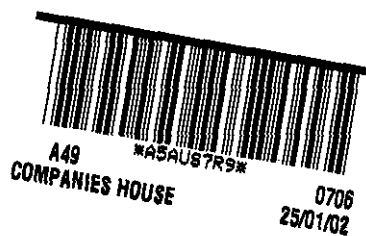


Company Registration No. 2654606 (England and Wales)

FAREBASE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



FAREBASE LIMITED

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FAREBASE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities and review of the business

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

Results and dividends

The profit for the year ended 31 March 2001, after taxation, amounted to £75,681 (seventeen months ended 31 March 2000, profit after taxation £8,551). There was no dividend for the year ended 31 March 2001 (seventeen months ended 31 March 2000, dividend of £23,502).

Directors

The following directors have held office since 1 April 2000:

J Constantine
G J Ramsey
B Stevens
L Woodhams
R A Law
I Sinderson

(Resigned 1 May 2000)

Directors' interests

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

	Ordinary Shares of £1 each	
	31 March 2001	1 April 2000
J Constantine	-	-
B Stevens	-	-
L Woodhams	-	-
G J Ramsey	-	-
R A Law	-	-
I Sinderson	-	-

The directors' interests in the parent undertaking TelMe Group plc were as stated below:

	31 March 2001	1 April 2000
J Constantine	500,000	500,000
B Stevens	-	-
L Woodhams	-	-
G J Ramsey	134,534	134,534
R A Law	9,534	9,534
I Sinderson	-	-

FAREBASE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

Auditors

A resolution to re-appoint Ernst & Young LLP will be proposed at the Annual General Meeting.

Ernst & Young has transferred its business to a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP, on 28 June 2001. The directors have used their powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

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.

Post balance sheet events

The assets and liabilities of Farebase Limited were transferred to TelMe Group plc (formerly TelMe.com plc) on 1 April 2001. Thereafter, Farebase Limited ceased trading and became a dormant subsidiary of TelMe Group plc. It is the Directors' intention that the Company remains dormant.

By order of the board

JSL J. H. Constantin

J Constantin

Secretary

27.12.01

FAREBASE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAREBASE LIMITED

We have audited the company's financial statements for the year ended 31 March 2001 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 legal and regulatory requirements and United Kingdom 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 to you 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

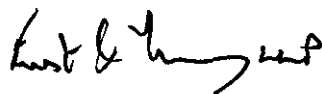
Basis of audit opinion

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 affairs of the company as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Manchester

15/1/02

FAREBASE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	Year ended 31 March 2001 £	Period ended 31 March 2000 £
Turnover	2	897,384	925,015
Cost of sales		(71,645)	(159,068)
Gross profit		825,739	765,947
Distribution costs		(57,407)	(130,533)
Administrative expenses		(697,849)	(623,035)
Operating profit	3	70,483	12,379
Other interest receivable and similar income		7,398	4,769
Interest payable and similar charges	4	(2,200)	(3,171)
Profit on ordinary activities before taxation		75,681	13,977
Tax on profit on ordinary activities	5	-	(5,426)
Profit on ordinary activities after taxation		75,681	8,551
Dividends	6	-	(23,502)
Retained profit/(loss) for the period	13	75,681	(14,951)

There are no recognised gains and losses other than the profit for the year ended 31 March 2001 of £75,681, and the profit for the period ended 31 March 2000 of £8,551.

FAREBASE LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	31 March 2001 £	£	31 March 2000 £	£
Fixed assets					
Tangible assets	7		35,592		33,277
Current assets					
Debtors	8	59,206		33,358	
Cash at bank and in hand		289,138		101,627	
		<u>348,344</u>		<u>134,985</u>	
Creditors: amounts falling due within one year	9	(265,074)		(124,548)	
Net current assets			83,270		10,437
Total assets less current liabilities			<u>118,862</u>		<u>43,714</u>
Creditors: amounts falling due after more than one year	10		-		(533)
			<u>118,862</u>		<u>43,181</u>
Capital and reserves					
Called up share capital	12		21,000		21,000
Profit and loss account	13		97,862		22,181
Shareholders' funds - equity	14		<u>118,862</u>		<u>43,181</u>

The financial statements were approved by the Board on 28.12.01

Y M
Director



FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2001

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is a wholly owned subsidiary of TelMe Group 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 (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2001

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:

	2001 £	2000 £
UK	892,394	909,847
Europe	4,888	12,722
Rest of the world	102	2,446
	<u>897,384</u>	<u>925,015</u>

3 Operating profit

Operating profit is stated after charging:

	2001 £	2000 £
Depreciation of owned fixed assets	15,829	21,388
Depreciation of assets held under hire purchase	-	6,393
Auditors' remuneration	3,000	-
	<u>18,829</u>	<u>27,781</u>

4 Interest payable

	2001 £	2000 £
Hire purchase interest	2,200	3,116
On overdue tax	-	55
	<u>2,200</u>	<u>3,171</u>

5 Taxation

	2001 £	2000 £
U.K. current period taxation		
U.K. corporation tax at 20% (2000 - 20%)	16,307	8,704
Group relief	(16,307)	(2,720)
	<u>-</u>	<u>5,984</u>
Prior years		
U.K. corporation tax	-	(558)
	<u>-</u>	<u>5,426</u>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2001

6	Dividends	2001 £	2000 £
	Ordinary final proposed	-	23,502

7	Tangible fixed assets	Computer equipment £	Fixtures & fittings £	Motor vehicles £	Total £
	Cost				
	At 1 April 2000	54,595	25,892	24,470	104,957
	Additions	17,231	913	-	18,144
	At 31 March 2001	71,826	26,805	24,470	123,101
	Depreciation				
	At 1 April 2000	38,610	21,259	11,811	71,680
	Charge for the period	10,566	2,098	3,165	15,829
	At 31 March 2001	49,176	23,357	14,976	87,509
	Net book value				
	At 31 March 2001	22,650	3,448	9,494	35,592
	At 31 March 2000	15,985	4,633	12,659	33,277

The net book value of computer equipment and motor vehicles above includes an amount of £1,320 (2000 - £12,733) in respect of assets held under finance leases and hire purchase contracts.

