

PEH UK Holdings Limited

Accounts for the 15 month period ended 31 March 2002
together with directors' and auditors' report

Registered number: 03607871



DIRECTORS

E M Kalawski (resigned 9/3/01)
I McKenzie (appointed 9/3/01 resigned 31/03/02)
J A Kaye (resigned 29/03/02)
J Lopez (resigned 9/3/01)
M Fallen (appointed 9/3/01)
S Maine (appointed 9/3/01)

SECRETARY

E M Kalawski (resigned 9/3/01)
J Bailey (appointed 9/3/01)

AUDITORS

Deloitte & Touche
1 City Square
Leeds
LS1 2AL

BANKERS

Barclays Bank Plc
60 Queens Road
Reading
Berkshire
RG14XX

REGISTERED OFFICE

37 Carr Lane
Kingston Upon Hull
HU1 3RE

DIRECTORS REPORT

The directors present their report and the audited financial statements of the company for the period 1 January 2001 to 31 March 2002.

RESULTS AND DIVIDENDS

The company did not trade during the current or preceding period, and consequently no profit and loss account has been produced. The directors do not recommend payment of a dividend (2000 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of an intermediate holding company.

On 9 March 2001 the share capital of PEH UK Holdings Limited was acquired by Kingston Communications (HULL) PLC. Subsequent to this date, the company's accounting reference date was changed to 31 March and therefore these accounts have been drawn up for the 15 months period ended 31 March 2002.

DIRECTORS AND THEIR INTERESTS

The directors of the company are detailed on page 1.

According to the register required to be kept under Section 325 of the Companies Act 1985, none of the directors held any shares in any group company at any time during the year. As permitted by Statutory Instrument, the register does not include the interests of directors who hold shares in the ultimate holding company, Kingston Communications (HULL) plc, as these are disclosed in the financial statements of that company.

AUDITORS

During the period Ernst & Young resigned as auditors. Arthur Andersen were appointed to fill the casual vacancy and subsequently resigned on 31 July 2002. Deloitte & Touche were subsequently appointed to fill the casual vacancy arising.

37 Carr Lane
Hull
HU1 3RE

By order of the board,


M J Fallon
Director

5 March 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of PEH UK Holdings Ltd.

We have audited the financial statements of PEH UK Holdings Limited for the period from 1 January 2001 to 31 March 2002 which comprise of the balance sheet and the related notes numbered 1 to 6. 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 directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 transactions with the company 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.

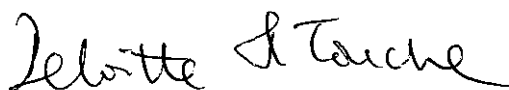
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's result for the period from 1 January 2001 to 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

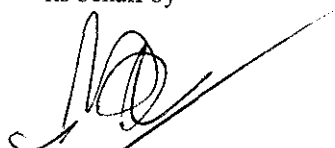
Leeds

5 March 2003

BALANCE SHEET
As at 31 March 2002

| | | <i>31 March</i> | <i>31 December</i> |
|-----------------------------|--------------|-----------------|--------------------|
| | | <i>2002</i> | <i>2000</i> |
| | <i>Notes</i> | <i>£</i> | <i>£</i> |
| FIXED ASSETS | | | |
| Investment in subsidiary | 2 | 355,040 | 355,040 |
| NET ASSETS | | <u>355,040</u> | <u>355,040</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 3 | 100 | 100 |
| Share premium account | 4 | 354,940 | 354,940 |
| | 4 | <u>355,040</u> | <u>355,040</u> |

These financial statements were approved by the Board of Directors on 5 March 2003 and signed on its behalf by



M Fallon
Director

5 March 2003

NOTES TO THE ACCOUNTS

For the period 1 January 2001 to 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Statement of cashflows

The company is a wholly owned subsidiary of Kingston Communications (HULL) PLC, which prepares and publishes consolidated accounts in accordance with the provisions of the EC Seventh Directive. As such, the company has taken advantage of the exemption given in FRS 1 Revised and has not presented a statement of cashflows.

Group Accounts

The company is exempt from preparing group accounts under s228 of the Companies Act because it is a subsidiary undertaking of an EC parent. The financial statements, therefore, present information about the company as an individual undertaking and not about its group.

Fixed Asset Investments

Fixed Asset investments are carried at the cost less any provision for permanent diminution in value.

2. INVESTMENT IN SUBSIDIARY

| | 31 March 2002 £ | 31 December 2000 £ |
|--------------------------------------|-----------------------|--------------------------|
| Investment in subsidiary undertaking | 355,040 | 355,040 |

The following information relates to the company's investment

| <i>Name of company and Country of incorporation</i> | <i>Description of shares held</i> | <i>proportion of shares held</i> | <i>No of shares</i> |
|---|---------------------------------------|--------------------------------------|-------------------------|
| Milgo Solutions Limited (UK) | Ordinary Shares of £1 each | 100% | 25,504,240 |

Milgo Solutions Limited's principal activity is the configuration, installation, maintenance and management of data communications networks.

3. SHARE CAPITAL

| | 31 March 2002 £ | 31 December 2000 £ |
|--|-----------------------|--------------------------|
| <i>Authorised:</i> | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| <i>Called up, allotted and fully paid:</i> | | |
| 100 Ordinary shares of £1 each | 100 | 100 |

NOTES TO THE ACCOUNTS

For the period 1 January 2001 to 31 March 2002

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <i>Share Capital £</i> | <i>Share premium account £</i> | <i>Profit and loss account £</i> | <i>Total £</i> | |
|-------------------|--------------------------------|--|--|--------------------|---|
| At 1 January 2001 | 100 | 354,940 | - | 355,040 | - |
| At 31 March 2002 | 100 | 354,940 | - | 355,040 | |

5. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions permitted under Financial Reporting Standard No.8 not to disclose details of transactions with undertakings in the Kingston Communications (HULL) PLC group.

6. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Kingston Communications (HULL) PLC, incorporated in Great Britain and registered in England and Wales. Kingston Communications (HULL) PLC is also the company's controlling party. The immediate parent undertaking is Kingston Business Communications Ltd. Copies of Kingston Communications (HULL) PLC's accounts can be obtained from 37 Carr Lane, Hull, HU1 3RE.