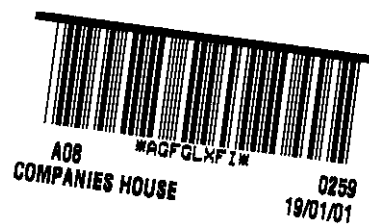


Company Registration No. 2654606 (England and Wales)

FAREBASE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000



FAREBASE LIMITED

DIRECTORS' REPORT

FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

The directors present their report and financial statements for the seventeen month period ended 31 March 2000.

Principal activities and review of the business

The principal activity of the company continued to be the distribution of travel fare data.

On 1 November 1999 the entire share capital of the company was acquired by Phonelink plc, which changed its name to TelMe.com plc on 1 April 2000. As a result of the acquisition, the company changed its accounting reference date to accord with that of the group.

Results and dividends

The profit for the seventeen months ended 31 March 2000, after taxation, amounted to £8,551 (year ending 31 October 1998, profit after taxation £34,038). The directors recommend a final ordinary dividend of £23,502.

Directors

The following directors have held office since 1 November 1998:

J Constantine	
G J Ramsey	(Appointed 29 October 1999)
B Stevens	
L Woodhams	
M Darvish	(Appointed 1 December 1998 and resigned 23 June 1999)
R A Law	(Appointed 29 October 1999)
I Sinderson	(Appointed 29 October 1999)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	31 March 2000	1 November 1998 or on appointment
J Constantine	-	8,400
B Stevens	-	-
L Woodhams	-	-
G J Ramsey	-	-
M Darvish	-	-
R A Law	-	-
I Sinderson	-	-

FAREBASE LIMITED

DIRECTORS' REPORT FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

The directors' interests in the parent undertaking TelMe.com Plc were as stated below:

	31 March 2000	1 November 1998 or on appointment
J Constantine	500,000	-
B Stevens	-	-
L Woodhams	-	-
G J Ramsey	134,534	134,534
M Darvish	-	-
R A Law	9,534	9,534
I Sinderson	-	-

Auditors

Ernst & Young were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Year 2000

The company successfully completed all aspects of its Year 2000 project during 1999, including rectification, testing and contingency planning. No significant problems arose in its operations or any other area on the rollover from 1999 to 2000. However, the company remains vigilant for potential latent problems.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company 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;
- 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.

By order of the board



30 NOV 2000

FAREBASE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FAREBASE LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

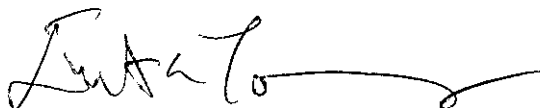
Basis of opinion

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 company's circumstances, consistently applied and adequately disclosed.

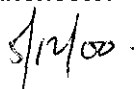
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 March 2000 and of its profit for the seventeen months then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Manchester



FAREBASE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

		Period ended 31 March 2000 £	Year ended 31 October 1998 £
	Notes		
Turnover	2	925,015	575,927
Cost of sales		(159,068)	(95,116)
Gross profit		765,947	480,811
Distribution costs		(130,533)	(72,145)
Administrative expenses		(623,035)	(364,882)
Operating profit	3	12,379	43,784
Other interest receivable and similar income	4	4,769	3,485
Interest payable and similar charges	5	(3,171)	(2,093)
Profit on ordinary activities before taxation		13,977	45,176
Tax on profit on ordinary activities	6	(5,426)	(11,138)
Profit on ordinary activities after taxation		8,551	34,038
Dividends	7	(23,502)	-
Retained (loss)/profit for the period	14	(14,951)	34,038

There are no recognised gains and losses other than the profit for the period ended 31 March 2000 of £8,551, and the profit for the year ended 31 October 1998 of £34,038.

