

SPACETEL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2000



SHEA & CO
Chartered Accountants & Registered Auditors
105 Stanstead Road
Forest Hill
London
SE23 1HH

SPACETEL (UK) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2000

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SPACETEL (UK) LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31st December 2000 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF 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 accounts and that the abbreviated accounts 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 financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

OTHER INFORMATION

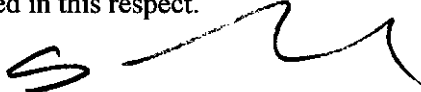
On 3rd July 2001 we reported as auditors to the members of the company on the financial statements prepared under Section 226 of the Companies Act 1985 and our report included the following paragraph:

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have also considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the uncertainty as to the continuation of the holding company's support for the company. 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.

105 Stanstead Road
Forest Hill
London
SE23 1HH

3rd July 2001



SHEA & CO
Chartered Accountants
& Registered Auditors

SPACETEL (UK) LIMITED
ABBREVIATED BALANCE SHEET
31ST DECEMBER 2000

| | Note | 2000 | 1999 |
|--|----------|--------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | 2 | | |
| Tangible assets | | 661,189 | 819,573 |
| CURRENT ASSETS | | | |
| Debtors | | 1,347,104 | 772,602 |
| Cash at bank and in hand | | 121,108 | 250 |
| | | <u>1,468,212</u> | <u>772,852</u> |
| CREDITORS: Amounts falling due within one year | | <u>(3,503,992)</u> | <u>(1,582,585)</u> |
| NET CURRENT LIABILITIES | | (2,035,780) | (809,733) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(1,374,591)</u> | <u>9,840</u> |
| CREDITORS: Amounts falling due after more than one year | | <u>(1,429,897)</u> | <u>(1,473,790)</u> |
| | | <u>(2,804,488)</u> | <u>(1,463,950)</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 3 | 200,000 | 200,000 |
| Profit and loss account | | (3,004,488) | (1,663,950) |
| DEFICIENCY | | <u>(2,804,488)</u> | <u>(1,463,950)</u> |

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 3rd July 2001 and are signed on their behalf by:

H HINOJOSA

HH
FHR

The notes on pages 3 to 5 form part of these financial statements.

SPACETEL (UK) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company is dependent on the continuing support of its holding company. The directors of the holding company have indicated their intention to continue to support the company, however this support is subject to monthly review. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|------------------------------------|---------------------|
| Plant & Machinery | - 20% straight line |
| Fixtures & Fittings | - 15% straight line |
| Technical Installation & Equipment | - 20% straight line |

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

SPACETEL (UK) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. FIXED ASSETS

| | Tangible Fixed Assets £ |
|------------------------------|--|
| COST | |
| At 1st January 2000 | 1,006,594 |
| Additions | 45,934 |
| Disposals | (3,847) |
| At 31st December 2000 | <u>1,048,681</u> |
| DEPRECIATION | |
| At 1st January 2000 | 187,021 |
| Charge for year | 201,242 |
| On disposals | (771) |
| At 31st December 2000 | <u>387,492</u> |
| NET BOOK VALUE | |
| At 31st December 2000 | <u>661,189</u> |
| At 31st December 1999 | <u>819,573</u> |

Included in the cost of equipment is £39,436 relating to finance costs which have been capitalised.

3. SHARE CAPITAL

Authorised share capital:

| | 2000 £ | 1999 £ |
|--------------------------------------|-------------------|-------------------|
| 1,000,000 Ordinary shares of £1 each | <u>1,000,000</u> | <u>1,000,000</u> |

SPACETEL (UK) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2000

3. SHARE CAPITAL *(continued)*

Allotted, called up and fully paid:

| | 2000 £ | 1999 £ |
|------------------------|----------------|----------------|
| Ordinary share capital | <u>200,000</u> | <u>200,000</u> |

4. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking and controlling party is Investcom Holding (Luxembourg) S.A. It has included the company in the group accounts, copies of which are obtainable from 6 Rue Zithe, Luxembourg.