

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors I L Fenwick
The Rt Hon Francis Maude MP

Secretary K Fenwick

Company number 4538588

Registered office Buckles Farm
Honey Bridge Lane Dial Post
Horsham
West Sussex
RH13 8NX

Auditors Clarkson Hyde
Chartered Accountants and
Registered Auditors
137-143 High Street
Sutton
Surrey
SM1 1JH

Bankers HSBC
6 West Street
Horsham
West Sussex
RH12 1PE

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

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GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

CHAIRMAN'S STATMENT FOR THE YEAR ENDED 31 DECEMBER 2005

2005 was a year of further growth. Revenues, gross profit and gross margin all grew. We opened several new franchised offices. Advertising costs were relatively high in the year as we invested heavily in marketing, building the brand and extending our reach.

The outlook for 2006 is encouraging. Several further franchise offices have been opened, including Devon, South West London, and Hertfordshire. Central costs have been reduced, and we are confident that our office administration and sales support team are well geared to deal with a significantly increased level of business.

We are seeking investment to fund our ambitious expansion plans. I truly believe with unconstrained growth we can achieve and exceed our target of £20m sales from 40 regional franchised offices within 4 years.



The Rt Hon Francis Maude MP
Chairman

Date: 23 October 2006

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company during the year continued to be that of telecommunications.

Directors' interests

The following directors have held office since 1 January 2005 and their interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2005	1 January 2005
I L Fenwick	2	2
The Rt Hon Francis Maude MP	-	-

Charitable donations	2005	2004
	£	£

During the year the company made the following payments:

Charitable donations	-	235
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Auditors

Clarkson Hyde were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005**

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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.

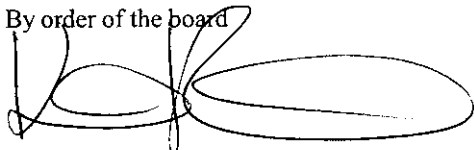
Statement of disclosure to auditors

(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.

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

By order of the board



K Fenwick

Secretary

23 October 2006

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

We have audited the financial statements of Globalink Telecommunications International Limited for the year ended 31 December 2005 set out on pages 6 to 12. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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.



Clarkson Hyde
CHARTERED ACCOUNTANTS

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

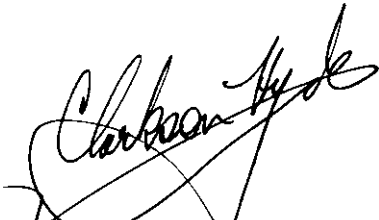
Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the information given in the directors' report is consistent with the financial statements.
- have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.2 of the financial statements concerning the adequacy of sufficient resources being available to meet the company's future obligations and the negotiations with potential investors to provide additional working capital. 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.



Clarkson Hyde

23 October 2006

Chartered Accountants
Registered Auditors

137-143 High Street
Sutton
Surrey
SM1 1JH

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005	2004
	Notes	£	£
Turnover		1,533,355	1,235,506
Cost of sales		(703,581)	(633,837)
Gross profit		829,774	601,669
Distribution costs		(352,217)	(293,640)
Administrative expenses		(406,404)	(260,222)
Operating profit	2	71,153	47,807
Other interest receivable and similar income	3	134	749
Interest payable and similar charges		(50,250)	(31,017)
Profit on ordinary activities before taxation		21,037	17,539
Tax on profit on ordinary activities	4	(11,569)	(11,512)
Profit for the year	11	9,468	6,027

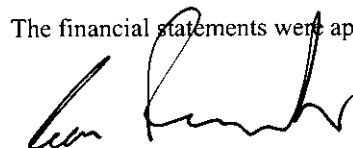
GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	5		209,285		216,906
Tangible assets	6		75,967		90,764
			<u>285,252</u>		<u>307,670</u>
Current assets					
Stocks		14,999		16,398	
Debtors	7	528,253		440,283	
Cash at bank and in hand		-		6,339	
		<u>543,252</u>		<u>463,020</u>	
Creditors: amounts falling due within one year	8	<u>(793,911)</u>		<u>(689,126)</u>	
Net current liabilities			<u>(250,659)</u>		<u>(226,106)</u>
Total assets less current liabilities			34,593		81,564
Creditors: amounts falling due after more than one year	9		<u>(19,096)</u>		<u>(75,535)</u>
			<u>15,497</u>		<u>6,029</u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		15,495		6,027
Shareholders' funds			<u>15,497</u>		<u>6,029</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 (effective January 2005).

