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**TM Property Service Limited (formerly
Teramedia Limited)**

Abbreviated Financial Statements

Year Ended

31 December 2001



IBDO

BDO Stoy Hayward
Chartered Accountants

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Report and financial statements for the year ended 31 December 2001

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Directors and other company details

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Directors

S Foster
M Williams
R Sawtell
R Scarff

Secretary and registered office

W Hodson, Hilliers Chambers, 21/22 High Street, Marlborough, Wiltshire, SN9 1LW.

Company number

3775703

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

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TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Report of the independent auditors

Independent auditors' report to TM Property Service Limited (formerly Teramedia Limited) under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements of TM Property Service Limited for the year ended 31 December 2001 on pages 3 to 9 together with the financial statements of the company for the year ended 31 December 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements on pages 3 to 9 are properly prepared in accordance with those provisions.

Other information

On 31 March 2003 we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report included the following paragraph:

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Report of the independent auditors (*Continued*)

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 6 to the financial statements concerning the company's dependence on obtaining additional funding to remain as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

BDO Stoy Hayward
BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors
London*

31 March 2003

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

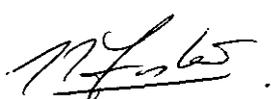
Balance sheet at 31 December 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Intangible assets	2		-		235,000
Tangible assets	3		749,688		53,255
Investments	4		573,738		-
			<u>1,323,426</u>		<u>288,255</u>
Current assets					
Debtors		2,230,398		74,867	
Cash at bank and in hand		541,151		928,380	
		<u>2,771,549</u>		<u>1,003,247</u>	
Creditors: amounts falling due within one year		<u>941,901</u>		<u>314,926</u>	
Net current assets			<u>1,829,648</u>		<u>688,321</u>
Total assets less current liabilities			<u>3,153,074</u>		<u>976,576</u>
Capital and reserves					
Called up share capital	5		5,912,641		3,599,709
Share premium account	5		3,996,322		-
Warrant reserve			-		200,000
Profit and loss account			(6,755,889)		(2,823,133)
Shareholders' funds			<u>3,153,074</u>		<u>976,576</u>
Analysis of shareholders' funds					
Equity			3,153,074		(1,093,187)
Non-equity			-		2,069,763
			<u>3,153,074</u>		<u>976,576</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.

The financial statements were approved by the Board on 12 February 2003.

S FOSTER
Director



The notes on pages 4 to 9 form part of these financial statements

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001

1 Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies applied during the year are as follows:

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No. 1 "Cash flow Statements".

Goodwill and intangible assets

Goodwill arising on the acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the net assets acquired.

The resulting goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full year following acquisition, and in other years if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided on tangible fixed assets to write off the cost or valuation, less estimated residual values, over their estimated useful lives on a straight line basis at the following principal rates per annum:

Operating licences	-	over the life of the assets
Purchased goodwill	-	50%
Computer equipment	-	33½%
Computer software	-	Over a 3 to 7 year period

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

1 Accounting policies (Continued)

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over the period the company expects to benefit from the expenditure. Development costs are included within the computer software category in fixed assets.

Leased assets

Assets acquired under finance leases are capitalised and written off over the shorter of their useful lives and the terms of the lease. The interest element of the lease charges is apportioned over the period of the lease on the basis of the rate implicit in the lease. Operating lease rentals are charged to the profit and loss account in the year to which they relate.

Pension costs

The company contributes an amount based on the basic salary of each staff members to a private pension of their choice. These amounts are charged to the profit and loss account as incurred.

Share option incentive scheme

A charge is made to the profit and loss account and a reserve created in capital and reserves to record the fair value of shares conditionally awarded under the share option incentive plan in accordance with UITF Abstract 17.

Warrant reserve

This reserve was established during 2000 to record the consideration received for options. When the options were exercised in 2001 the warrant reserve balance was offset against the exercise price of the options.

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

1 Accounting policies (Continued)

Employee benefit trust

The company is deemed to have control over the assets, liabilities, income and costs of its Employee Benefit Trust ("EBT"). It has therefore been included in the accounts of the company in accordance with UITF 13.

The ordinary shares of the company held by the EBT are included in fixed asset investments and are written down to the option price over the minimum period of service to which the conditions attached to the shares relate.

