

**Euro African Satellite Telecommunications
(E.A.S.T.) Limited**

**Reports and Financial Statements
for the year ended 31 December 2000**

Registered Number 3261352



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Euro African Satellite Telecommunications (E.A.S.T.) Limited

**Annual report
for the year ended 31 December 2000**

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Euro African Satellite Telecommunications (E.A.S.T.) Limited

Report of the Directors

The Directors present their report and the audited accounts of the Company for the accounting period ended 31 December 2000.

Results

The result for the accounting period after taxation amounted to \$0 (31.12.99 \$6,000).

The directors do not recommend the payment of a dividend (31.12.99 \$0).

Principal Activity

The principal activity of the Company is conducting a feasibility study into the design, manufacture and supply of satellite equipment.

Directors

The members of the Board during the period were

L. A. Carlier

M. Zivanaris

M. Markides

F. D'Allest - resigned 21 December 2000

A. Demetriades - resigned 10 May 2001

B. Skjeie

P. Kythreotis - resigned 10 May 2001

J. E. Maury

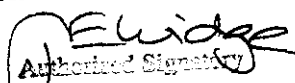
A. Kritiotis - resigned 10 May 2001

N. E. Franks - resigned 4 January 2000

L. Leonidou, C. Chappas, C. Schizas, B. Leuba and N. Chamussy were appointed to the Board on 10 May 2001

According to the Register kept by the Company in accordance with Section 325 of the Companies Act 1985 the Directors had no interests in the shares of the Company.

By Order of the Board
For and on behalf of
CLIFFORD CHANCE SECRETARIES LTD


Authorized Signatory
Clifford Chance
Secretary

Registered office:

200 Aldergate Street
LONDON EC1A 4JJ

Euro African Satellite Telecommunications (E.A.S.T.) Limited

Report of the Auditors to the Members of Euro African Satellite Telecommunications (E.A.S.T.) Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

The Directors are required by the United Kingdom Companies Act 1985 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 financial year. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enables them to ensure that the financial statements comply with the United Kingdom 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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements given a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. 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 is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit 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 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.

Euro African Satellite Telecommunications (E.A.S.T.) Limited

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 2000 and of its result and cashflows of the Company for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

14 DECEMBER 2001.

Euro African Satellite Telecommunications (E.A.S.T.) Limited

Profit and loss account for the year ended 31 December 2000

	Note	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Turnover	2	0	0
Gross Profit		0	0
Other operating expenses		(7)	(26)
Operating loss on ordinary activities before tax	3	<u>(7)</u>	<u>(26)</u>
Interest receivable and similar income	4	<u>7</u>	<u>20</u>
Loss on ordinary activities before taxation		0	(6)
Taxation	7	0	0
Loss on ordinary activities after taxation		<u>0</u>	<u>(6)</u>
Retained loss for the year		<u>0</u>	<u>(6)</u>

All of the above are derived from the continuing activities of the Company.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Euro African Satellite Telecommunications (E.A.S.T.) Limited

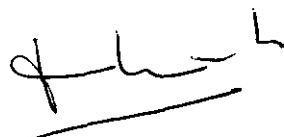
Balance sheet at 31 December 2000

	Note	As at 31.12.00 \$'000	As at 31.12.99 \$'000
Current assets			
Stock	8	11 577	11 577
Debtors	9	1	1
Cash at bank and in hand		340	354
Creditors			
Amounts falling due within one year	10	(11 656)	(11 670)
Net current assets		<u>262</u>	<u>262</u>
Net assets		<u>262</u>	<u>262</u>
Capital and reserves			
Called-up share capital	12	200	200
Profit and loss account	13	62	62
Equity Shareholders' Funds	14	<u>262</u>	<u>262</u>

The financial statements on pages 4 to 10 were approved by the Board of Directors on
and were signed on its behalf by:

14 DEC. 2001

Director



Euro African Satellite Telecommunications (E.A.S.T.) Limited

Cash flow statement

for the year ended 31 December 2000	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Net cash (outflow) from operating activities	(21)	(3 057)
Returns on investments and servicing of finance		
Interest received	<u>7</u>	<u>20</u>
Net Cash inflow from returns on investment and servicing of finance	<u>7</u>	<u>20</u>
UK Corporation Tax paid	0	(38)
Cash (outflow) before management of liquid resources and financing	<u>(14)</u>	<u>(3 075)</u>
Management of liquid resources and financing		
Loans received	<u>0</u>	<u>2 458</u>
Net cash inflow from financing	<u>0</u>	<u>2 458</u>
Increase/ (decrease) in Cash	<u>(14)</u>	<u>(617)</u>
	(see note 11)	(see note 11)

Euro African Satellite Telecommunications (E.A.S.T.) Limited

Notes to the financial statements for the twelve months ended 31 December 2000

1 Accounting policies

The more important accounting policies are summarised below to facilitate the interpretation of the financial statements.

Accounting Convention

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with applicable accounting standards in the United Kingdom.

Turnover

Turnover, excluding VAT, comprises sales to outside customers. The Company records transactions as sales when the delivery of products or performance of services takes place in accordance with the terms of contracts.

Currency of Financial Statements

The financial statements have been prepared in the currency of the US Dollar, being the currency of the primary economic environment in which the company operates and expects to receive the majority of its income. This is a change of policy from the prior year when the financial statements were prepared in Pounds Sterling. The exchange rate at 31 December 2000 for US Dollar to Sterling was 1.5153 (1999: 1.6237).

