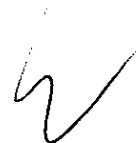


Diagnostic Potentials Limited
First Annual Report and Accounts
Period to 30th September 1998

Company Number 178691

Registered in Scotland



Diagnostic Potentials Limited

Company information

Directors:	Ms. A Cooreman K.W.Kilborn Esq.
Secretary:	Ms. A. Cooreman
Company Number:	SC 178691
Registered Office:	53 St. Andrews Drive Bridge of Weir Renfrewshire PA11 3HU

Diagnostic Potentials Limited

Contents

	Page
Directors Report	1
Profit and Loss Account	2
Balance Sheet	3
Notes to the Financial Statements	4

Diagnostic Potentials Limited

Directors Report for the Period Ended 30th September 1998

The directors present their report and financial statements for the Company for the period ended 30th September 1998. The company was incorporated on the 10th September 1997 and has not yet commenced trading. At the 30th September 1998, the company was actively seeking funds to commence its planned research and development program prior to marketing its products. The directors were confident that the funds would be obtained during the subsequent financial year.

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 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.

Principal Activities

The company's principal activity is the research and development of diagnostic systems and methods to detect neurological disorders.

Directors and Their Interests

The directors who served during the year and their beneficial interests were:-

Name	Shareholding
Jordans (Scotland) Limited (Resigned 1 st December 1997)	1
Ms. A. Cooreman	1
Dr. K.W. Kilborn	1

This report, which has been prepared to take special advantage of the special exemptions applicable to small companies, was approved by the board on the 9th December 1999, and signed on its behalf.

By Order of the Board


K.W. Kilborn
Director

Diagnostic Potentials Limited

**Profit and Loss Account for the Period Ended
30th September 1998**

	1998 £
Turnover	nil
Expenditure	nil
Profit for the Year	nil

There were no recognised gains and losses for 1998 which have not been included in the above profit and loss account.

Diagnostic Potentials Limited

Balance Sheet as at 30th September 1998

	Note	£	1998	£
Fixed Assets				-
Current Assets				
Debtors	1		2	
Cash at Bank			<u>15000</u>	
			15002	
Current Liabilities				
Amounts falling due within one year	2		<u>15000</u>	
Net Current Assets				<u>2</u>
TOTAL NET ASSETS				<u>2</u>
CAPITAL AND RESERVES				
Called up Share Capital	3			2
Profit and Loss Account				=
SHAREHOLDERS FUNDS				<u>2</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 30th September 1998.

The directors have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies allowed for in the Companies Act 1985 on the grounds that, in the opinion of the directors, the company qualifies as a small company and is entitled to make use of the special exemptions. The accounts were approved by the board on the 10th December 1999 and signed on its behalf.

Director.....

Director.....

The notes on page 3 form part of these financial statements.

Diagnostic Potentials Limited

Notes to the Financial Statements as at 30th September 1998

Note

1. Debtors

Consists of shareholders liability to contribute amount of the issued share capital as at 30th September 1998.

2. Current Liabilities

The company received a grant of £15000 from the Scottish Office on the 25th September 1998 on the condition that it will be repayable in full if the conditions attached to its award are not met. The directors consider it prudent to treat this amount as a liability at the balance sheet date.

3. Called up Share Capital

£

Authorised:

1000 Ordinary shares of £1 each

1000

Issued:

2 Ordinary shares of £1 each

2