FAREBASE LIMITED

BALANCE SHEET AS AT 31 MARCH 2000

		31 March 2000		31 October 1998	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		33,277		50,159
Current assets					
Debtors	9	33,358		33,685	
Cash at bank and in hand		101,627		104,022	
		<u>134,985</u>		<u>137,707</u>	
Creditors: amounts falling due within one year	10	<u>(124,548)</u>		<u>(121,521)</u>	
Net current assets			10,437		16,186
Total assets less current liabilities			43,714		66,345
Creditors: amounts falling due after more than one year	11		(533)		(8,213)
			<u>43,181</u>		<u>58,132</u>
Capital and reserves					
Called up share capital	13		21,000		21,000
Profit and loss account	14		22,181		37,132
Shareholders' funds - equity	15		<u>43,181</u>		<u>58,132</u>

The financial statements were approved by the Board on **30 NOV 2000**



FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is a wholly owned subsidiary of TelMe.com plc and has taken advantage of the exemption in FRS1 (revised) not to provide a statement of cashflows.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	20 % per annum on a straight line basis
Fixtures & fittings	15 % per annum on a straight line basis
Motor vehicles	25 % per annum on a reducing balance basis

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

2 Turnover

Turnover represents amounts invoiced for goods and services, net of VAT and trade discounts.

An analysis of turnover by geographical market is given below:

	2000 £	1998 £
UK	909,847	575,927
Europe	12,722	-
Rest of the world	2,446	-
	<u>925,015</u>	<u>575,927</u>

3 Operating profit

Operating profit is stated after charging:

	2000 £	1998 £
Depreciation of owned fixed assets	21,388	13,488
Depreciation of assets held under hire purchase	6,393	5,999
Auditors' remuneration	-	1,750
	<u></u>	<u></u>

Auditors remuneration for the seventeen months ending 31 March 2000 were borne by the parent company.

4 Other interest receivable and similar income

	2000 £	1998 £
Bank interest	<u>4,769</u>	<u>3,485</u>

5 Interest payable

	2000 £	1998 £
Hire purchase interest	3,116	2,093
On overdue tax	55	-
	<u>3,171</u>	<u>2,093</u>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

6	Taxation	2000	1998
		£	£
	U.K. current period taxation		
	U.K. corporation tax	8,704	10,875
	Group relief	(2,720)	-
		<hr/>	<hr/>
		5,984	10,875
	Prior years		
	U.K. corporation tax	(558)	263
		<hr/>	<hr/>
		5,426	11,138
		<hr/> <hr/>	<hr/> <hr/>
7	Dividends	2000	1998
		£	£
	Ordinary final proposed	23,502	-
		<hr/> <hr/>	<hr/> <hr/>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

8 Tangible fixed assets

	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 November 1998	46,691	25,892	23,475	96,058
Additions	7,904	-	4,995	12,899
Disposals	-	-	(4,000)	(4,000)
At 31 March 2000	54,595	25,892	24,470	104,957
Depreciation				
At 1 November 1998	23,190	15,840	6,869	45,899
Disposals	-	-	(2,000)	(2,000)
Charge for the period	15,420	5,419	6,942	27,781
At 31 March 2000	38,610	21,259	11,811	71,680
Net book value				
At 31 March 2000	15,985	4,633	12,659	33,277
At 1 November 1998	23,501	10,052	16,606	50,159

The net book value of computer equipment and motor vehicles above includes an amount of £12,733 (1998 - £19,126) in respect of assets held under finance leases and hire purchase contracts.

9 Debtors

	2000 £	1998 £
Trade debtors	23,429	15,009
Other debtors	4,000	-
Prepayments and accrued income	5,929	18,676
	33,358	33,685

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

10 Creditors: amounts falling due within one year	2000	1998
	£	£
Obligations under finance lease and hire purchase contracts	7,928	5,798
Trade creditors	16,056	19,831
Amounts owed to parent and fellow subsidiary undertakings	20,417	-
Corporation tax	5,426	10,875
Other taxes and social security costs	23,262	15,929
Other creditors	27,000	41,775
Accruals and deferred income	957	27,313
Proposed final dividend	23,502	-
	<u>124,548</u>	<u>121,521</u>
11 Creditors: amounts falling due after more than one year	2000	1998
	£	£
Obligations under finance leases and hire purchase agreements	<u>533</u>	<u>8,213</u>
Obligations under finance leases and hire purchase contracts		
Repayable within one year	7,928	5,798
Repayable in two to five years	533	8,213
	<u>8,461</u>	<u>14,011</u>
Included in creditors: amounts falling due within one year	<u>(7,928)</u>	<u>(5,798)</u>
	<u>533</u>	<u>8,213</u>
12 Pension costs		
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,400 (1998 - £2,400).		
13 Share capital	2000	1998
	£	£
Authorised		
Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
Ordinary Shares of £1 each	<u>21,000</u>	<u>21,000</u>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