Currency Translation

Assets and liabilities denominated in foreign currency are translated into US Dollars at the rate of exchange ruling at the end of the accounting period. All exchange gains and losses are taken to the profit and loss account in the accounting period in which they arise.

Stocks and Contracts in Progress

Stocks and contracts in progress have been valued at the lower of cost, inclusive of appropriate overheads, and estimated realisable value. Provisions are made for any losses incurred or expected to be incurred on uncompleted contracts. Profit on the long-term contract in progress is taken when a sale is recorded on part delivery of the study provided that the outcome of the contract can be assessed with reasonable certainty. Advance payments from customers are shown as creditors until there is a right of set-off against the value of work undertaken. Progress payments received are deducted from the value of work carried out, any excess being included within payments received in advance.

2 Turnover

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Telecommunications	<u>0</u>	<u>0</u>

Euro African Satellite Telecommunications (E.A.S.T.) Limited

3 Loss on ordinary activities before taxation

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Loss on ordinary activities before taxation is stated after charging: Auditors' remuneration for the audit of the financial statements	<u>4</u>	<u>4</u>

4 Interest receivable and similar income

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Bank Interest receivable	<u>7</u>	<u>20</u>

5 Directors

The Directors of the Company have not received any remuneration for their services.

6 Employees

The Company has no employees.

7 Taxation

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
United Kingdom corporation tax @ 30.00% (1999: 30.25%)	<u>0</u>	<u>0</u>

8 Stock

	As at 31.12.00 \$'000	As at 31.12.99 \$'000
Work in progress	<u>11 577</u>	<u>11 577</u>

9 Debtors: amounts due within one year

	As at 31.12.00 \$'000	As at 31.12.99 \$'000
Other debtors	<u>1</u>	<u>1</u>

Euro African Satellite Telecommunications (E.A.S.T.) Limited

10 Creditors: amounts falling due within one year

	As at 31.12.00 \$'000	As at 31.12.99 \$'000
Trade creditors	828	841
Corporation tax	0	0
Other creditors	28	29
Current portion of loans (see note below)	10 800	10 800
	<u>11 656</u>	<u>11 670</u>

The loans due to Matra Marconi Space UK Limited & Digimed Communications Limited are unsecured, interest free, and have no fixed date of repayment.

11 Notes to the cash flow statement

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
Operating loss	(7)	(26)
(Increase) in stocks	0	(2 552)
Decrease / (increase) in debtors	0	70
(Decrease) / Increase in trade creditors	(13)	(508)
(Decrease) / Increase in other creditors	(1)	(41)
Net cash (outflow) from operating activities	<u>(21)</u>	<u>(3 057)</u>

Reconciliation of net cash flow to movement in net debt

	12 months ended 31.12.00 \$'000	12 months ended 31.12.99 \$'000
(Decrease) / Increase in cash in the period	(14)	(617)
Cash (inflow) from increase in debt	0	(2 458)
Change in net debt resulting from cashflows	<u>(14)</u>	<u>(3 075)</u>
Movement in net debt in period	(14)	(3 075)
Net debt at beginning of period	(10 446)	(7 371)
Net debt at end of period	<u>(10 460)</u>	<u>(10 446)</u>

Analysis of net debt

	As at 31.12.99 \$'000	Cash flow \$'000	As at 31.12.00 \$'000
Cash in hand, at bank	354	(14)	340
Debt due within one year	(10 800)	0	(10 800)
Total	<u>(10 446)</u>	<u>(14)</u>	<u>(10 460)</u>

Euro African Satellite Telecommunications (E.A.S.T.) Limited

12 Called up share capital

	2000 Number	2000 \$'000
Authorised, allotted, called up and fully paid: Ordinary shares of US\$100		
At 1 January 2000	2 000	200
At 31 December 2000	<u>2 000</u>	<u>200</u>

13 Reserves

	2000 \$'000	1999 \$'000
Profit and loss account		
At 1st January	62	68
Retained loss for the period	0	(6)
At 31 December	<u>62</u>	<u>62</u>

14 Reconciliation of movements in shareholders' funds

	As at 31.12.00 \$'000	As at 31.12.99 \$'000
Opening shareholders' funds	262	268
Loss for the financial year	0	(6)
Closing shareholders' funds	<u>262</u>	<u>262</u>

15 Related party transactions and balances

	12 months ended 31.12.00	As at 31.12.00	As at 31.12.00
	Purchases	Trade Creditors	Loans
Related party	\$'000	\$'000	\$'000
Matra Marconi Space UK Limited	0	675	8 900
Digimed Communications Limited	0	126	1 900

16 Ultimate Parent Undertaking

The Company's ultimate parent companies are Matra Marconi Space N.V. ("MMS") which is registered in The Netherlands and Cyprus Telecommunications Authority ("CYTA") which is registered in Cyprus. Copies of the accounts of MMS are available from The Secretary, Matra Marconi Space N.V., 37 Avenue Louis Breguet BP1, 78146 Velizy, Villacoublay, Cedex, France. Copies of the accounts of CYTA are available from The Registrar, Cyprus Telecommunications Authority, Telecommunications Street, P.O. Box 4929, CY-1396, Nicosia, Cyprus.