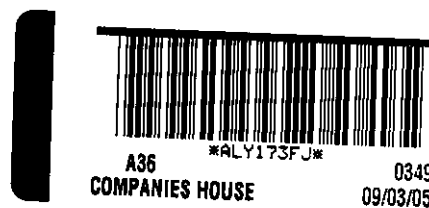


XPEDITE SYSTEMS LIMITED

Report and Financial Statements

31 December 2003

**Deloitte & Touche LLP
Leeds**



XPEDITE SYSTEMS LIMITED

2003 REPORT AND FINANCIAL STATEMENTS

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XPEDITE SYSTEMS LIMITED

2003 REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Stone
D Walker
J Allred

SECRETARY

D Walker

REGISTERED OFFICE

Xpedite House
Pioneer Business Park
Amy Johnson Way
Clifton Moor
York
YO30 4GJ

BANKERS

HSBC
13 Parliament Street
York
YO1 8XS

SOLICITORS

Rollits
Rowntree Wharf
Navigation Road
York
YO1 0WE

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

XPEDITE SYSTEMS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is to provide a facsimile broadcast service and other related enhanced facsimile and messaging services. The results, as disclosed within the accompanying accounts, are considered satisfactory.

The directors consider the future prospects of the business to be satisfactory.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2003 are set out on pages 5 to 15. The profit for the year after taxation was £632,020 (2002: £1,135,084).

The directors recommend the payment of a dividend of 10p per cumulative redeemable preference share (2002 - 10p).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

J. Stone

J. Allred

P. Jones (resigned 18 November 2002)

I. Bedford (resigned 22 August 2002)

D. Walker

W. Franklin (appointed 8 December 2002, resigned 1 March 2003)

None of the directors had any interests in the shares of the company at the beginning or end of the financial year.

AUDITORS

PricewaterhouseCoopers LLP resigned as auditors on 2 February 2004 and the directors appointed its successor, Deloitte & Touche LLP as auditors.

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D Walker
Director
4 March 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial period 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;
- state whether applicable accounting standards have been followed; and
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XPEDITE SYSTEMS LIMITED

We have audited the financial statements of Xpedite Systems Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Basis of 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 the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

4 March 2005

XPEDITE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2003

	Note	2003 Continuing operations £	2002 Continuing operations £	2002 Discontinued operations £	2002 Total £
Turnover	2	10,447,200	10,817,573	1,367,095	12,184,668
Cost of sales		(2,735,256)	(3,266,425)	(78,369)	(3,344,794)
Gross profit		7,711,944	7,551,148	1,288,726	8,839,874
Administrative expenses		(6,968,767)	(6,518,683)	(521,431)	(7,040,114)
Operating profit		743,177	1,032,465	767,295	1,799,760
Profit on disposal of business		-	-	-	133,477
Interest receivable and similar income	5	26,780			36,056
Interest payable and similar charges	6	(84,403)			(84,768)
Profit on ordinary activities before taxation	4	685,554			1,884,525
Tax on profit on ordinary activities	7	(53,534)			(749,441)
Profit on ordinary activities after taxation		632,020			1,135,084
Dividends	8	(237,500)			(237,500)
Retained profit for the year	15	394,520			897,584

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2003

	2003 £	2002 £
Retained profit for the year	394,520	897,584

The accompanying notes are an integral part of profit and loss account.

XPEDITE SYSTEMS LIMITED

BALANCE SHEET 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	9	497,777	567,453
Tangible assets	10	2,220,320	2,546,157
		<u>2,718,097</u>	<u>3,113,610</u>
CURRENT ASSETS			
Debtors	11	7,500,825	8,851,779
Investments	12	250,000	250,000
Cash at bank and in hand		1,398,194	855,866
		<u>9,149,019</u>	<u>9,957,645</u>
CREDITORS: Amounts falling due within one year	13	<u>(5,515,405)</u>	<u>(7,010,233)</u>
NET CURRENT ASSETS		<u>3,633,614</u>	<u>2,947,412</u>
NET ASSETS		<u>6,351,711</u>	<u>6,061,022</u>
CAPITAL AND RESERVES			
Called up share capital	14	6,351,711	6,351,711
Profit and loss account	15	-	(290,689)
EQUITY SHAREHOLDERS' FUNDS	16	<u>6,351,711</u>	<u>6,061,022</u>
Shareholders' funds may be analysed as:			
Equity interest		2,992,779	2,964,618
Non-equity interests		3,358,932	3,096,404
		<u>6,351,711</u>	<u>6,061,022</u>

The financial statements were approved by the board of directors on 4 March 2005 and signed on its behalf by:

D Walker
Director



The accompanying notes are an integral part of this balance sheet.

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Xpedit Systems Holdings (UK) Limited which prepares consolidated accounts which are publicly available.

Under the provisions of FRS 1 (Revised) 'Cash flow statements', the company has not prepared a cash flow statement because its ultimate parent company, PTEK Holdings Inc., has prepared consolidated accounts which include the accounts of the company.

