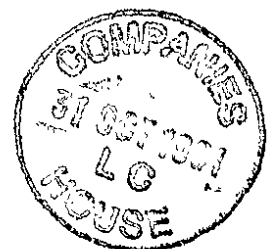
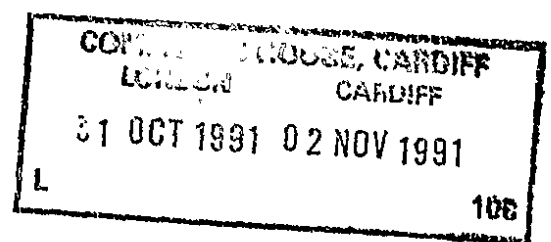


Directors' Report and Accounts

MEDICAL SERVICES INTERNATIONAL LIMITED

December 31, 1990

Company Registration Number 1416977



MEDICAL SERVICES INTERNATIONAL LIMITED

DIRECTORS' REPORT

DIRECTORS: K.J. Zilkha (appointed 1.3.90)
K. Hameed (appointed 15.5.90)
M. Al-Sayed (appointed 9.2.91)
A. Azad (appointed 9.2.91)
A. Nizami (retired 15.5.90)
M.A. Faruqui
H. Simon (appointed 15.5.90, resigned 6.9.90)
H. M. Kazmi (appointed 15.5.90, resigned 27.7.91)

SECRETARY: D.T.E. Youngman (appointed 8.2.91)
N. Mahmud (resigned 8.2.91)

Registered Office: Cromwell Hospital, Cromwell Road, London SW5 OTU.

The directors present their report and the audited accounts for the year ended December 31 1990.

PRINCIPAL ACTIVITIES

The company operates and manages a private hospital in London providing general medical facilities.

RESULTS AND DIVIDENDS

The loss for the year of £2,450,620 (1989 - £1,976,452) is dealt with as shown in the profit and loss account. The directors do not propose a dividend for the year.

SHARE CAPITAL AND FINANCING

There were no movements in share capital during the year. In accordance with an undertaking given previously by the majority shareholder of the holding company to provide sufficient funds for the continuation of activities, the Company received on January 7 1991 an interest free subordinated loan of £12,500,000 for an indefinite period of time. These funds were utilised to repay in full the bank loan and overdraft outstanding at that date.

Subsequent to the settlement of all credit facilities as noted above, further bank advances or borrowings have not been obtained.

DIRECTORS

The directors of the company during the year ended December 31 1990 were those listed above. However, Mr. M. A. Faruqui has not been a serving director since May 16 1990 and steps are being taken to obtain either his resignation or removal from the Board pursuant to the Companies Act 1985.

MEDICAL SERVICES INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

None of the directors at December 31 1990 had any interest in the share capital of the company during the year.

FIXED ASSETS

Changes in fixed assets during the year are detailed in note 7 of the accounts.

DISABLED PERSONS

It is the company's policy to give full consideration to suitable applications for employment for disabled persons.

Opportunities also exist for employees of the company who become disabled to continue their employment or to be trained for other positions within the company.

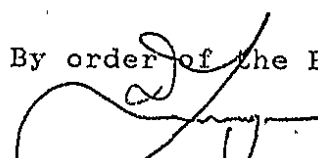
EMPLOYEE INVOLVEMENT

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and therefore a resolution proposing the re-appointment of Ernst & Young will be submitted at the annual general meeting.

By order of the Board



D.T.E. Youngman

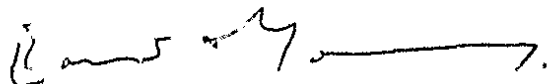
Secretary

Dated this 30th day of October 1991.

REPORT OF THE AUDITORS TO THE MEMBERS OF
MEDICAL SERVICES INTERNATIONAL LIMITED

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at December 31, 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London
October 30, 1991

MEDICAL SERVICES INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1990

	NOTE	1990 £	1989 £
TURNOVER	2	26,996,256	24,968,558
OPERATING CHARGES	3	27,689,061	25,565,070
OPERATING LOSS FOR THE YEAR		692,805	596,512
Interest payable and similar charges	5	1,757,815	1,379,940
		£2,450,620	£1,976,452

STATEMENT OF RETAINED LOSS

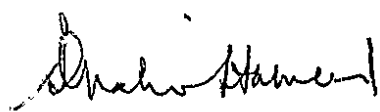
Loss for the year	2,450,620	1,976,452
Balance brought forward	32,062,188	30,085,736
Balance at end of year	£34,512,808	£32,062,188

