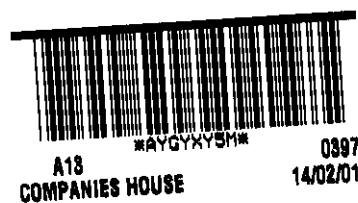


Company Number 3386788

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED
REPORT AND ACCOUNTS
31 MAY 2000



LEON HAIG & CO
Chartered Certified Accountants
Zephyr House, Waring Street
London SE27 9LH

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

Directors: D J MacLennan

Secretary: R H MacLennan

Registered Office: 2 Austins Mead
Bovingdon
Herts HP3 0JX

Auditors: LEON HAIG AND CO
Chartered Certified Accountants
Zephyr House
Waring Street
London SE27 9LH

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PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

REPORT OF DIRECTORS

FOR THE YEAR ENDED 31 MAY 2000

The director presents his report, together with the audited accounts of the company, for the year ended 31 May 2000.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 4.

The director does not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The company's principal activity continued to be that of a medical education and communications agency.

FUTURE DEVELOPMENTS AND EVENTS SINCE THE YEAR END

There have been no events since the year end which have had a material effect on the business of the company.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets during the year are shown in note 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors in office throughout the year and their interests in the share capital of the company are set out below:

	At 31 May 2000 £1 ordinary shares	At 1 June 1999 £1 ordinary shares
D J MacLennan	45,000	45,000

AUDITORS

The auditors, Messrs Styles & George resigned and were replaced by Messrs Leon Haig & Co. A resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 2000

(Continued)

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;
- 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 to 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.

Approved by the Board of Directors on 30 November 2000



D.J. MACLENNAN
Director

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PHASE II INTERNATIONAL COMMUNICATIONS LIMITED**

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

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described on page 2, the company's director is responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistency 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 accounts 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 the information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 2000 and of the results of the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LEON HAIG & CO

Chartered and Certified Accountants
Registered Auditors
Zephyr House
Waring Street
London SE27 9LH

30 November 2000

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2000

	Notes	<u>2000</u> £	<u>1999</u> £
TURNOVER		679,222	668,193
Cost of sales		<u>403,282</u>	<u>338,368</u>
GROSS PROFIT		275,940	329,825
Administrative expenses		<u>146,560</u>	<u>202,277</u>
OPERATING PROFIT	2	129,380	127,548
Interest receivable		<u>1,559</u>	<u>-</u>
		130,939	127,548
Interest payable		<u>(2,786)</u>	<u>(5,671)</u>
PROFIT on ordinary activities before taxation		128,153	121,877
Tax on PROFIT on ordinary activities	3	<u>26,243</u>	<u>29,212</u>
PROFIT on ordinary activities after taxation		101,910	92,665
Equity dividends paid		<u>-</u>	<u>30,000</u>
PROFIT for the financial year		101,910	62,665
Retained PROFIT brought forward		<u>31,717</u>	<u>(30,948)</u>
Retained PROFIT carried forward		<u>133,627</u>	<u>31,717</u>

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

BALANCE SHEET

31 MAY 2000

	Notes	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Tangible assets	4	23,253	19,985
CURRENT ASSETS			
Stocks		6,685	9,525
Debtors	5	77,313	92,580
Cash at bank and in hand		<u>230,938</u>	<u>92,363</u>
		314,936	194,468
CREDITORS: amounts falling due within one year	6	<u>(159,562)</u>	<u>(117,736)</u>
NET CURRENT ASSETS		<u>155,374</u>	<u>76,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		178,627	96,717
CREDITORS: amounts falling due after more Than one year	7	—	<u>(20,000)</u>
		<u>178,627</u>	<u>76,717</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	45,000	45,000
Profit and loss account		<u>133,627</u>	<u>31,717</u>
SHAREHOLDERS' FUNDS	11	<u>178,627</u>	<u>76,717</u>

Approved by the Board of Directors on 30 November 2000.
and signed on their behalf by


D J MACLENNAN
Director

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	20% on cost
Equipment	20% on cost

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Foreign currencies

Asset and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING PROFIT/LOSS

Operating profit/loss is stated after charging:	<u>2000</u>	<u>1999</u>
	£	£
Director's emoluments	28,623	54,777
Directors' compensation for loss of office	-	55,000
Depreciation	8,122	5,844
Auditors' fees	5,500	2,850
Net loss on foreign currency translation	<u>8,307</u>	<u>646</u>

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

(Continued)

3.	TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES	<u>2000</u>	<u>1999</u>	
	In respect of the year:	£	£	
	Corporation tax based on the results for the year at 20% (1999 – 20.83%)	26,243	30,974	
	Adjustments in respect of previous years:			
	Corporation tax	—	(1,762)	
		<u>26,243</u>	<u>29,212</u>	
4.	TANGIBLE FIXED ASSETS			
		<u>Fixtures And Fittings</u>	<u>Equipment</u>	<u>Total</u>
	Cost:	£	£	£
	At 1 June 1999	2,776	26,445	29,221
	Additions	<u>1,030</u>	<u>10,360</u>	<u>11,390</u>
	At 31 May 2000	<u>3,806</u>	<u>36,805</u>	<u>40,611</u>
	Depreciation:			
	At 1 June 1999	696	8,540	9,236
	Charge for the year	<u>761</u>	<u>7,361</u>	<u>8,122</u>
	At 31 May 2000	<u>1,457</u>	<u>15,901</u>	<u>17,358</u>
	Net book value:			
	At 31 May 2000	<u>2,349</u>	<u>20,904</u>	<u>23,253</u>
	At 31 May 1999	<u>2,080</u>	<u>17,905</u>	<u>19,985</u>
5.	DEBTORS	<u>2000</u>	<u>1999</u>	
		£	£	
	Trade debtors	76,516	92,580	
	Directors current account	<u>797</u>	—	
		<u>77,313</u>	<u>92,580</u>	

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

(Continued)

6. CREDITORS: amount falling due within one year	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdrafts	-	30,000
Trade creditors	107,057	19,023
Corporation tax	31,508	30,974
PAYE and Social Security costs	2,238	840
VAT	8,759	6,049
Other creditors	8,000	28,000
Accruals and deferred income	<u>2,000</u>	<u>2,850</u>
	<u>159,562</u>	<u>117,736</u>

7. CREDITORS: Amounts falling due after more than one year	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdrafts	-	20,000
	<u>-</u>	<u>20,000</u>

8. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	<u>2000</u>	<u>1999</u>
	£	£
Operating leases which expire:		
Within 2 to 5 years	2,658	2,658
After more than 5 years	<u>6,975</u>	<u>6,975</u>
	<u>9,633</u>	<u>9,633</u>

PHASE II INTERNATIONAL COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

(Continued)

9. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

10. SHARE CAPITAL	<u>2000</u>	<u>1999</u>
	£	£
Authorised share capital:		
45,000 Ordinary shares at £1 each	<u>45,000</u>	<u>45,000</u>
	<u>2000</u>	<u>1999</u>
	£	£
Allotted, called up and fully paid:		
Ordinary share capital brought forward	<u>45,000</u>	<u>45,000</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
Profit for the year after taxation	101,910	62,665
Opening shareholders' funds	<u>76,717</u>	<u>14,052</u>
Closing Shareholders' funds	<u>£178,627</u>	<u>£76,717</u>

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments at 31 May 2000 (1999: Nil)

There were no contingent liabilities at 31 May 2000 (1999: Nil)