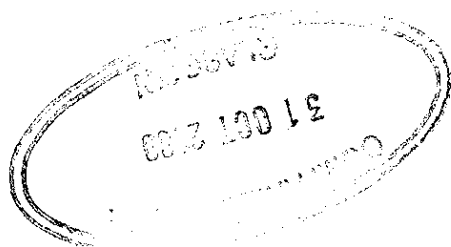


DX Communications (Edinburgh) Limited
Financial Statements
for the year ended 31 December 1999

Registered Number SC 144905



[Handwritten signature]



GLA GOENPV78 0176
COMPANIES HOUSE 31/10/00

DX Communications (Edinburgh) Limited

Annual report

for the year ended 31 December 1999

Contents

Directors and Advisors for the year ended 31 December 1999	1
Directors' report for the year ended 31 December 1999	2
Auditors' report to the members of DX Communications (Edinburgh) Limited	5
Profit and loss account for the year ended 31 December 1999	6
Balance sheet as at 31 December 1999	7
Notes to the Financial Statements	8

DX Communications (Edinburgh) Limited

Directors and Advisors for the year ended 31 December 1999

Directors

R Emanuel	(resigned 3 September 1999)
J Whyte	(resigned 3 September 1999)
N Eldred	(appointed 3 September 1999)
H Logan	(appointed 3 September 1999)
P Graham	(appointed 3 September 1999)

N P Knight was appointed to the board of directors on 1 July 2000. P Graham and H Logan resigned on 16 August 2000 and 30 June 2000 respectively.

Secretary

M Burgess

Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
GLASGOW
G2 2LW

Solicitors

Anderson Fyfe
90 St Vincent Street
Glasgow
G2 5UB

McGrigor Donald
63 Queen Victoria Street
London
EC4N 4ST

Registered Office

No. 4 Claremont Centre
39 Durham Street
Glasgow
G41 1BS

Registered Number

SC 144905

DX Communications (Edinburgh) Limited

Directors' report for the year ended 31 December 1999

The directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

Principal activities and business review

The principal activity of the company was previously the sale of communications equipment and the placing of line rental contracts. The company has not traded in the current or prior year.

The entire share capital of DX Communications Limited was acquired by Telecom Securicor Cellular Radio Limited (BT Cellnet) on 3 September 1999. DX Communications (Edinburgh) Limited is 100% owned by DX Communications Limited.

Directors and their interests

The directors of the company during the year were as stated on page 1. None of the directors hold any interest in the share capital of the company.

At 31 December 1999 and 1 January 1999, the only interests of the directors, who are not directors of the ultimate holding company, in the ordinary shares of the ultimate holding company and as shown in the register maintained by that company in accordance with Section 325 of the Companies Act 1985, were as follows:

Ordinary shares of 25p each in British Telecommunications plc		
	31 December 1999	1 January 1999 or date of appointment if later (a)
N J Eldred (a)	1,325	1,293
P Graham (a)	1,539	1,539
H Logan (a) (b)	30,430	8,844

(a) at date of appointment

(b) includes 8,611 (at date of appointment: 8,572) shares held by Mr Logan under the BT Executive Share Plan ("the ESP") formerly known as the BT Long Term Remuneration Plan.

In addition to the above, contingent awards and non beneficial interest held under BT share plans were:

- 1 Under the ESP, Mr Logan has been granted contingent awards of 65,496 (at date of appointment: 64,965) shares. Full entitlement to these shares at the end of a five-year period is dependent upon the BT group meeting a pre-determined corporate performance measure and the continued employment of participants by the BT Group.
- 2 At 31 December 1999, Mr Logan had a non-beneficial interest in 5,903,526 (at date of appointment: 5,629,621) shares held in trust by Ilford Trustees (Jersey) Limited for allocation to participating employees under the ESP.

DX Communications (Edinburgh) Limited

- 3 Mr Logan has also been granted contingent awards totalling 3,137 (at date of appointment: 3,112) shares respectively under the BT Deferred Bonus Plan ("the DBP"), which was established in 1998. Entitlement to these shares at the end of a three-year period is dependent upon the continued employment of the participant by the BT Group.
- 4 Under the BT Performance Share Plan ("the PSP") Mr Eldred and Mr Graham had each been granted contingent awards of 3,523 (at date of appointment: 3,495) and 3,009 (at date of appointment: 2,986) shares respectively. The vesting of awards under the PSP is subject to BT meeting a pre-determined performance target. If that target is met and the participant is still employed by the BT group, the awards will vest within two years of the end of a three-year cycle (which may be extended up to five years).
- 5 At 31 December 1999, Mr Eldred, Mr Graham and Mr Logan each had a non-beneficial interest in 13,388,542 (at date of appointment: 1,317,675) shares held in trust by Ilford Trustees (Jersey) Limited for allocation to employees under either the PSP or the DBP.
- 6 At 31 December 1999, the directors each had a non-beneficial interest in 78,454 shares (at date of appointment: 53,912) purchased by BT Employee Shares Trustees Limited for allocation to employees under the BT Share Ownership Scheme.

