

Registered no: 3649524

ENERGIS HOLDINGS LIMITED

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



ENERGIS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2001. The comparative period was for the 18 months ended 31 March 2000.

Principal activities

The principal activity of the Company is to act as a holding company within the Energis Group.

During the period investments in GEO Interactive Media Group, Freeserve and Worldpay Group were transferred to Energis Jersey Limited, a fellow group company (see note 6).

Review of business and future development

The directors expect the current level of activity to be maintained for the foreseeable future.

Employees

The Company has no employees.

Results and dividends

The retained loss for the period was £22,281 (2000: £11,649). The directors recommend that no dividend be paid.

Directors

The directors of the Company during the year ended 31 March 2001 are listed below:

M. Grabiner

J.C. Hibbert

D. Wickham (Appointed 24 November 2000)

Directors' interests

The interests of the directors in the shares of the Company and other Group companies are disclosed in the accounts of the parent company.

None of the directors had a material interest in any contract of significance to which the Company was a party during the period under review.

ENERGIS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2001

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 March 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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 Company's Act 1985. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Company has elected, pursuant to section 386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually.

By Order of the Board



J.C. Hibbert
Finance Director
31 July 2001

Registered Office
Carmelite
50 Victoria Embankment
London EC4Y 0DE

REPORT OF THE AUDITORS TO THE MEMBERS OF ENERGIS HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain investments and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
31 July 2001

ENERGIS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £'000	2000 18 months £'000
Administration expenses		(6)	(78)
Operating loss		<u>(6)</u>	<u>(78)</u>
Net interest payable	3	(22,275)	(11,571)
Loss on ordinary activities before taxation		<u>(22,281)</u>	<u>(11,649)</u>
Taxation	4	-	-
Retained loss for the financial period	11	<u>(22,281)</u>	<u>(11,649)</u>

The result for the period arises solely from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2001

	2001 £'000	2000 18 months £'000
Loss for the period	(22,281)	(11,649)
(Loss) / gain on revaluation of fixed asset investments	(115,737)	196,051
Total recognised gains and (losses) for the period	<u>(138,018)</u>	<u>184,402</u>

ENERGIS HOLDINGS LIMITED

BALANCE SHEET

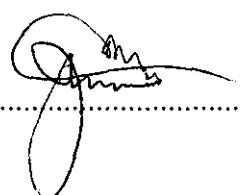
AS AT 31 MARCH 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Investments	6	303,221	451,053
Current assets			
Debtors ⁽¹⁾	7	794,166	557,801
Cash at bank and in hand		15,415	545
		<u>809,581</u>	<u>558,346</u>
Creditors (amounts falling due within one year)	8	(35,976)	(272,148)
Net current assets		<u>773,605</u>	<u>286,198</u>
Total assets less current liabilities		<u>1,076,826</u>	<u>737,251</u>
Creditors (amounts falling due after more than one year)	9	(852,976)	(375,383)
Net assets		<u>223,850</u>	<u>361,868</u>
Capital and reserves			
Called up share capital	10	177,466	177,466
Revaluation reserve	11	-	196,051
Profit and loss account	11	(46,384)	(11,649)
Equity shareholders' funds		<u>223,850</u>	<u>361,868</u>

⁽¹⁾ Includes debtors due after more than one year of £793,936,000 (2000: £546,318,000)

The financial statements on pages 4 to 13 were approved by the board of directors on 31 July 2001 and were signed on its behalf by:

D. Wickham 

J.C. Hibbert 

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain investments and are in accordance with applicable Accounting Standards in the United Kingdom.

The financial statements contain information about Energis Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Energis plc, a company registered in England and Wales.

The principal accounting policies, which have been applied consistently are set out below.

a Currency translation

Transactions denominated in foreign currencies are translated at the rate prevailing at the time of the transaction. Monetary assets or liabilities denominated in foreign currencies which are held at year end are translated at year-end rates of exchange. Exchange differences on monetary items are taken to the profit and loss account.

b Investments

Quoted investments are carried at market valuation and non-quoted investments are carried at cost less provision for permanent diminution in value.

c Impairment

Regular reviews are conducted on asset carrying values and where impairment is judged to have occurred a provision is made for diminution in value and charged to amortisation in the year.

d Issue costs of borrowings

The cost of raising finance such as bank loans is capitalised against the carrying value of the debt. The costs are charged to the profit and loss account on an annual basis over the life of the debt.

