

Report of the Directors and
Financial Statements for the Year Ended 31 December 1998
for
Netinvest Limited



Netinvest Limited

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for the Year Ended 31 December 1998

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Netinvest Limited

Company Information
for the Year Ended 31 December 1998

DIRECTORS: B Peak
W R Thomson

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
137 Station Road
Hampton
Middlesex
TW12 2AL

Netinvest Limited

Report of the Directors
for the Year Ended 31 December 1998

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

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

- appointed 31.12.98

The directors holding office at 31 December 1998 did not hold any beneficial interest in the issued share capital of the company at 1 January 1998 (or date of appointment if later) or 31 December 1998.

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

YEAR 2000 ISSUES

The directors have considered the matters relating to the year 2000, and have decided that no provisions for costs are required.

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.

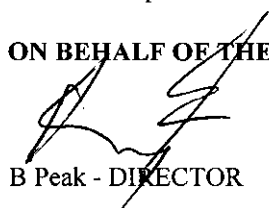
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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: 23 July 1999

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 (effective March 1999), under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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 as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 23 July 1999

Netinvest Limited

Profit and Loss Account
for the Year Ended 31 December 1998

		31.12.98	31.12.97
	Notes	£	£
TURNOVER		397,656	107,536
GROSS PROFIT		397,656	107,536
Administrative expenses		514,808	156,578
OPERATING LOSS	2	(117,152)	(49,042)
Interest payable and similar charges		1,764	58
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(118,916)	(49,100)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(118,916)	(49,100)
Deficit brought forward		(56,557)	(7,457)
DEFICIT CARRIED FORWARD		<u>£(175,473)</u>	<u>£(56,557)</u>

The notes form part of these financial statements

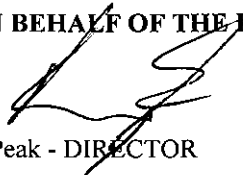
Netinvest Limited

Balance Sheet
31 December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Investments	4		200,102		100,102
CURRENT ASSETS:					
Stocks		4,331		-	
Debtors	5	400,720		32,186	
Cash at bank		-		51	
		405,051		32,237	
CREDITORS: Amounts falling due within one year	6	779,626		187,896	
NET CURRENT LIABILITIES:			(374,575)		(155,659)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£(174,473)		£(55,557)
CAPITAL AND RESERVES:					
Called up share capital	7		1,000		1,000
Profit and loss account			(175,473)		(56,557)
Shareholders' funds			£(174,473)		£(55,557)

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 1999).

ON BEHALF OF THE BOARD:



B Peak - DIRECTOR

Approved by the Board on 23 July 1999

Netinvest Limited

Notes to the Financial Statements
for the Year Ended 31 December 1998

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 (effective March 1999).

Turnover

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

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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 directors, 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. OPERATING LOSS

The operating loss is stated after charging:

	31.12.98	31.12.97
	£	£
Auditors' remuneration	100	450
	==	==
Directors' emoluments and other benefits etc	-	-
	==	==

3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 1998 nor for the year ended 31 December 1997.

Netinvest Limited

Notes to the Financial Statements
for the Year Ended 31 December 1998

4. FIXED ASSET INVESTMENTS

	£	
COST:		
At 1 January 1998		100,102
Additions		100,000
		<hr/>
At 31 December 1998		200,102
		<hr/>
NET BOOK VALUE:		
At 31 December 1998		200,102
		<hr/>
At 31 December 1997		100,102
		<hr/>
	31.12.98	31.12.97
	£	£
Unlisted investments	200,102	100,102
	<hr/>	<hr/>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.98	31.12.97
	£	£
Social security & other taxes	2,524	1,517
Prepayments & accrued income	398,196	-
Prepayments	-	540
Amount owed by group companies	-	30,129
	<hr/>	<hr/>
	400,720	32,186
	<hr/>	<hr/>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.98	31.12.97
	£	£
Bank loans and overdrafts	3,750	-
Trade creditors	1,268	1,775
Amount owed to group companies	584,377	175,157
Social security & other taxes	23,987	10,464
Accrued expenses	166,244	500
	<hr/>	<hr/>
	779,626	187,896
	<hr/>	<hr/>

7. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.98	31.12.97
			£	£
1,000	Ordinary shares	£1	1,000	1,000
			<hr/>	<hr/>

Netinvest Limited

Notes to the Financial Statements
for the Year Ended 31 December 1998

8. CONTINGENT LIABILITIES

Omnibus Letter of Guarantee and Set Off dated 13/07/98 in favour of Lloyds Bank PLC, to guarantee all borrowings of Global Communications (Holdings) Limited.

9. RELATED PARTY DISCLOSURES

W Swayne is the father of a director of the ultimate parent company, K Swayne who has received £3, consultancy fees during the year.

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.

Netinvest Limited

Profit and Loss Account
for the Year Ended 31 December 1998

	31.12.98		31.12.97	
	£	£	£	£
Sales		397,656		107,536
Expenditure:				
Wages & Salaries	395,975		112,100	
Telecommunications	3,242		3,908	
Postage & Stationery	-		907	
Travelling	-		255	
Motor expenses	-		142	
Computer costs	-		468	
Sundry expenses	(1)		-	
Auditors remuneration	100		450	
Professional fees	15		35	
Consultancy fees	62,969		29,629	
Recruitment fee	-		2,625	
Company information services	2,488		-	
Staff costs	25,675		-	
Rent & Rates	24,000		6,000	
		514,463		156,519
		(116,807)		(48,983)
Finance costs:				
Bank interest	1,708		58	
PAYE interest charge	56		-	
Bank charges	345		59	
		2,109		117
NET LOSS		£(118,916)		£(49,100)