

Cyberpress Limited

Directors' report and financial
statements

Registered number 02911668

For year ended 31 December 2002



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activity

The company did not trade during the year.

Business review

The results for the year ended 31 December 2002 and the financial position of the company at that date are set out on pages 5 and 6 of the financial statements.

On 23 October 2002, Zipcom plc acquired the entire share capital of Transigent Limited and its subsidiaries, including the main operating company, GXN Limited. The acquisition constituted a reverse takeover, and the enlarged group was readmitted to AIM on 23 October 2002.

In March 2003, Zipcom plc changed its name to GX Networks plc and on 28 October 2003 GX Networks plc acquired the entire share capital of Pipex Internet Limited. Subsequently, on 29 October 2003, GX Networks plc changed its name to Pipex Communications plc.

Dividend

The Directors do not recommend the payment of a dividend.

Directors and Directors' interests

The Directors who held office during the year and since the year-end are as follows:

S C Porter	Appointed 23/10/02
G R Purvis	Appointed 23/10/02 (resigned 09/09/03)
L C N Blackall	Appointed 21/02/02 (resigned 23/10/02)
P A D Dubens	Appointed 21/02/02 (resigned 23/10/02)
D Crolla	Resigned 21/02/03
M D Read	Resigned 21/02/02 (re-appointed 09/09/03)

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company. Directors' interests, in the ordinary shares of the ultimate holding company, Pipex Communications plc, (formerly GX Networks plc and formerly Zipcom plc) are disclosed in the financial statements of that company. The register of Director's interests is available from the address in note 9.

Directors' report *(continued)*

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that KPMG Audit Plc be re-appointed as auditors of the company will be put to the Annual General Meeting.

By order of the Board



Stewart Porter
Secretary
Carlton House
27A Carlton Drive
London
SW15 2BS

19 January 2004

Statement of Directors' responsibilities

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Cyberpress Limited

We have audited the financial statements on pages 5 to 10.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 group is not disclosed.

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 group'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 affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc', written over the printed name.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19 JANUARY 2004

Profit and loss account

for the year ended 31 December 2002

	<i>Note</i>	2002	2001
		£	£
Operating (expenses)/income		(420)	2,291
Operating (loss)/profit	3	(420)	2,291
(Loss)/ profit on ordinary activities before taxation		(420)	2,291
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit for the financial year		(420)	2,291

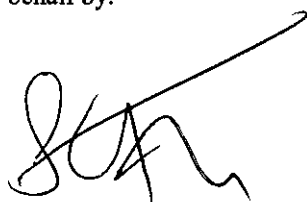
There were no other recognised gains or losses other than the loss for the financial year.

All of the above results relate to continuing operations. The accompanying notes on pages 8 to 10 form an integral part of the financial statements.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002 £	2002 £	2001 £	2001 £
Current assets					
Debtors	5		31,801		229
Cash at bank and in hand			-		16
			<hr/>		<hr/>
			31,801		245
Creditors: amounts falling due within one year	6		(39,865)		(7,889)
			<hr/>		<hr/>
Net liabilities			(8,064)		(7,644)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account	8		(8,164)		(7,744)
			<hr/>		<hr/>
Equity shareholders' deficit			(8,064)		(7,644)
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 19 January 2004 and were signed on its behalf by:



Stewart Porter
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2002

	2002 £	2001 £
(Loss)/profit for the financial year	(420)	2,291
Net (reduction)/increase in shareholders' funds	(420)	2,291
Opening shareholders' deficit	(7,644)	(9,935)
Closing shareholders' deficit	(8,064)	(7,644)

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

The company has adopted FRS 19 "Deferred Tax" in these financial statements. There is no prior year adjustment in these financial statements as the amounts involved are not material.

Basis of preparation

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

Under Financial Reporting Standard 1 (revised): 'Cash Flow Statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Pipex Communications plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £8,064, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by Pipex Communications plc, the company's ultimate parent undertaking.

Pipex Communications plc has indicated to the company that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Furthermore, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Directors continue to monitor the group's funding strategy and have prepared detail forecasts for future periods. These forecasts underpin the going concern basis for the group.

While the company has net liabilities, creditors within one year largely comprises of amounts owed to group undertakings.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS19.'

Notes to the financial statements (continued)

2 Segmental information

The company had a single class of business during all periods reported on. The net liabilities of the company at the end of each period were all attributable to the United Kingdom. The loss before tax of the company during each period was attributable to the United Kingdom.

3 Operating loss

Auditors' remuneration is borne by the immediate parent undertaking, Pipex Communications Services Limited (formerly GX Networks Services Limited, GX Networks Two Limited and XO Communications (UK) Limited). No directors received remuneration for their services to the company. The company had no employees during the year 2001: Nil).

4 Taxation

There is no charge to corporation tax due to the utilisation of tax losses in each year. At 31 December 2002 there are unrelieved losses of £420 (2001: Nil)

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	(420)	2,291
	<hr/>	<hr/>
Profit / (Loss) on ordinary activities multiplied by standard rate of UK corporation tax (30%)	(126)	687
<i>Effects of:</i>		
Unrelieved tax losses carried forward	126	-
Utilisation of tax losses carried forward	-	(687)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

5 Debtors

	2002 £	2001 £
Other debtors	53	229
Amounts due from group undertakings	31,748	-
	<hr/>	<hr/>
	31,801	229
	<hr/>	<hr/>

6 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	-	2,272
Amounts owed to group undertakings	39,865	5,617
	<hr/>	<hr/>
	39,865	7,889
	<hr/>	<hr/>

Notes to the financial statements (continued)

7 Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

8 Movements in reserves

	Profit and loss account £
At 1 January 2002	(7,744)
Retained loss for the year	(420)
	<hr/>
At 31 December 2002	(8,164)
	<hr/>

9 Ultimate parent company

The company is a subsidiary undertaking of Pipex Communications plc (formerly GX Networks plc and Zipcom plc), incorporated in England and Wales.

As noted in the Directors report, the group in which the results of the company are consolidated is that headed by Pipex Communications plc. The consolidated accounts of this group are available to the public and may be obtained from:

Pipex Communications plc
Carlton House
27A Carlton Drive
London
SW15 2BS