

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	1995	1994	1995	1994
	£	£	£	£
Loss for the financial year	(458,139)	(2,267,166)	(585,447)	(2,391,041)
Capital contribution received	-	4,052,000	-	4,052,000
Issue of Ordinary Shares	21,000,000	-	21,000,000	-
Net addition to shareholders' funds	20,541,861	1,784,834	20,414,553	1,660,959
Opening shareholders' funds	(4,040,927)	(5,825,761)	(4,536,168)	(6,197,127)
Closing shareholders' funds	£16,500,934	£(4,040,927)	£15,878,385	£(4,536,168)

17. CAPITAL COMMITMENTS GROUP AND COMPANY

	1995	1994
	£	£
Contracted for, but not provided, in these Financial Statements	£19,235	£307,589

18. PARENT COMPANY

At 31 March 1995, the company was a subsidiary of Telehouse Holdings Limited, a company registered in England and Wales. The ultimate parent company is Kokusai Denshin Denwa Co., Limited ("KDD"), a company incorporated in Japan. A copy of the accounts of KDD can be obtained from: KDD Bldg, 2-3-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-03, Japan.

19. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995	1994
	£	£
Operating Profit/(Loss)	104,799	(573,126)
Depreciation of tangible fixed assets	519,134	467,523
Loss/(Profit) on disposal of fixed assets	1,662	(8,100)
Decrease/(Increase) in debtors	1,675,686	(1,606,245)
(Decrease) in creditors	(226,655)	(114,797)
	£2,074,626	£(1,834,745)

TELEHOUSE INTERNATIONAL CORPORATION OF EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1995

20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995	1994
	£	£
Balance at 1 April 1994	(3,955,825)	(2,648,693)
Net cash inflow/(outflow)	1,899,642	(1,307,132)
Balance at 31 March 1995	<u>£(2,056,183)</u>	<u>£(3,955,825)</u>

21. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	1995	1994	Change in Year
	£	£	£
Cash at bank and in hand	218,408	183,324	35,084
Short term deposits	525,409	860,851	(335,442)
Short term loans	(2,800,000)	(5,000,000)	2,200,000
	<u>£(2,056,183)</u>	<u>£(3,955,825)</u>	<u>£1,899,642</u>

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital	Loans & Finance Lease Obligations
	£	£
Balance at 1 April 1994	15,000,000	30,222,133
Net cash inflows/(outflows) from financing	21,000,000	(492,476)
	<u>£36,000,000</u>	<u>£29,729,657</u>