The notes on pages 7 to 14 form an integral part of these accounts

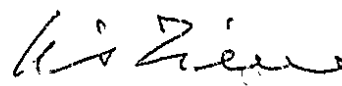
MEDICAL SERVICES INTERNATIONAL LIMITED

BALANCE SHEET - DECEMBER 31, 1990

	NOTE	1990 £	1989 £
FIXED ASSETS			
Tangible assets	7	8,274,044	8,094,628
CURRENT ASSETS			
Stocks		573,355	618,219
Debtors	8	4,926,169	6,209,051
Cash at bank and in hand		78,044	6,847
		5,577,568	6,834,117
CREDITORS - amounts falling due within one year	9	15,282,566	7,965,367
NET CURRENT LIABILITIES		(9,704,998)	(1,131,250)
TOTAL ASSETS LESS CURRENT LIABILITIES		(£1,430,954)	£6,963,378
CREDITORS - amounts falling due after more than one year	10	81,854	6,025,566
CAPITAL AND RESERVES			
Called-up share capital	11	28,000,000	28,000,000
Retained loss		(34,512,808)	(32,062,188)
		(6,512,808)	(4,062,188)
SUBORDINATED LOANS	11	5,000,000	5,000,000
		(£1,430,954)	£6,963,378



K.HAMEED , Chief Executive



K.ZILKHA , Chairman

The notes on pages 7 to 14 form an integral part of these accounts



STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1990

	1990 £	1989 £
SOURCE OF FUNDS		
FROM OPERATIONS		
Loss for the year	(2,450,620)	(1,976,452)
Less: Excess of pension funding over regular cost	-	(49,000)
Less: Profit on sale of fixed assets	(6,541)	(20,089)
Add: Depreciation	1,587,577	1,705,076
Total absorbed by operations	(869,584)	(340,465)
OTHER SOURCES		
Subordinated loan	-	1,000,000
Sale of fixed assets	38,151	69,635
Total sources of funds	(831,433)	729,170
FUNDS APPLIED		
Creditors - amounts falling due after one year	(5,943,712)	(102,374)
Purchase of fixed assets	(1,798,603)	(1,454,761)
DECREASE IN WORKING CAPITAL	(£8,573,748)	(£827,965)
Arising from movements in:		
Stocks	(44,864)	117,416
Debtors	(1,282,882)	302,580
Creditors	(426,942)	316,782
	(1,754,688)	736,778
Bank balances and cash	(819,060)	(1,564,743)
Current installments on bank loans	(6,000,000)	-
	(£8,573,748)	(£827,965)

The notes on pages 7 to 14 form an integral part of these accounts

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and are in accordance with applicable accounting standards.

(b) Depreciation and amortisation.

Depreciation is provided by the straight line method based on the estimated useful lives of assets as follows:

Medical equipment	7 years
Plant and Machinery	10 - 23 years
Furniture, fixtures and fittings	7 years
Motor vehicles	4 years
EDP hardware	4 years
EDP software	2 years

Depreciation is not provided in respect of leasehold premises with a term greater than 50 years.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the periods of the leases where these are shorter.

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after due allowance for any obsolete or slow-moving items.

(d) Leased assets

Assets held under leasing arrangements, that transfer substantially all the risks and rewards of ownership to the company, are capitalised. The capital element of the related rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

(e) Pension costs

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

2 TURNOVER

Turnover represents the invoiced value of services rendered to patients exclusive of VAT.

3 OPERATING CHARGES include

	1990 £	1989 £
Directors' emoluments (see below)	18,000	-
Auditors' remuneration	40,000	40,000
Depreciation (including depreciation of assets held under finance leases £109,856 (1989 - £98,514))	1,587,577	1,705,076
Hire of plant and equipment	189,849	173,197
Other operating lease expense	2,392,832	2,418,879
Staff costs (note 4)	11,114,812	10,619,378

The company has borne a management charge of £197,671 (1989 - £217,639 from its parent company, IMC Holdings (Grand Cayman) Limited, in respect of the services of one member of the board of directors.

The emoluments of the Chairman, excluding pension contributions amounted to £12,000 (1989 - nil).