Share options held, granted to, or exercised by the directors under the BT Employee Sharesave and Share Option schemes, over the ordinary shares of British Telecommunications plc, during the year ended 31 December 1999 were:

Share Option Scheme				
	1 January 1999 or date of appointment if later (a)	Granted	Exercised	31 December 1999
Mr H Logan (a)	24,250	-	-	24,250

Employee Sharesave Scheme				
	1 January 1999 or date of appointment if later (a)	Granted	Exercised	31 December 1999
Mr N J Eldred (a)	2,588	-	-	2,588
Mr P Graham (a)	3,977	-	-	3,977
Mr H Logan (a)	2,532	-	-	2,532

Year 2000

The company conducted a comprehensive review of all software and hardware potentially impacted by the year 2000. Prior to the year end, all of the actions identified by this review were implemented and at the time of preparing these statements we are not aware of any adverse impact of the year 2000 on the company's operations. The costs of the action plan identified were not significant and were fully absorbed within the normal operating activities of the company.

DX Communications (Edinburgh) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

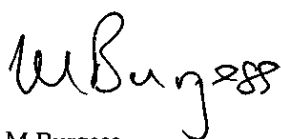
The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 8 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 1999 and that applicable accounting standards have been followed.

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.

Auditors

During the year Arthur Anderson resigned as auditors and PricewaterhouseCoopers were appointed. PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'M Burgess', with a stylized flourish at the end.

M Burgess
Secretary
16 October 2000

DX Communications (Edinburgh) Limited

Auditors' report to the members of DX Communications (Edinburgh) Limited

We have audited the financial statements on pages 6 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, 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 Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
16 October 2000

DX Communications (Edinburgh) Limited

Profit and loss account to 31 December 1999

	Note	1999 £	1998 £
Operating expenses		(3,020)	-
Total loss on ordinary activities before taxation		(3,020)	-
Taxation		-	-
Loss on ordinary activities after taxation		(3,020)	-
Accumulated loss brought forward		(2,495)	-
Retained loss carried forward		(5,515)	(2,495)

The reported loss on ordinary activities before taxation equates to the historical cost loss on ordinary activities before taxation.

The accompanying notes are an integral part of this profit and loss account.

DX Communications (Edinburgh) Limited

Balance sheet as at 31 December 1999

	Note	1999 £	1998 £
Current assets			
Debtors	2	152	3,172
Net assets		152	3,172
Capital and reserves			
Equity share capital	4	1,000	1,000
Share premium account	5	4,667	4,667
Profit and loss account		(5,515)	(2,495)
Total capital employed		152	3,172

The financial statements on pages 6 to 9 were approved by the board of directors on 16 October 2000 and were signed on its behalf by:



N P Knight
Director

DX Communications (Edinburgh) Limited

Notes to the financial statements for the year ended 31 March 1999

1 Accounting policies

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

2 Debtors

	1999	1998
	£	£
Amounts falling due within one year		
Trade debtors	152	152
Amounts owed by other group undertakings	-	3,020
	152	3,172

3 Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Opening shareholders' funds	3,172	3,172
Loss for financial year	(3,020)	-
Closing shareholders' funds	152	-

4 Equity share capital

	1999	1998
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid equity shares		
1,000 ordinary shares of £1 each	1,000	1,000

DX Communications (Edinburgh) Limited

5 Share premium account

	1999	1998
	£	£
At beginning and end of period	4,667	4,667

6 Ultimate parent company

The company's immediate parent company at the balance sheet date was DX Communications Limited, which in turn is 100% owned by Telecom Securicor Cellular Limited (BT Cellnet), a company incorporated in England and Wales. Its results are included in the financial statements of the ultimate parent company, British Telecommunications plc, which are publicly available at 81 Newgate Street, London, EC1A 7AJ. Group accounts are not prepared on the basis of the exemption conferred by Section 248 of the Companies Act 1985.