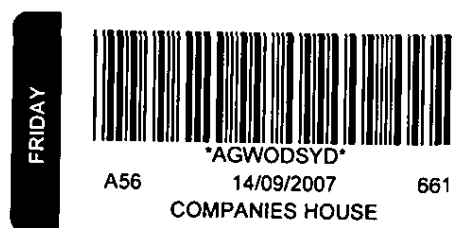


IP POWERHOUSE HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Company Registration No 03934310 (England and Wales)



Plummer Parsons
Chartered Accountants

IP POWERHOUSE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R L Shure C J Campbell
Secretary	Mawlaw Secretaries Limited
Company number	03934310
Registered office	20 Blackfriars Lane London EC4V 6HD
Auditors	Plummer Parsons 18 Hyde Gardens Eastbourne East Sussex BN21 4PT
Business address	20 Blackfriars Lane London EC4V 6HD
Solicitors	Rowe & Maw 20 Blackfriars Lane London EC4V 6HD

IP POWERHOUSE HOLDINGS LIMITED

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IP POWERHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities and review of the business

The company was dormant throughout the accounting period

Following the year end, the company entered into a share sale agreement with P Zuidgeest Beheer bv and transferred its entire shareholding in IP Powerhouse International bv

Results and dividends

The results for the year are set out on page 5

All figures are presented in Euros unless otherwise stated

The directors do not recommend payment of an ordinary dividend

Directors

The following directors have held office since 1 January 2006

R L Shure

C J Campbell

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Plummer Parsons be reappointed as auditors of the company will be put to the Annual General Meeting

IP POWERHOUSE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 that 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



C J Campbell

Director

13 September 2007

IP POWERHOUSE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF IP POWERHOUSE HOLDINGS LIMITED

We have audited the financial statements of IP Powerhouse Holdings Limited for the year ended 31 December 2006 set out on pages 5 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

IP POWERHOUSE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF IP POWERHOUSE HOLDINGS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


Plummer Parsons

13 September 2007

Chartered Accountants
Registered Auditor

18 Hyde Gardens
Eastbourne
East Sussex
BN21 4PT

IP POWERHOUSE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

		2006	2005
	Notes	€	€
		<hr/>	<hr/>
Result on ordinary activities before taxation		-	-
Tax on loss on ordinary activities	3	-	-
		<hr/>	<hr/>
Result on ordinary activities after taxation		-	-
		<hr/>	<hr/>

There are no recognised gains and losses other than those passing through the profit and loss account

IP POWERHOUSE HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 €	€	2005 €	€
Fixed assets					
Investments	4	2,787,890		2,787,890	
Current assets					
Net current assets		-		-	
Total assets less current liabilities		<u>2,787,890</u>		<u>2,787,890</u>	
Capital and reserves					
Called up share capital	5	101,338		101,338	
Share premium account	6	126,328,003		126,328,003	
Profit and loss account	6	<u>(123,641,451)</u>		<u>(123,641,451)</u>	
Shareholders' funds	7	<u>2,787,890</u>		<u>2,787,890</u>	

Approved by the Board and authorised for issue on 13 September 2007



C J Campbell
Director

IP POWERHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.3 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. As it is not considered material, no provision for deferred tax has been made.

1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating result

2006

2005

€

€

Operating result is stated after charging/(crediting)

Auditors' remuneration

-

-

Auditors remuneration for the year has been paid by another group company

3 Taxation

On the basis of these financial statements, no provision for corporation tax is considered necessary

IP POWERHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

4 Fixed asset investments

	Own shares	Shares in group undertakings	Total
	€	€	€
Cost			
At 1 January 2006 & at 31 December 2006	160	2,787,730	2,787,890

The investment in own shares represents IP Powerhouse Holdings Limited Employee Benefit Trust's investment in the Company's shares