Revenue recognition

The company derives its revenue from the provision of facsimile broadcasting services and messaging services. Revenue is recognised when the broadcast or message service has been delivered.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:
Freehold buildings 50 years

Computers, equipment and furniture 3 - 5 years

Customer lists

Purchased customer lists are stated at acquisition cost, net of amortisation and any provision for impairment. The expected useful life of customer lists is five years and amortisation is charged on a straight -line basis over this period.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is recognised in respect of tax losses to the extent that they are regarded as recoverable on the basis that it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

Pension

The company does not operate a pension scheme but makes contributions to employees' individual stakeholder schemes. These costs are charged to the profit and loss account.

2. TURNOVER

All turnover is derived from the company's principal activity, which is the provision of a facsimile broadcast service and other related enhanced facsimile and messaging services.

Geographical segments:

	2003 £	2002 £
Turnover by destination – continued operations		
United Kingdom	9,078,896	10,250,241
Europe	1,313,889	449,034
Rest of the world	54,415	118,298
	<u>10,447,200</u>	<u>10,817,573</u>
	2003 £	2002 £
Turnover by destination – discontinued operations		
United Kingdom	-	1,367,095
Europe	-	-
Rest of the world	-	-
	<u>-</u>	<u>1,367,095</u>

All turnover originates in the United Kingdom.

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Remuneration

The remuneration of the directors was as follows:

	2003 £	2002 £
Aggregate emoluments	227,168	339,602
Pension contributions to money purchase schemes	10,916	10,001
	<u>238,084</u>	<u>349,603</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2003 £	2002 £
Aggregate emoluments	178,769	273,981
Pension contributions to money purchase schemes	8,500	7,700
	<u>187,269</u>	<u>281,681</u>

	2003 No.	2002 No.
Average number of persons employed		
Sales	31	49
Administration	54	59
	<u>85</u>	<u>108</u>
	£	£

Staff costs during the year (including directors)

Wages and salaries	3,556,074	3,992,766
Social security costs	369,254	434,594
Pension costs	79,790	80,190
	<u>4,005,118</u>	<u>4,507,550</u>

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets	553,185	670,286
Amortisation of customer lists	224,398	206,346
Other operating lease rentals		
Plant and machinery	66,246	83,305
Land and buildings	201,821	196,732
Loss on sale of tangible fixed assets	59	39,551
Auditors' remuneration		
For audit services	-	-
For non audit services – Deloitte & Touche LLP	18,000	-
Pricewaterhouse Coopers	12,575	36,887

The audit fee was borne by the companies ultimate parent undertaking

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Interest receivable from group undertakings	18,571	22,134
Bank interest receivable	8,209	13,922
	<u>26,780</u>	<u>36,056</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest payable from group undertakings	82,677	84,050
Bank interest payable	1,726	718
	<u>84,403</u>	<u>84,768</u>

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2003 £	2002 £
Current tax		
UK corporation tax at 30% (2002: 30%)	122,056	251,048
Adjustments in respect of prior years	(68,522)	(32,510)
Total current tax charge	<u>53,534</u>	<u>218,538</u>
Deferred tax	-	530,903
Total tax on profit on ordinary activities	<u>53,534</u>	<u>749,441</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows.

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>685,554</u>	<u>1,884,525</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	205,666	565,357
Effects of:		
Expenses not deductible for tax purposes	84,198	96,098
Capital allowances in excess of depreciation – unprovided	9,200	19,378
Utilisation of ACT	-	(429,785)
Group relief not paid for	(177,008)	-
Adjustment in respect of previous periods	(68,522)	(32,510)
Total current tax charge for the year	<u>53,534</u>	<u>218,538</u>

The deferred tax asset comprises:

	Amounts recognised		Amount unrecognised	
	2003 £	2002 £	2003 £	2002 £
Depreciation in excess of capital allowances	-	-	152,276	195,112
Total current tax charge	<u>-</u>	<u>-</u>	<u>152,276</u>	<u>195,112</u>

The deferred tax asset in respect of depreciation being in excess of capital allowances has not been recognised as, although the position of depreciation being in excess of capital allowances has reversed, it is not considered likely that this trend will continue.

The movement in the unrecognised deferred tax asset comprises:

	Amount Unrecognised £
At 1 January 2003	195,112
Capital allowances in excess of depreciation – unprovided	9,200
Adjustment in respect of previous periods - unprovided	(52,036)
At 31 December 2003	<u>152,276</u>

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

8. DIVIDENDS

	2003 £	2002 £
<i>Non-equity shares</i>		
- 10p (2002 – 10p) per cumulative redeemable preference share - proposed	237,500	237,500

9. INTANGIBLE FIXED ASSETS

	Customer lists £
Cost	
At 1 January 2003	1,031,732
Additions	154,722
At 31 December 2003	1,186,454
Amortisation	
At 1 January 2003	464,279
Charge for year	224,398
At 31 December 2003	688,677
Net book value	
At 31 December 2003	497,777
At 1 January 2003	567,453

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Computer, equipment and furniture £	Total £
Cost			
At 1 January 2003	1,260,481	4,320,214	5,580,695
Additions	33,404	194,003	227,407
Disposals	-	(65)	(65)
	<u>1,293,885</u>	<u>4,514,152</u>	<u>5,808,037</u>
At 31 December 2003			
Depreciation			
At 1 January 2003	106,210	2,928,328	3,034,538
Charge for year	22,352	530,833	553,185
Disposals	-	(6)	(6)
	<u>128,562</u>	<u>3,459,155</u>	<u>3,587,717</u>
At 31 December 2003			
Net book value			
At 31 December 2003	<u>1,165,323</u>	<u>1,054,997</u>	<u>2,220,320</u>
At 1 January 2003	<u>1,154,271</u>	<u>1,391,886</u>	<u>2,546,157</u>

Freehold land, amounting to £150,000 (2002 - £150,000) has not been depreciated.

11. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	2,090,333	2,992,018
Amounts due by other group undertakings	4,947,592	5,482,281
Corporation tax recoverable	334,945	188,221
Other debtors and prepayments	127,955	189,259
	<u>7,500,825</u>	<u>8,851,779</u>

12. CURRENT ASSET INVESTMENTS

	2003 £	2002 £
HSBC Life Bond	<u>250,000</u>	<u>250,000</u>

The market value of the Life Bond is not materially different from the carrying amount.

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	1,247,033	1,576,139
Amounts owed to group undertakings	3,493,349	4,908,843
Other tax and social security	211,524	374,933
Other creditors and accruals	222,168	150,318
Dividends payable	341,331	-
	<u>5,515,405</u>	<u>7,010,233</u>

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
10,219,168 ordinary shares of £1 each	10,219,168	10,219,168
250,000 A ordinary shares of £1 each	250,000	250,000
2,775,000 cumulative redeemable preference shares of £1 each	2,775,000	2,775,000
2,712,094 cumulative redeemable A preference shares of £1 each	2,712,094	2,712,094
6,238,778 cumulative redeemable B preference shares of £1 each	6,238,778	6,238,778
	<u>22,195,040</u>	<u>22,195,040</u>
Allotted, called up and fully paid		
10,103,086 ordinary shares of £1 each	3,726,711	3,726,711
250,000 A ordinary shares of £1 each	250,000	250,000
2,375,000 cumulative redeemable preference shares of £1 each	2,375,000	2,375,000
	<u>6,351,711</u>	<u>6,351,711</u>

The ordinary and A ordinary shares have equal voting rights. None of the cumulative redeemable preference shares have voting rights. The A ordinary shares rank pari passu to the ordinary shares for dividend and in priority to them for capital distribution purposes, but behind the cumulative redeemable preference shares for both.

No dividends were payable in respect of the cumulative redeemable preference shares in respect of accounting periods up to 31 December 1996. Subject to availability of appropriate distributable reserves, dividends are to be declared payable in respect of subsequent periods at the rate of 10% of the paid up amount. The dividend amount in respect of the year was £237,500 (2002 - £237,500). As there are distributable reserves at the end of the year, cumulative dividends are payable on a FIFO basis in respect of the years where dividends could not be paid from the available distributable reserves. The outstanding dividends in respect of previous years are detailed as follows:

	2003 £	2002 £
Outstanding dividends in respect of:		
1999	-	9,100
2000	-	237,500
2001	142,769	237,500
2002	237,500	237,500
2003	237,500	-
	<u>617,769</u>	<u>721,600</u>

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

14. CALLED UP SHARE CAPITAL (CONTINUED)

The cumulative redeemable preference shares were originally redeemable when the agreement was reached for the sale of the ordinary and A ordinary shares, but instead were acquired under the terms of the eventual sale agreement and remain in issue but may be redeemed at anytime.

15. RESERVES

	Profit and loss account £
At 1 January 2003	(290,689)
Retained profit for the year	394,520
Reversal of non-equity appropriations	237,500
Transfer of outstanding cumulative dividends (note 14)	(341,331)
At 31 December 2003	-

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	632,020	1,135,084
Dividends	(237,500)	(237,500)
Reversal of non-equity appropriations	237,500	237,500
Transfer of outstanding cumulative dividends (note 14)	(341,331)	-
Transfer of prior year dividend to reserves not previously reversed	-	8,904
Net addition to shareholders' funds	290,689	1,143,988
Opening shareholders' funds	6,061,022	4,917,034
	<u>6,351,711</u>	<u>6,061,022</u>

17. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
- within one year	-	13,441	-	2,167
- between two and five years	-	20,098	-	33,492
- after five years	177,504	-	177,504	-
	<u>177,504</u>	<u>33,539</u>	<u>177,504</u>	<u>35,659</u>

XPEDITE SYSTEMS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

18. ULTIMATE CONTROLLING PARTY

The directors regard PTEK Holdings Inc., a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party.

PTEK Holdings Inc. is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 3399 Peachtree Road, NE, The Lennox Building, Suite 600, Atlanta, Georgia 303326, USA.

Xpedite Systems Holdings (UK) Limited, a company incorporated in England and Wales, is the parent company of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Xpedite House, Pioneer Business Park, Amy Johnson Way, YO30 4GJ.

As a subsidiary undertaking of PTEK Holdings Inc., the company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the group headed by PTEK Holdings Inc.