8	Debtors	2001 £	2000 £
	Trade debtors	55,626	23,429
	Other debtors	1,400	4,000
	Prepayments and accrued income	2,180	5,929
		59,206	33,358

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2001

9 Creditors: amounts falling due within one year	2001	2000
	£	£
Net obligations under hire purchase contracts	533	7,928
Trade creditors	55,638	16,056
Amounts owed to parent and fellow subsidiary undertakings	115,897	20,417
Corporation tax	-	5,426
Other taxes and social security costs	28,321	23,262
Other creditors	20,577	27,000
Accruals and deferred income	44,108	957
Proposed dividend	-	23,502
	<u>265,074</u>	<u>124,548</u>
10 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Net obligations under hire purchase contracts	-	533
Net obligations under hire purchase contracts		
Repayable within one year	533	7,928
Repayable between one and five years	-	533
	<u>533</u>	<u>8,461</u>
Included in liabilities falling due within one year	(533)	(7,928)
	<u>-</u>	<u>533</u>
11 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 £3,600 (2000- £4,400).		
12 Share capital	2001	2000
	£	£
Authorised		
500,000 Ordinary Shares of £ 1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
21,000 Ordinary Shares of £ 1 each	<u>21,000</u>	<u>21,000</u>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2001

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2000	22,181
Retained profit for the period	75,681
Balance at 31 March 2001	<u>97,862</u>

14 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial period	75,681	8,551
Dividends	-	(23,502)
Net addition to/(depletion in) shareholders' funds	<u>75,681</u>	<u>(14,951)</u>
Opening shareholders' funds	43,181	58,132
Closing shareholders' funds	<u>118,862</u>	<u>43,181</u>

15 Contingent liabilities

The company has provided a bank guarantee for TelMe Group plc (Registered Number 2415211) and Seaforths Travel Limited (Registered Number 2515255).
The total bank borrowings of TelMe.com plc and Seaforths Travel Limited as at 31 March 2001 was £1,710,822.

16 Directors' emoluments

	2001 £	2000 £
Emoluments for qualifying services	143,717	151,918
Company pension contributions to money purchase schemes	3,600	4,400
	<u>147,317</u>	<u>156,318</u>

FAREBASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2001

17 Employees

Number of employees

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

	2001 Number	2000 Number
Administration and selling	20	18

Employment costs

	£	£
Wages and salaries	436,418	406,074
Social security costs	27,859	32,061
Other pension costs	3,600	8,096
	467,877	446,231

18 Parent undertaking and controlling party

The company's immediate parent undertaking and controlling party is TelMe Group 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: Winster House, Herons Way, Chester Business Park, Chester CH4 9GB.

19 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 £19,660 to the director.

20 Post balance sheet events

The assets and liabilities of Farebase Limited were transferred to TelMe Group plc (formerly TelMe.com plc) on 1 April 2001. Thereafter, Farebase Limited ceased trading and became a dormant subsidiary of TelMe Group plc. It is the Directors' intention that the Company remains dormant.

FAREBASE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Year ended 31 March 2001		Period ended 31 March 2000	
	£	£	£	£
Turnover				
Sales		897,384		925,015
Cost of sales				
Purchases	23,641		30,341	
Product development	48,004		128,727	
		(71,645)		(159,068)
Gross profit	92.02%	825,739	82.80%	765,947
Distribution costs	57,407		130,533	
Administrative expenses	697,849		623,035	
		(755,256)		(753,568)
Operating profit		70,483		12,379
Other interest receivable and similar income				
Bank interest received		7,398		4,769
Interest payable				
Hire purchase interest paid	2,200		3,116	
Interest on overdue tax paid	-		55	
		(2,200)		(3,171)
Profit before taxation	8.43%	75,681	1.51%	13,977

FAREBASE LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2001

	Year ended 31 March 2001 £	Period ended 31 March 2000 £
Distribution costs		
Advertising and promotions	2,282	59,122
Commission	20,805	26,608
Motor and travel expenditure	31,492	40,135
Entertaining	2,301	3,154
Subscriptions	527	1,514
	<u>57,407</u>	<u>130,533</u>
Administrative expenses		
Wages and salaries (excl. N.I.)	295,070	263,289
Directors' remuneration	141,348	142,785
Employer's N.I. contributions	27,859	32,061
Directors' pension costs	3,600	4,400
Staff pension costs	-	3,696
Staff training	980	2,695
Recruitment	1,345	3,360
Healthcare	1,956	2,298
Rent and rates	28,985	40,425
Head office management charge	100,000	-
Insurance	2,869	1,358
Light and heat	2,927	4,265
Repairs and maintenance	7,840	11,864
Printing, postage and stationery	9,868	19,160
Telephone	15,676	25,473
Lease of equipment	3,849	2,165
Professional fees	6,271	-
Consultancy fees	10,550	22,289
Accountancy	9,987	11,473
Audit fees	5,500	-
Bank charges	718	1,501
Bad and doubtful debts	4,000	-
Sundry expenses	822	822
Depreciation on plant and machinery	10,566	15,420
Depreciation on fixtures and fittings	2,098	5,419
Depreciation on motor vehicles	3,165	6,942
Profits/losses on disp of tangibles	-	(125)
	<u>697,849</u>	<u>623,035</u>