Gerrad Trust Jersey Limited, based in Jersey, is the trustee and all shares reflected above are ordinary shares and have been financed by loans from the Company. The closing balance represents the re-purchase of ordinary shares from a leaver. In August 2005 the scheme was officially closed.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
IP Powerhouse International bv	Netherlands	Ordinary	100.00
XB Group bv	Netherlands	Ordinary *	89.28
XB Software Solutions bv	Netherlands	Ordinary *	89.28
@Voice Solutions bv **	Netherlands	Ordinary *	89.28
XB Managed Services bv	Netherlands	Ordinary *	89.28
XB VISIP bv	Netherlands	Ordinary *	89.28
XB Facilities bv	Netherlands	Ordinary *	89.28
National Internet Centrum bv	Netherlands	Ordinary *	89.28

* = Not held directly by the company

** = On 1 December 2006 Iparix Network Solutions bv entered into a legal merger with XB Voice Services bv. The entity was subsequently renamed @Voice Solutions bv.

The aggregate amount of capital and reserves and the results of the sub-groups containing the above subsidiaries for the last relevant financial year were as follows

	Capital and reserves 2006 €	Result for the year 2006 €
IP Powerhouse International bv	5,085,493	(402,507)

IP POWERHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5	Share capital	2006 £	2005 £
	Authorised		
	100 Ordinary shares of £1 each	100	100
		€	€
	12,000,000 Ordinary 'A' shares of € 0.01 each	120,000	120,000
	1,000,000 Deferred shares of € 0.01 each	10,000	10,000
		130,000	130,000
	Allotted, called up and fully paid		
	9,974,200 Ordinary 'A' shares of € 0.01 each	99,742	99,742
	159,586 Deferred shares of € 0.01 each	1,596	1,596
		101,338	101,338

Conversion rights

The Articles of Association prescribe for an event of "conversion", meaning the conversion of 'A' Ordinary Shares of €0.01 each and any other class of Share in the capital of the Company in issue into Ordinary Shares under criteria laid out in the Articles of Association. The balance of those 'A' Ordinary shares shall be converted into Deferred Shares on a one-for-one basis. The Deferred shares shall be redeemable under criteria laid out in the Articles of Association.

Conversion takes place if there is a flotation.

Rights of shares

Prior to "conversion", the rights of shares are as follows:

As to income:

- The 'A' Ordinary Shares shall be entitled to dividends as prescribed by criteria laid down in the Articles of Association, and
- The Deferred shares and the Sterling Share shall not be entitled to any dividend.

IP POWERHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5 Share capital

(continued)

As to capital

Upon any liquidation, dissolution or winding-up (except in the case of the redemption of Shares of any class or the purchase by the Company of its own shares), the assets of the Company available for distribution to Shareholders shall be distributed as follows

- (a) First, in the repayment to the 'A' Ordinary Shareholders, an amount equal to the total available for distribution minus €100
- (b) Second, to the Holders of Deferred shares equally in all respects an amount equal to €100 minus €0.01, and
- (c) Third, to the holders of the Sterling Share an aggregate amount equal to €0.01

Upon any sale where the aggregate sale consideration is more than the Net Senior Adjusted Indebtedness (as defined by the Articles of Association), the consideration shall be applied as follows

- (a) First, the 'A' Ordinary Shareholders shall be entitled to an amount equal to the total net amount of consideration payable for the shares on the sale
- (b) Second, the Deferred shares and Sterling Share shall not participate in the consideration from such sale

As to voting

The 'A' Ordinary Shares shall have one vote for every 'A' Ordinary Share. The Deferred shares and the Sterling Share do not carry a right to vote

6 Statement of movements on reserves

	Share premium account €	Profit and loss account €
Balance at 1 January 2006	126,328,003	(123,641,451)
Balance at 31 December 2006	126,328,003	(123,641,451)

7 Reconciliation of movements in shareholders' funds

	2006 €	2005 €
Result for the financial year	-	-
Opening shareholders' funds	2,787,890	2,787,890
Closing shareholders' funds	2,787,890	2,787,890

IP POWERHOUSE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

8 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Administration & operations	<u>2</u>	<u>2</u>

9 Related party transactions

There were no transactions with related parties during the year

10 Post balance sheet events

On 17 August 2007 the company entered into a share sale agreement with P Zuijdgeest Beheer bv and transferred its entire shareholding in IP Powerhouse International bv for proceeds in excess of the investment's carrying value