14 Statement of movements on profit and loss account

	Profit and loss account £
At 1 November 1998	37,132
Retained loss for the period	(14,951)
	<hr/>
At 31 March 2000	22,181
	<hr/>

15 Reconciliation of movements in shareholders' funds

	2000 £	1998 £
Profit for the financial period	8,551	34,038
Dividends	(23,502)	-
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(14,951)	34,038
Opening shareholders' funds	58,132	24,094
	<hr/>	<hr/>
Closing shareholders' funds	43,181	58,132
	<hr/>	<hr/>

16 Contingent liabilities

The company has provided a bank guarantee for TelMe.com plc (Registered Number 2415211) and Seaforths Travel Limited (Registered Number 2515255).

17 Directors' emoluments

	2000 £	1998 £
Emoluments	151,918	50,000
Company pension contributions to money purchase schemes	4,400	2,400
	<hr/>	<hr/>
	156,318	52,400
	<hr/>	<hr/>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

18 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2000 Number	1998 Number
Administration and selling	18	14

Employment costs

	£	£
Wages and salaries	408,372	211,424
Social security costs	32,061	19,416
Other pension costs	8,096	4,248
	448,529	235,088

19 Parent undertaking and controlling party

The company's immediate parent undertaking and controlling party is TelMe.com plc, a company registered in England and Wales. It has included the company in its group accounts, copies of which are available from its registered office: 620 Woodchurch Road, Prenton, Birkenhead CH43 0TT.

20 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related party transactions with other group companies.

The company rented a property, owned by Mr J Constantine and paid a commercial rent of £25,319 to the director.

Prior to the acquisition by TelMe.com plc, Travel & Technology Consultants provided the company with computer consultancy and development work for £43,000 (1998 - £20,000). Mr J Constantine is the sole proprietor of Travel & Technology Consultants, and the cost of this work represented an arms length price.

FAREBASE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

	Period ended 31 March 2000		Year ended 31 October 1998	
	£	£	£	£
Turnover				
Sales		925,015		575,927
Cost of sales				
Purchases	30,341		15,080	
Product development	128,727		80,036	
		<u>(159,068)</u>		<u>(95,116)</u>
Gross profit	82.80%	765,947	83.48%	480,811
Distribution costs	130,533		72,145	
Administrative expenses	623,035		364,882	
		<u>(753,568)</u>		<u>(437,027)</u>
Operating profit		12,379		43,784
Other interest receivable and similar income				
Bank interest received		4,769		3,485
Interest payable				
Hire purchase interest paid	3,116		2,093	
Interest on overdue tax paid	55		-	
		<u>(3,171)</u>		<u>(2,093)</u>
Profit before taxation	1.51%	<u>13,977</u>	7.84%	<u>45,176</u>

FAREBASE LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE SEVENTEEN MONTHS ENDED 31 MARCH 2000

	Period ended 31 March 2000 £	Year ended 31 October 1998 £
Distribution costs		
Advertising and promotions	59,122	39,230
Commission	26,608	11,346
Motor and travel expenditure	40,135	16,980
Entertaining	3,154	3,825
Subscriptions	1,514	764
	<u>130,533</u>	<u>72,145</u>
Administrative expenses		
Wages and salaries (excl. N.I.)	263,775	161,424
Directors' remuneration	144,597	50,000
Employer's N.I. contributions	32,061	19,416
Directors' pension costs	4,400	2,400
Staff pension costs	3,696	1,848
Staff training	2,695	-
Recruitment	3,360	-
Rent and rates	40,425	23,970
Insurance	1,358	1,017
Light and heat	4,265	2,513
Repairs and maintenance	11,864	12,594
Printing, postage and stationery	19,160	17,261
Advertising	-	192
Telephone	25,473	20,886
Lease of equipment	2,165	324
Consultancy fees	22,289	11,913
Accountancy	11,473	6,250
Audit fees	-	1,750
Bank charges	1,501	1,309
Bad and doubtful debts	-	802
Sundry expenses	822	5,815
Depreciation on plant and machinery	15,420	9,113
Depreciation on FF & E	5,419	4,505
Depreciation on motor vehicles	6,942	5,869
Profits/losses on disp of tangibles	(125)	3,711
	<u>623,035</u>	<u>364,882</u>