The financial statements were approved by the Board on 23 October 2006



I L Fenwick
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Going concern

The accounts have been drawn up on a going concern basis, which the directors believe is applicable as they believe the company will have sufficient resources to meet its future obligations as and when they fall due.

In addition, the directors are in negotiations with potential investors who will be providing additional working capital to fund the expansion plans and further development of the business.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off over its estimated useful economic life by way of annual impairment reviews.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

During the year, the depreciation method was changed from straight line to reducing balance. This did not create a material difference in the depreciation charge and does not constitute a prior year adjustment.

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company contributes to the personal pension schemes of certain employees. The company's contributions are charged to the profit and loss account as incurred.

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

2	Operating profit	2005 £	2004 £
	Operating profit is stated after charging:		
	Amortisation of intangible assets	25,208	17,587
	Depreciation of tangible assets	29,044	11,928
	Auditors' remuneration	9,000	-
	Directors' emoluments	126,000	102,000

Included in the directors' emoluments are pension contributions paid to a director's personal pension, I L Fenwick of £12,000 (2004: £9,000).

3	Investment income	2005 £	2004 £
	Bank interest	134	749

4	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	11,569	11,512

5	Intangible fixed assets	Goodwill £
	Cost	
	At 1 January 2005	234,493
	Additions	17,587
	At 31 December 2005	252,080
	Amortisation	
	At 1 January 2005	17,587
	Charge for the year	25,208
	At 31 December 2005	42,795
	Net book value	
	At 31 December 2005	209,285
	At 31 December 2004	216,906

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

6 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2005	102,692
Additions	14,247
	<hr/>
At 31 December 2005	116,939
	<hr/>
Depreciation	
At 1 January 2005	11,928
Charge for the year	29,044
	<hr/>
At 31 December 2005	40,972
	<hr/>
Net book value	
At 31 December 2005	75,967
	<hr/>
At 31 December 2004	90,764
	<hr/>

The net book value of tangible fixed assets includes £59,185 (2004 - £61,137) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £21,952 (2004 - £10,215) for the year.

7 Debtors	2005	2004
	£	£
Trade debtors	104,951	272,789
Director's loan account	183,366	86,520
Other debtors	239,936	80,974
	<hr/>	<hr/>
	528,253	440,283
	<hr/>	<hr/>

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

8	Creditors: amounts falling due within one year	2005	2004
		£	£
	Bank overdrafts	117,518	-
	Net obligations under hire purchase contracts	42,333	19,978
	Trade creditors	270,934	333,670
	Taxation and social security	128,437	106,096
	Amounts due to factoring company	41,438	119,731
	Other creditors	193,251	109,651
		<u>793,911</u>	<u>689,126</u>
9	Creditors: amounts falling due after more than one year	2005	2004
		£	£
	Net obligations under hire purchase contracts	19,096	48,452
	Other loan	-	27,083
		<u>19,096</u>	<u>75,535</u>
	Analysis of loans		
	Wholly repayable within five years	-	50,000
	Included in current liabilities	-	(22,917)
		<u>-</u>	<u>27,083</u>
10	Share capital	2005	2004
		£	£
	Authorised		
	100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
11	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2005		6,027
	Profit for the year		<u>9,468</u>
	Balance at 31 December 2005		<u>15,495</u>

GLOBALINK TELECOMMUNICATIONS INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005**

12 Control

The director, I L Fenwick, controls the company as a result of controlling directly 100% of the issued share capital of the company.

13 Post balance sheet events

The company is considering obtaining a plc listing in the near future. As at the date of signing the accounts, this had not been obtained.

