

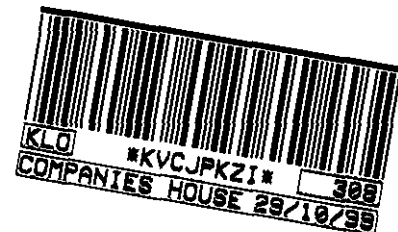
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SCIENCE PRESS LIMITED
(Company No. 1952472)

REPORT AND FINANCIAL STATEMENTS

31 December 1998

Badger Hakim
10 Dover Street
London W1X 3P



SCIENCE PRESS LIMITED

Report and financial statements for the year ended 31 December 1998

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COMPANY INFORMATION

Company Number:	1952472
Registered Office:	Middlesex House 34-42 Cleveland Street London. W1P 6LB.
Directors:	B. Parker V. Tracz A. Greenwood A. Krieger
Secretary:	PCM Diment
Bankers:	Lloyds Bank P.L.C., 190 Great Portland Street, London. W1A 4LN.
Solicitors:	Radcliffes 5 Great College Street, London. SW1P 3SJ.
Auditors:	Badger Hakim 10 Dover Street London. W1X 3PH

SCIENCE PRESS LIMITED

Report of the directors for the year ended 31 December 1998

The directors present their report together with the audited financial statements for the year ended 31 December 1998.

Principal activities, review of business and future developments

The principal activity of the company throughout the year was that of book publisher for the pharmaceutical industry. The company continues to trade successfully and is expected to continue to do so for the foreseeable future.

Result and dividends

The profit and loss account is set on page 4 and shows the profit for the year together with the amount retained. The directors do not recommend the payment of a dividend.

Fixed assets

Details of the movements in fixed assets are given in the notes 6 and 7 to these financial statements.

Directors

The directors who served during the year and their respective shareholdings were as follows:

	Number of ordinary shares of £1 each	
	<u>1998</u>	<u>1997</u>
V. Tracz	-	-
A. N. Greenwood	100	100
B. Parker	20	20
A. Krieger	-	-

The interest of Mr V Tracz in the ultimate parent company is shown in Note 13 to the financial statements.

Auditors

Badger Hakim have expressed their willingness to remain in office and a resolution to re-appoint them will be proposed at the annual general meeting.

SCIENCE PRESS LIMITED

Report of the directors for the year ended 31 December 1998 (Continued)

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 of the company 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;
- prepare the financial statements on a 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 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.

Small company rules

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

BY ORDER OF THE BOARD



PCM Diment
(Secretary)

Middlesex House,
34-42 Cleveland Street,
London. W1P 6LB.

1999

SCIENCE PRESS LIMITED

Report of the auditors

To the shareholders of Science Press Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Responsibilities of directors and auditors.

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

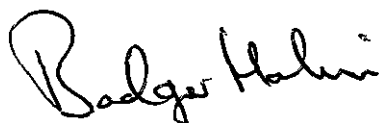
Basis of opinion

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 as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Badger Hakim

Chartered Accountants and Registered Auditors

10 Dover Street

London W1X 3PH

5 October

1999

SCIENCE PRESS LIMITED**Profit and loss account for the year ended 31 December 1998**

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
TURNOVER	2	1,987,764	2,611,306
COST OF SALES		764,278	811,861
GROSS PROFIT		1,223,486	1,799,445
Administrative expenses		1,198,436	1,096,073
Operating profit on ordinary activities before taxation	4	25,050	703,372
Tax on profit on ordinary activities	5	91	223,111
Profit for the year after taxation		24,959	480,261

Detail of movements in reserves is given in note 12 to the financial statements.

There are no recognised gains and losses in the year other than the profit for the year.

All amounts relate to continuing activities.

The notes on pages 6 to 9 form part of the financial statements.

SCIENCE PRESS LIMITED

Balance sheet at 31 December 1998

	Note	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	6	-	50,750
Investments	7	46,947	46,947
		46,947	97,697
CURRENT ASSETS			
Work in Progress	8	115,762	31,534
Debtors	9	1,459,238	1,818,024
Cash at bank and in hand		195,363	124,279
		1,770,363	1,973,837
CREDITORS: amounts falling due within one year	10	430,918	710,101
NET CURRENT ASSETS		1,339,445	1,263,736
NET ASSETS		1,386,392	1,361,433
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account		1,385,392	1,360,433
SHAREHOLDERS' FUNDS	12	1,386,392	1,361,433

Shareholders' funds includes only equity interests.

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985. In the opinion of the directors the company is entitled to these exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on *Sadler* 1999

V Tracz
Director

The notes on pages 6 to 9 form part of the financial statements.

SCIENCE PRESS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998

1 Accounting Policies

The financial statements are prepared under the historical cost convention as modified by the valuation of investments in subsidiary undertakings, and are in accordance with the applicable accounting standards. The following principle accounting policies have been applied:

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	25% on cost
Equipment	20% on cost

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing work in progress to its present location and condition, including where appropriate, a proportion of production overheads.