Other directors emoluments fell within the following ranges :

	1990 Number of directors	1989 Number of directors
£ Nil to £5,000	3	5
£5,001 to £10,000	1	-

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

4 STAFF COSTS

	1990 £	1989 £
Wages and salaries	10,007,247	9,600,876
Social security costs	877,364	823,671
Other pension costs	230,201	194,831
	<u>£11,114,812</u>	<u>£10,619,378</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1990 £	1989 £
Repayable within five years		
Bank loan and overdraft interest	1,701,190	1,340,519
Bank charges	44,060	42,273
Finance lease charges	33,789	22,220
Interest receivable	(21,224)	(25,072)
	<u>£1,757,815</u>	<u>£1,379,940</u>

6 PENSION COMMITMENTS

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was conducted as at April 6 1989 using the projected unit credit method. Principal long term actuarial assumptions used were that the annual rate of return on investments would be 9% and that annual increases in pensions and salaries would be 3% and 8% respectively.

The valuation showed that the aggregate market value of the scheme's assets was £1,075,674 and the actuarial value of those assets represented 120% overall of the benefits due to members calculated on the basis of pensionable salaries and completed service as at the date of valuation. This surplus is being amortised over members' future working lifetimes. On the recommendation of the actuaries, the company took a contributions holiday during 1990.

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

7 FIXED ASSETS

	Leasehold premises	Medical Equipment	Plant and machinery	Furniture fixtures & fittings	Motor vehicles	Computer software	Leased assets	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 January 1990	38,483	2,733,834	13,829,529	4,340,120	104,883	139,277	3,102,586	24,288,712
Additions for the year	-	168,742	980,416	436,987	-	5,918	206,540	1,798,603
Disposals for the year	-	(75,415)	(3,218)	-	(52,293)	-	-	(130,926)
At 31 December 1990	38,483	2,827,161	14,806,727	4,777,107	52,590	145,195	3,309,126	25,956,389
Depreciation								
At 1 January 1990	-	1,848,235	7,768,650	3,308,395	75,691	123,877	3,069,236	16,194,084
Charge for the year	-	252,110	862,230	333,054	12,023	18,304	109,856	1,587,577
Disposals for the year	-	(62,851)	(1,341)	-	(35,124)	-	-	(99,316)
At 31 December 1990	-	2,037,494	8,629,539	3,641,449	52,590	142,181	3,179,092	17,682,345
Net book value at 31 December 1990	£38,483	£789,667	£6,177,188	£1,135,658	-	£3,014	£130,034	£8,274,044
31 December 1989	£38,483	£885,599	£6,060,879	£1,031,725	£29,192	£15,400	£33,350	£8,094,628

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

8 DEBTORS

	1990	1989
	£	£
Due within one year:		
Trade debtors	4,436,725	5,252,046
Other debtors	160,015	156,467
Prepayments	315,284	800,538
Amounts due from group company	15,145	-
	<u>£4,926,169</u>	<u>£6,209,051</u>

9 CREDITORS - amounts falling due within one year

	1990	1989
	£	£
Leasing obligations under finance leases	104,539	102,374
Bank Overdraft	5,424,999	4,534,742
Bank Loan	6,000,000	-
Trade Creditors	1,618,847	1,945,348
Amounts due to group company	580,250	8,783
Accruals	1,271,575	1,101,379
Payroll taxes	156,833	157,250
Social security	125,523	115,491
	<u>£15,282,566</u>	<u>£7,965,367</u>

The bank loan and overdraft were repaid in full on January 8, 1991 from funds received from the holding company. Charges existing at December 31, 1990 over the stock and trade debtors in connection with the bank overdraft are in the process of being removed from the register of charges.

10 CREDITORS - amounts falling due after more than one year

	1990	1989
	£	£
Obligations under finance leases	81,854	25,566
Bank loan (refer Note.9)	-	6,000,000
	<u>£81,854</u>	<u>£6,025,566</u>

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

11 SHARE CAPITAL AND SUBORDINATED LOANS

	1990 £	1989 £
Ordinary shares of £1 each - authorised	£40,000,000	£40,000,000
Issued and fully paid	£28,000,000	£28,000,000
Subordinated loans	£5,000,000	£5,000,000

The holding company has provided interest free subordinated loans for an indefinite period of time.

12 TAXATION

Tax losses agreed with the Inland Revenue and available for carry forward at December 31, 1990 amount to £25,659,803 (1989 - £25,659,803). Potential deferred taxation arising in respect of accelerated capital allowances has not been provided because it is offset by available tax losses.