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Basis of preparation and principal accounting policies continued

e Derivatives

Interest rate swaps are not recognised on-balance sheet. The net interest paid or received under the swaps is recorded on an accruals basis and included within net interest in the profit and loss account.

When a derivative instrument ceases to be a hedge, either as a result of the underlying asset or liability being extinguished or because a future event is no longer likely to occur, the swap will thereafter be marked to its fair value in the financial statements and any resulting gains and losses are recognised in the profit and loss account.

f Deferred taxation

Deferred taxation, on accelerated capital allowances and on other timing differences, is provided on the liability method only to the extent that a tax liability is expected to become payable in the foreseeable future.

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

NOTES TO THE FINANCIAL STATEMENTS

1 Cash flow statement and related party disclosure

The Company is a wholly owned subsidiary of Energis plc and is included in the consolidated financial statements of Energis plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are within the Energis plc group.

2 Analysis of certain costs

	2001	2000
		18 months
	£'000	£'000
Auditors' remuneration:		
Audit services	4	15
Non-audit services	5	131
	<u>9</u>	<u>146</u>

3 Net interest

	2001	2000
		18 months
	£'000	£'000
Payable:		
Bank facility	11,211	13,389
To parent company	62,323	41,201
Other interest payable	-	11
	<u>73,534</u>	<u>54,601</u>
Receivable:		
Bank deposits	(152)	(10)
From subsidiary undertakings and joint ventures	(51,107)	(43,020)
	<u>22,275</u>	<u>11,571</u>

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Notes to the Financial Statements continued

4 Taxation

A reconciliation between the UK tax credit at the statutory rate of 30% (2000: 30.31%) and the actual tax credit is as follows:

	2001	2000 18 months
	£'000	£'000
UK corporation tax credit at 30% (2000: 30.31%)	6,684	3,531
Permanent differences:		
Surrender of tax losses to Group for nil consideration	(6,684)	(3,526)
Other	-	(5)
Total	<u>-</u>	<u>-</u>

In accordance with the Company's policy, no provision for deferred tax has been made at 31 March 2001 (2000: nil).

5 Directors' emoluments

No directors emoluments are paid directly by Energis Holdings Limited and their respective emoluments are disclosed in the accounts of Energis plc.

6 Investments

	Group undertakings	Joint ventures	Loans to joint ventures	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2000	232,625	10,804	2,000	205,624	451,053
Additions	22,392	1,600	33,800	7,607	65,399
Revaluations	-	-	-	(115,737)	(115,737)
Disposals	-	-	-	(97,494)	(97,494)
At 31 March 2001	<u>255,017</u>	<u>12,404</u>	<u>35,800</u>	<u>-</u>	<u>303,221</u>

On 10 November 2000, the Company transferred its investments in Freeserve, GEO Interactive Media Group ("GEO") and WorldPay Group to another group company at their book value of £97 million. Both Freeserve and GEO were publicly quoted companies, and as such the Group shows a revaluation loss of £116 million based on the closing share prices on that day (see also note 11).

During the period the Company acquired T3 Communications Limited and established Energis Mobile Limited.

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Notes to the Financial Statements continued

The Company's undertakings are listed below. These undertakings are wholly-owned and incorporated in Great Britain, unless otherwise stated.

All investments consist of ordinary shares.

Subsidiary undertakings

Energis Communications Limited
Energis Squared Limited
Energis Integration Services Limited
Energis Carrier Services (UK) Limited
Energis Quest Trustee Limited
Energis Mobile Limited
T3 Communications Limited

Principal activity

Provision of telecommunications services
Provision of internet services
Network design and consultancy
Provision of telecommunications services
Trust company
Provision of telecommunications services
Provision of telecommunications services

Joint ventures

Nevada tele.com (50% owned)
MetroHoldings Limited (50% owned)

Provision of telecommunications services
Construction of telecommunications networks

7 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	-	11,234
Other debtors	216	245
Prepayments and accrued income	14	4
	<u>230</u>	<u>11,483</u>
Amounts falling due after one year:		
Amounts owed by subsidiary undertakings	793,936	546,318
	<u>794,166</u>	<u>557,801</u>