Turnover

Turnover represents the invoiced value of goods sold net of value added tax.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the special exemption applicable to small companies as stated in FRS1 in not preparing a cash flow statement.

Group accounts

It is the policy of the company to take advantage of the exemptions conferred by section 248 of the Companies Act 1985 from preparing group accounts.

Financial statements

These financial statements present information about the company only, and not about the group of companies as a whole.

Investment in subsidiary undertaking

Investments in subsidiary undertakings are stated at directors' valuation having regard to the nature of the subsidiary and the income derived by the company as a consequence of its interest.

SCIENCE PRESS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (Continued)

2 Turnover

The company derived 91 % (1997: 93%) of its turnover from supplying geographical markets outside the United Kingdom.

3 Directors' emoluments

Directors' Emoluments of £58,026 (1997: £53,686) were paid by another company in the group.

	<u>1998</u>	<u>1997</u>
	£	£
4 Operating profit		
This is after charging/(crediting):		
Auditors' remuneration	3,000	2,500
Loss on foreign exchange transactions	13,904	2,305

5 Taxation

The taxation charge based on the results for the year:

Corporation tax on current year at current rates	-	74,574
Group relief payment	-	148,537
Underprovision in prior year	91	-
	<u>91</u>	<u>223,111</u>

6 Tangible fixed assets

	Equipment £	Motor Vehicles £	Total £
Cost			
As at 1 January 1998	55,620	-	55,620
Additions	-	-	-
Disposals	(55,620)	-	(55,620)
As at 31 December 1998	-	-	-
Depreciation			
As at 1 January 1998	4,870	-	4,870
Charge for the year	18,538	-	18,538
Eliminated on disposal	(23,408)	-	(23,408)
As at 31 December 1998	-	-	-
Net book value at 31 December 1998	-	-	-
Net book value at 31 December 1997	50,750	-	50,750

SCIENCE PRESS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (Continued)

7 Fixed asset investments

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Shares in subsidiary undertaking at directors' valuation	46,947	46,947

The following results relate to the company's subsidiary undertakings:

<u>Name</u>	<u>Place</u>	<u>Shares</u>	<u>% Held</u>	<u>Agg. capital & reserves</u>	<u>Profit for the year</u>
Science Press K.K.	Japan	Ordinary	100	£	£
Science Press Internet Services, Inc.	USA	Ordinary	100	-	-

8 Work in progress

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
At cost	115,762	31,534

9 Debtors

Trade debtors	854,507	1,366,806
Other debtors	1,316	4,407
Amount due from connected companies	601,459	389,705
Amount due from subsidiary undertaking	1,956	57,106
	<u>1,459,238</u>	<u>1,818,024</u>

All debtors fall due for payment within one year

10 Creditors: Amounts falling due within one year

Bank overdraft	7,160	6,025
Trade creditors	115,908	90,202
Corporation tax	89,507	164,081
Other creditors	-	44,638
Income received in advance	128,998	91,750
Social security and other taxes	-	35,821
Accruals	89,345	277,584
	<u>430,918</u>	<u>710,101</u>

SCIENCE PRESS LIMITED

Notes forming part of the financial statements for the year ended 31 December 1998 (Continued)

11 Share capital

	<u>1998</u> £	<u>1997</u> £
Authorised:		
1000 Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
1000 Ordinary shares of £1 each	1,000	1,000

12 Reconciliation of movements in shareholders' funds

	<u>Called up share capital</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Balance at 1 January 1998	1,000	1,360,433	1,361,433
Transfer to profit and loss account	-	24,959	24,959
Balance at 31 December 1998	1,000	1,385,392	1,386,392

13 Ultimate parent undertaking and controlling party

Farmstead Investments Inc., incorporated and registered in the Republic of Panama owns 88% of the shares in Science Press Limited and is the ultimate parent company. Mr Tracz, a director of the company, is the controlling party by virtue of his interest in Farmstead Investments Inc.

14 Contingent liabilities

Banking Facilities

The company is party to omnibus bank guarantees covering banking facilities arising from BACS and similar transactions. As such the company may be liable for transactions using these facilities by any of its connected companies. At the balance sheet date these facilities were not utilised.

15 Related Parties

As stated in note 13, the company is a subsidiary of Farmstead Investments, Inc., a company incorporated in the Republic of Panama. Farmstead Investments, Inc. has a number of other subsidiary undertakings, and connected companies, which are related to the company by virtue of Mr Tracz's interests in their share capital.

The management and operation of the group and its connected companies is such that each company may incur expenses on behalf of other connected companies which are then recharged. At the balance sheet date any indebtedness between the connected companies is transferred to the parent company, so that included in the balance sheet is a debt due by the company to Farmstead Investments, Inc of £601,459.

In view of this method of accounting and funding operations, the directors consider that a detailed analysis of transactions between the related companies would be excessively long and of no significant value.