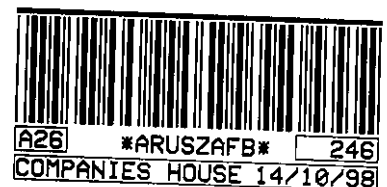


Report of the Director and
Financial Statements for the Year Ended 31 December 1997
for
Netinvest Limited



Netinvest Limited

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for the Year Ended 31 December 1997

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Netinvest Limited

Company Information
for the Year Ended 31 December 1997

DIRECTOR: B Peak

SECRETARY: W R Thomson.

REGISTERED OFFICE: Netbanx House
Station Court
Station Road
Great Shelford
Cambridgeshire
CB2 5LR

REGISTERED NUMBER: 3202517 (England and Wales)

AUDITORS: Langmead Charlesworth & Co.
Chartered Certified Accountants
Registered Auditors
137 Station Road
Hampton
Middlesex
TW12 2AL

Netinvest Limited

Report of the Director
for the Year Ended 31 December 1997

The director presents his report with the financial statements of the company for the year ended 31 December 1997.

CHANGE OF NAME

The company passed a special resolution on 11 July 1997 changing its name from Global Netsite Solutions to Netinvest Limited.

PRINCIPAL ACTIVITY

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

DIRECTOR

B Peak was the sole director during the year under review.

The director holding office at 31 December 1997 did not hold any beneficial interest in the issued share capital of the company at 1 January 1997 or 31 December 1997.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

The auditors, Langmead Charlesworth & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:



B Peak - DIRECTOR

Dated: 30 September 1998

Netinvest Limited

Report of the Auditors to the Shareholders of
Netinvest Limited

We have audited the financial statements on pages four to eight which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of director and auditors

As described on page two the company's director is 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 judgments made by the director 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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Langmead Charlesworth & Co

Langmead Charlesworth & Co.
Chartered Certified Accountants
Registered Auditors
137 Station Road
Hampton
Middlesex
TW12 2AL

Dated: 30 September 1998

Netinvest Limited

Profit and Loss Account
for the Year Ended 31 December 1997

		Year Ended 31.12.97	Period 22.5.96 to 31.12.96
	Notes	£	£
TURNOVER	2	107,536	-
Cost of sales		-	1,714
GROSS PROFIT/(LOSS)		107,536	(1,714)
Administrative expenses		156,578	5,743
OPERATING LOSS	3	(49,042)	(7,457)
Interest payable and similar charges		58	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(49,100)	(7,457)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(49,100)	(7,457)
Deficit brought forward		(7,457)	-
DEFICIT CARRIED FORWARD		<u>£(56,557)</u>	<u>£(7,457)</u>

The notes form part of these financial statements

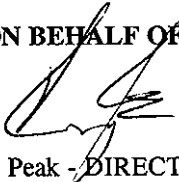
Netinvest Limited

Balance Sheet
31 December 1997

		31.12.97		31.12.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Investments	5		100,102		1,000
CURRENT ASSETS:					
Debtors	6	32,186		1,254	
Cash at bank		51		-	
		<u>32,237</u>		<u>1,254</u>	
CREDITORS: Amounts falling due within one year	7	<u>187,896</u>		<u>9,709</u>	
NET CURRENT LIABILITIES:			<u>(155,659)</u>		<u>(8,455)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£(55,557)</u>		<u>£(7,455)</u>
CAPITAL AND RESERVES:					
Called up share capital	8		1,000		2
Profit and loss account			<u>(56,557)</u>		<u>(7,457)</u>
Shareholders' funds			<u>£(55,557)</u>		<u>£(7,455)</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.

ON BEHALF OF THE BOARD:



B Peak - DIRECTOR

Approved by the Board on 30 September 1998

Netinvest Limited

Notes to the Financial Statements for the Year Ended 31 December 1997

1. ACCOUNTING POLICIES

Going concern

The financial statements have been prepared on a going concern basis. The ability of the company to continue trading is dependant on the continued support of the parent company and its ability to generate profits in the future. Should the company be unable to continue trading, adjustments would have to be made to state the value of the assets at their recoverable amount and to provide for any further liabilities which might arise.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

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

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.

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.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

3. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 31.12.97 £	Period 22.5.96 to 31.12.96 £
Auditors' remuneration	450	300
	==	==
Director's emoluments and other benefits etc	-	-
	==	==

4. TAXATION

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 1997 nor for the period ended 31 December 1996.

Netinvest Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

5. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1997	1,000
Additions	99,102
	<hr/>
At 31 December 1997	100,102
	<hr/>
NET BOOK VALUE:	
At 31 December 1997	100,102
	<hr/> <hr/>
At 31 December 1996	1,000
	<hr/> <hr/>

	31.12.97	31.12.96
	£	£
Unlisted investments	100,102	1,000
	<hr/> <hr/>	<hr/> <hr/>

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97	31.12.96
	£	£
Other debtors	1,517	1,252
Prepayments	540	-
Amount owed by group companies	30,129	2
	<hr/>	<hr/>
	32,186	1,254
	<hr/> <hr/>	<hr/> <hr/>

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.97	31.12.96
	£	£
Trade creditors	1,775	-
Amount owed to group companies	175,157	9,409
Social security & other taxes	10,464	-
Accrued expenses	500	300
	<hr/>	<hr/>
	187,896	9,709
	<hr/> <hr/>	<hr/> <hr/>

Netinvest Limited

Notes to the Financial Statements
for the Year Ended 31 December 1997

8. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.97	31.12.96
			£	£
1,000	Ordinary shares	£1	1,000	1,000
			<u> </u>	<u> </u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.97	31.12.96
			£	£
1,000	Ordinary shares	£1	1,000	2
			<u> </u>	<u> </u>

9. CONTINGENT LIABILITIES

Omnibus Letter of Guarantee and Set Off dated 24/09/97 in favour of Lloyds Bank PLC, to guarantee all borrowings of Global Communication Management Services Limited.

10. ULTIMATE PARENT COMPANY

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 the Companies House, Crown Way, Cardiff, CF4 3UZ.