

NETINVEST LIMITED

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

31st DECEMBER 2000

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Netinvest Limited

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For the year ended 31st December 2000**

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Netinvest Limited

**Company Information
For the year ended 31st December 2000**

Directors:	B. Peak K. Swayne
Secretary:	B. Peak
Registered Office:	Communications House Station Court Station Road Great Shelford Cambridgeshire CB2 5LR
Registered Number:	3202517 (England and Wales)
Auditors:	Moore Stephens Chartered Accountants St. Paul's House Warwick Lane London EC4P 4BN

Netinvest Limited**Report of the Directors
For the year ended 31st December 2000**

The directors present their report with the financial statements of the company for the year ended 31st December 2000.

Principal Activity

The principal activity of the company in the year under review was that of management and investment in internet and related activities.

Directors

The directors during the year under review were:

B. Peak	
W.R. Thomson	Removed 29th December 2000
K. Swayne	Appointed 29th November 2000

The directors holding office at 31st December 2000 did not hold any beneficial interest in the issued share capital of the company at 1st January 2000 or 31st December 2000.

The interests of the company's directors in the ultimate holding company, Global Communications (Holdings) Limited, are shown in the accounts of that company.

Statement of 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 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 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.

Auditors

Moore Stephens were appointed auditors during the year. Moore Stephens have expressed their willingness to continue in office as Auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

B. PEAK

Director



**Independent Auditors' Report to the Shareholders of
Netinvest Limited**

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and 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 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 company's circumstances, consistently applied and adequately disclosed.

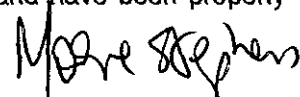
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House
London, EC4P 4BN

1st August 2001


MOORE STEPHENS
Registered Auditor
Chartered Accountants

Netinvest Limited

Profit and Loss Account
For the year ended 31st December 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Turnover	2	944,873	552,520
Cost of sales		21,919	2,885
Gross Profit		<u>922,954</u>	<u>549,635</u>
Administrative expenses		1,277,981	673,872
Operating Loss	3	<u>(355,027)</u>	<u>(124,237)</u>
Interest payable and similar charges		<u>(5,999)</u>	<u>(3,908)</u>
Loss on Ordinary Activities before Taxation		<u>(361,026)</u>	<u>(128,145)</u>
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the Financial Year after Taxation		<u>(361,026)</u>	<u>(128,145)</u>
Deficit brought forward		<u>(303,618)</u>	<u>(175,473)</u>
Deficit Carried Forward		<u>£ (664,644)</u>	<u>£ (303,618)</u>

Netinvest Limited

Balance Sheet - 31st December 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Fixed Assets			
Tangible assets	5	68,920	47,739
Investments	6	500,102	200,102
		<u>569,022</u>	<u>247,841</u>
Current Assets			
Stocks		-	4,331
Debtors	7	1,553,203	924,795
		<u>1,553,203</u>	<u>929,126</u>
Creditors, amounts falling due within one year	8	2,777,810	1,455,411
Net Current Liabilities		<u>(1,224,607)</u>	<u>(526,285)</u>
Total Assets Less Current Liabilities		(655,585)	(278,444)
Creditors, amounts falling due after more than one year	9	8,059	24,174
		<u>£ (663,644)</u>	<u>£ (302,618)</u>
Capital and Reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		(664,644)	(303,618)
Equity shareholders' funds		<u>£ (663,644)</u>	<u>£ (302,618)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the Board on 1st August 2001

B. PEAK

Director



Netinvest Limited**Notes to the Financial Statements
For the year ended 31st December 2000****1. Accounting Policies****(a) Basis of preparing the financial statements**

The company meets its day to day working capital requirements through the support of group companies. The Board has received confirmation that the ultimate parent company and all its subsidiaries will give continued support to the activities of the company. Thus the directors consider it appropriate to prepare the financial statements on the going concern basis..

(b) Accounting convention

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).

(c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Office equipment	- 25% on cost
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(d) Stocks

Stock is valued at the lower of cost and net realisable value.

(e) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

(f) Hire purchase and lease commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

(g) Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the ultimate parent company prepares a consolidated cash flow statement.

Netinvest Limited

Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

2. Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

3. Operating Loss

The operating loss is stated after charging:

	<u>2000</u> £	<u>1999</u> £
Depreciation - owned assets	6,439	-
Depreciation - assets on hire purchase contracts	12,053	4,018
Auditors' remuneration	-	500
	<u> </u>	<u> </u>
Director's emoluments and other benefits etc	<u> </u>	<u> </u>

4. Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 2000 nor for the year ended 31st December 1999. No payments are received in respect of losses surrendered to group companies.