The EBT has no external borrowings.

2 Intangible assets	£
<i>Cost</i>	
At 1 January 2001 and at 31 December 2001	470,000
<i>Amortisation</i>	
At 1 January 2001	235,000
Amortisation provided in the year	235,000
At 31 December 2001	470,000
<i>Net book value</i>	
At 31 December 2001	-
At 31 December 2000	235,000

Intangible assets relate to goodwill that arose on the acquisition of Geomedia Services on 22 December 1999. The goodwill was amortised on a straight line basis over 2 years from 1 January 2000.

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

3 Fixed assets	£	
<i>Cost</i>		
At 1 January 2001	96,712	
Additions	814,296	
	<hr/>	
At 31 December 2001	911,008	
	<hr/>	
<i>Depreciation</i>		
At 1 January 2001	43,457	
Provided in the year	117,863	
	<hr/>	
At 31 December 2001	161,320	
	<hr/>	
<i>Net book value</i>		
At 31 December 2001	749,688	
	<hr/>	
At 31 December 2000	53,255	
	<hr/>	
4 Fixed assets investments – own shares		
	Shares held in trust Number	Net book value £
At 1 January 2000	-	-
Additions	573,738	573,738
	<hr/>	<hr/>
At 31 December 2001	573,738	573,738
	<hr/>	<hr/>

On 2 March 2001 the company's Employee Benefit Trust ("EBT") was established. On this date the company entered into an interest free unsecured loan with the EBT for £573,738. On the same date, the Trustees of the EBT subscribed for 573,738 £1 ordinary shares in the company at par value.

At 31 December 2001 options had been granted over 252,962 of the shares held by the EBT.

The company is deemed to have control over the assets, liabilities, income and costs of its EBT and it has therefore been consolidated in the accounts of the company in accordance with UITF 13.

No write downs in the fixed assets investments have been required.

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

5 Share capital

	2001 Number	Authorised		2000 £
		2000 Number	2001 £	
Ordinary shares of £1 each - equity	10,795,836	-	10,795,836	-
Deferred shares of £1 each - equity	1,704,164	-	1,704,164	-
'A' ordinary shares of £1 each - equity	-	2,000,000	-	2,000,000
'C' ordinary shares of £1 each - equity	-	8,000,000	-	8,000,000
Founder preference shares of £1 each - non-equity	-	1,500,000	-	1,500,000
New investor preference shares of £1 each - non-equity	-	1,000,000	-	1,000,000
	12,500,000	12,500,000	12,500,000	12,500,000
	2001 Number	Allotted and called up		2000 £
		2000 Number	2001 £	
Ordinary shares of £1 each - equity	4,208,477	-	4,208,477	-
Deferred shares of £1 each - equity	1,704,164	-	1,704,164	-
'A' ordinary shares of £1 each - equity	-	38,656	-	38,656
'C' ordinary shares of £1 each - equity	-	1,491,290	-	1,491,290
Founder preference shares of £1 each - non-equity	-	1,215,597	-	1,215,597
New investor preference shares of £1 each - non-equity	-	854,166	-	854,166
	5,912,641	3,599,709	5,912,641	3,599,709

During the year all the previous classes of shares were converted into ordinary shares of the same class. A further sub-division was made, creating the deferred shares class. Ordinary shares rank ahead of deferred shares in the event of the winding up of the company.

During the year 2,312,932 £1 shares were issued for a total consideration of £6,309,254. The resulting premium of £3,996,322 has been transferred to the share premium account.

Under the terms of an agreement between the company and its major shareholder, Countrywide Assured Group Plc, ("CAG") on the listing or sale of the company, CAG can require additional shares to be issued to it at par value, the number of which is dependent on the valuation of the company at certain future dates.

TM PROPERTY SERVICE LIMITED (formerly Teramedia Limited)

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

6 Going concern

The company's ability to remain as a going concern is dependent on obtaining additional funding. The directors are confident that additional funding will be obtained, and discussions with several potential providers of finance continue. Accordingly, the directors consider it appropriate that these financial statements are prepared on a going concern basis.

The financial statements do not include any adjustments that would result from the company not being able to obtain additional funding.