13 OBLIGATIONS UNDER FINANCE LEASES

The capital amounts due under finance lease obligations are as follows:

	1990 £	1989 £
Within one year	104,539	102,374
Within two to three years	81,854	25,566
	£186,393	£127,940

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

14 EMPLOYEES

The average number of employees in each week in the year was 655 (1989 - 661) and is broken down into the following categories:

	1990 Number of employees	1989 Number of employees
Medical	480	485
Other	175	176
	-----	-----
	655	661
	-----	-----

The number of employees of the company other than directors whose emoluments, excluding pension contributions, exceeded £30,000 was as follows:

	1990 Number of employees	1989 Number of employees
£30,001 to £35,000	5	1
£35,001 to £40,000	-	2
£40,001 to £45,000	1	3
£50,001 to £55,000	2	3
£55,001 to £60,000	1	-
£95,001 to £100,000	-	1
£100,001 to £105,000	-	1
£105,000 to £110,001	1	-

15 FINANCIAL COMMITMENTS

Authorised future capital expenditure amounted to:

	1990 £	1989 £
Contracted	2,957,434	1,629,060
Not contracted	1,178,143	839,529
	-----	-----
	£4,135,577	£2,468,589
	-----	-----

The annual commitment under operating leases is as follows:

	Land & Buildings		Other Operating Leases	
	1990 £	1989 £	1990 £	1989 £
Leases expiring:				
Within one year	60,215	77,025	14,949	23,295
Within two to five years	-	-	52,134	77,856
Thereafter	2,239,060	2,261,750	26,474	1,894
	-----	-----	-----	-----
	£2,299,275	£2,338,775	£93,557	£103,045
	-----	-----	-----	-----

MEDICAL SERVICES INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS - DECEMBER 31, 1990

16 CONTINGENCIES

A fixed and floating charge exists over the assets of the company (except for stock and trade debtors mentioned in note 9) as a result of the borrowing arrangements made by the holding company.

17 HOLDING COMPANY

The company is a wholly-owned subsidiary of IMC Holdings (Grand Cayman) Limited, a company incorporated in Grand Cayman , British West Indies and located at the Bank of Nova Scotia building , George Town , Grand Cayman .

18 SUBSEQUENT EVENTS

- (a) The holding company provided £12,500,000 on January 7, 1991 as a further interest free subordinated loan for an indefinite period of time.
- (b) On July 5, 1991 Bank of Credit and Commerce International ceased trading in the United Kingdom and was subsequently placed in administration. On this date the company had balances of £1,361,000 with Bank of Credit and Commerce International. The directors consider that full recovery of these balances is unlikely. As a consequence, on July 9, 1991 the company's holding company provided a further £2,000,000 as an interest free subordinated loan for an indefinite period of time.

THE FOLLOWING STATEMENTS DO NOT FORM PART OF
THE AUDITED STATUTORY ACCOUNTS OF THE COMPANY



REPORT OF THE AUDITORS TO THE MEMBERS OF
MEDICAL SERVICES INTERNATIONAL LIMITED

We have examined the proforma balance sheet of Medical Services International Limited, set out on page 2.

In our opinion the proforma balance sheet of the company at December 31, 1990 has been properly prepared on the basis outlined on page 3.

A handwritten signature in ink, consisting of a stylized 'E' followed by a long horizontal stroke and a small flourish at the end.

Ernst & Young
Chartered Accountants
Registered Auditor
London
October 30, 1991

MEDICAL SERVICES INTERNATIONAL LIMITED
 PROFORMA BALANCE SHEET
 AT DECEMBER 31, 1990

£

FIXED ASSETS
 Tangible assets

8,274,044

CURRENT ASSETS

Stocks

573,355

Debtors

4,926,169

Cash at bank and in hand

1,153,045

6,652,569

CREDITORS - amounts falling due within one year (3,857,567)

NET CURRENT ASSETS

2,795,002

TOTAL ASSETS LESS CURRENT LIABILITIES

£11,069,046

CREDITORS - amounts falling due after more than
 one year

81,854

CAPITAL AND RESERVES

Called-up share capital

28,000,000

Profit & loss account

(34,512,808)

(6,512,808)

SUBORDINATED LOANS

17,500,000

£11,069,046

The proforma balance sheet has been prepared on the basis
 outlined on page 3.

MEDICAL SERVICES INTERNATIONAL LIMITED
ASSUMPTIONS UNDERLYING THE PREPARATION
OF THE PROFORMA BALANCE SHEET

AT DECEMBER 31, 1990

The proforma balance sheet of the company at December 31, 1990 is prepared on the basis that the £12.5 million subordinated loan which was received on January 7, 1991 (see note 18 to the audited accounts) was received on December 31, 1990 and was utilised by the company to repay bank borrowings at that date. The following adjustment has therefore been made to the audited balance sheet included on page 5 of the accounts.

	£
i) Increase subordinated loans by	12,500,000
ii) Reduce bank borrowings by	11,424,999
iii) Increase cash at bank by	1,075,001