5. Tangible Fixed Assets

	<u>Office Equipment</u> £	<u>Software</u> £	<u>Total</u> £
Cost			
At 1st January 2000	51,757	-	51,757
Additions	26,121	13,552	39,673
	<u> </u>	<u> </u>	<u> </u>
At 31st December 2000	77,878	13,552	91,430
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1st January 2000	4,018	-	4,018
Additions	16,639	1,853	18,492
	<u> </u>	<u> </u>	<u> </u>
At 31st December 2000	20,657	1,853	22,510
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31st December 2000	57,221	11,699	68,920
	<u> </u>	<u> </u>	<u> </u>
At 31st December 1999	47,739	-	47,739
	<u> </u>	<u> </u>	<u> </u>

Netinvest Limited

Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

5. Tangible Fixed Assets (Continued)

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Office Equipment</u> £
Cost	
At 1st January 2000	
and 31st December 2000	48,215
Cost	
At 1st January 2000	4,018
Charge for year	12,053
At 31st December 2000	16,071
Net book value	
At 31st December 2000	32,144
At 31st December 1999	44,197

6. Fixed Assets Investments

	£
Cost and Net Book Value	
At 1st January 2000	200,102
Additions	300,000
At 31st December 2000	500,102

	<u>2000</u> £	<u>1999</u> £
Investment in group companies	500,102	200,102

The company owns 100% of the issued share capital of the following companies, all of which were incorporated in England:

<u>Name</u>	<u>Activity</u>
Netbanx Limited	Internet credit card processing
Netsite Solutions Limited	Website design
Net 800 Limited	Dormant

Netinvest Limited

Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)

7. Debtors: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Other debtors	25,273	10,000
Prepayments and accrued income	191	263,796
Amount owed by group companies	1,527,739	650,999
	<u>1,553,203</u>	<u>924,795</u>

8. Creditors: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdrafts	313	15,364
Hire purchase contracts	16,116	16,116
Trade creditors	41,784	27,104
Amount owed to group companies	2,586,592	1,321,694
Other creditors	-	1,155
Social security and other taxes	106,552	19,995
Accrued expenses	26,453	53,983
	<u>2,777,810</u>	<u>1,455,411</u>

9. Creditors: amounts falling due after more than one year

	<u>2000</u>	<u>1999</u>
	£	£
Hire purchase contracts	8,059	24,174

10. Called Up Share Capital

	<u>2000</u>	<u>1999</u>
	£	£
Authorised, allotted, issued and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Netinvest Limited

**Notes to the Financial Statements
For the year ended 31st December 2000 (Continued)**

11. Contingent liabilities

Omnibus Letter of Guarantee and Set Off dated 13th July 1998 in favour of Lloyds Bank PLC, to guarantee all borrowings of Global Communications (Holdings) Ltd, Global Communication Management Services Ltd, Ladyline Communications Ltd, Temptations Management & Promotions Ltd, Mooncrown Ltd, Advantage Media Ltd, Advanced Interactive Systems Ltd, Imagesel Limited, Global Communications Productions Ltd, Global Interactive Systems Ltd, Sport Livewire Ltd, Global Speech & Information Systems Ltd, Silky Bear Records Ltd, Baby Publications Ltd, Global Media Services Ltd, Netinvest Ltd, Global Automatic Communications Ltd, Netsite Solutions Ltd, Hostnet Ltd, Diva-Net Ltd, Rayshield Ltd, Safinet Communications Ltd, Netbanx Ltd, Sablelight Ltd.

The aggregate amount outstanding to Lloyds Bank Plc at 31st December 2000 was £344,641.

12. Operating Leases

At 31st December 2000 Netinvest Limited was committed to making the following payments during the next year in respect of operating leases:

	£
Leases which expire:	
Within two to five year	<u>31,040</u>

13. Ultimate Control

The ultimate parent company is Global Communications (Holdings) Limited, a company incorporated in the United Kingdom. Copies of the consolidated financial statements of that company are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

Mr. K. Swayne was the ultimate controlling party.

14. Related Party Transactions

The company has claimed the exemptions contained in FRS8, which are available to wholly owned subsidiaries, not to disclose related party transactions with other members of the group.