8 Creditors (amounts falling due within one year)

	2001 £'000	2000 £'000
Bank overdraft	1,271	-
Accruals	200	555
Other creditors	34,505	19,761
Loan from parent	-	251,832
	<u>35,976</u>	<u>272,148</u>

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Notes to the Financial Statements continued

9 Creditors (amounts falling due after more than one year)

	2001 £'000	2000 £'000
Facility agreement (net of costs)	165,597	85,844
Loan from parent	687,379	277,300
Other creditors	-	12,239
	<u>852,976</u>	<u>375,383</u>

The Company entered into a Facility Agreement dated 18 November 1997 with a consortium of banks. The banks have agreed to provide the Energis Holdings Limited Group with a secured revolving credit facility of £600 million, converting on 31 March 2002 into a £400 million four year term loan and a £200 million four year revolving credit facility. A £25 million guarantee issuance facility is available under the revolving credit facility.

Security is provided by a fixed and floating charge over the assets of the Energis Holdings Limited Group. The availability of funds under the Facility Agreement is subject to the satisfaction of certain covenants and repayment is by instalments to the termination date of 31 March 2006. At 31 March 2001, £170 million gross (2000: £90 million) was drawn against this facility. The facilities bear interest at the rate of LIBOR plus a margin in the range of 0.4% to 1% as defined in the Facility Agreement.

The maturity of the gross drawdown under the Company's Facility Agreement is as follows:

	2001 £'000	2000 £'000
Within one year	-	-
Between one and two years	15,300	-
Between two and three years	34,000	8,100
Between three and four years	54,825	18,000
Between four and five years	65,875	29,025
Over five years	-	34,875
	<u>170,000</u>	<u>90,000</u>

The Company entered into a loan agreement dated 16 December 1998 with its parent, Energis plc. Energis plc agreed to make available a loan payable on demand in a principal sum of £300 million, subject to the availability of monies, and at an interest rate consistent with the rate available under the Company's facility agreement with third party creditors. The interest rate of such facilities at 31 March 2001 was 9.5% (2000: 9.5%).

On 17 July 2000, the Company entered into a Treasury Debt loan agreement with its parent, Energis plc. Energis plc agreed to make available a further £600 million, which is subject to the same terms as the loan agreement dated 16 December 1998.

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Notes to the Financial Statements continued

The Company has classified amounts due under the loan facilities as greater than one year as the directors of Energis plc have notified the Company that repayment of the loan will not become payable prior to 31 July 2002.

10 Share capital

	Authorised Number	Allotted and Fully paid Number	Nominal value £'000
At 31 March 2000	180,000,000	177,466,226	177,466
At 31 March 2001	180,000,000	177,466,226	177,466

11 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 31 March 2000	196,051	(11,649)
Retained loss for the financial period	-	(22,281)
Revaluation of fixed asset investments	(115,737)	-
Disposal of fixed asset investments	(80,314)	80,314
At 31 March 2001	-	46,384

12 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Opening shareholders' funds	361,868	-
Retained loss for the financial period	(22,281)	(11,649)
Revaluation of fixed asset investments	(115,737)	196,051
Share issue for the acquisition of subsidiaries	-	177,466
Closing shareholders' funds	223,850	361,868

13 Litigation

The Company is not subject to any material litigation.

ENERGIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

Notes to the Financial Statements continued

14 Post balance sheet event

On 23 May 2001 the Company capitalised £26.8 million of its loan to nevada, converting it to equity shares. The capitalisation of the loan was matched by our joint venture partner and the Company's holding in nevada remained unchanged at 50%. Additionally, on 24 May 2001 nevada arranged an £80 million bank facility of which £20 million is guaranteed by Energis plc.

On 3 July 2001 the Company entered into an agreement with the former shareholders of Energis Squared Limited (formerly Planet Online Limited) for a full and final settlement of deferred consideration due pursuant to the sale and purchase agreement dated 28 August 1998. The full amount of the settlement is for £75 million, which is payable in 1,949,062 Wanadoo shares held by another Energis Group company and £68.1 million in cash due for settlement by 30 July 2001.

15 Ultimate holding company

The parent company and ultimate holding company is Energis plc and copies of its consolidated financial statements may be obtained from the Company Secretary at

Energis plc
Carmelite
50 Victoria Embankment
London EC4Y 0DE