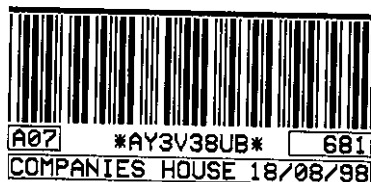


BUPA WORLDWIDE MEDIA SERVICES LIMITED

(Registered No. 1320520)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



BUPA WORLDWIDE MEDIA SERVICES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 1997

The Directors present their annual report and the audited financial statements for the year ended 31 December 1997.

1. Principal activity

The principal activity of the Company was the centralised purchasing of media services.

2. Review of the business

The Directors consider the development of the Company during the year to be satisfactory, and do not foresee any significant changes in the forthcoming year.

3. Results and dividends

The profit for the year, after taxation, amounted to £3,005,154 (1996 - £282,702).
No dividend is proposed for 1997 (1996 - £ nil).

4. Directors and directors' interests

The names of persons who were directors at any time during the year are as follows:

I.G. Daish (alternate to M.D. Wheatley and D. Johnstone)
J.P. Davies
M. Ellerby (alternate to J.P. Davies)
D. Johnstone
P.M.B. Smythe
M.D. Wheatley

There were no Directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

5. Auditors

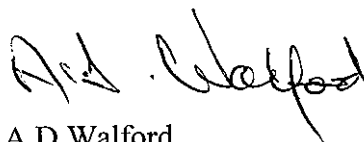
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

3 April 1998

By Order of the Board


A D Walford
Secretary

BUPA WORLDWIDE MEDIA SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the Directors and the auditors in the preparation of the financial statements.

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 ; and
- 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.

BUPA WORLDWIDE MEDIA SERVICES LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF BUPA WORLDWIDE MEDIA SERVICES LIMITED

We have audited the financial statements set out on pages 4 to 10.

Respective 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.

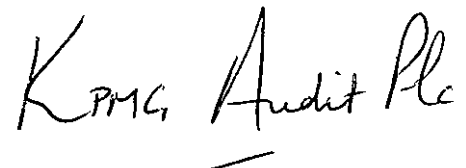
Basis of opinion

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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London

3 April 1998

KPMG Audit Plc
Chartered Accountants
Registered Auditor

BUPA WORLDWIDE MEDIA SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 1997**

	<i>Note</i>	1997 £	1996 £
Turnover		264,000	176,000
Operating expenses		<u>(215,283)</u>	<u>(188,088)</u>
Operating profit/(loss)		48,717	(12,088)
 Interest receivable and similar income	 4	 <u>4,357,639</u>	 <u>434,032</u>
Profit on ordinary activities before taxation	 5	 4,406,356	 421,944
Tax on profit on ordinary activities	6	<u>(1,401,202)</u>	<u>(139,242)</u>
Retained profit for the financial year		<u>3,005,154</u>	<u>282,702</u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the profit for the financial year.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

BUPA WORLDWIDE MEDIA SERVICES LIMITED

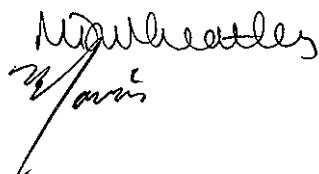
BALANCE SHEET

as at 31 December 1997

	Note	1997 £	1996 £
Current assets			
Debtors : amounts falling due within one year	7	73,642,739	73,544,321
Cash at bank and in hand		72,874	44,521
		<u>73,715,613</u>	<u>73,588,842</u>
Creditors : amounts falling due within one year	8	(67,315,842)	(70,194,225)
Net current assets		<u>6,399,771</u>	<u>3,394,617</u>
		<u>6,399,771</u>	<u>3,394,617</u>
Capital and reserves			
Called up share capital	9	72,000	72,000
Share premium account	10	3,039,915	3,039,915
Profit and loss account	10	3,287,856	282,702
		<u>6,399,771</u>	<u>3,394,617</u>

These financial statements were approved by the Board of Directors on 3 April 1998 and were signed on its behalf by

M.D. Wheatley
J.P. Davies



Director
Director

The accounting policies and notes on pages 7 to 10 form part of these financial statements.

BUPA WORLDWIDE MEDIA SERVICES LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****for the year ended 31 December 1997**

	1997 £	1996 £
Profit for the financial year	3,005,154	282,702
Net addition to shareholders' funds	3,005,154	282,702
Opening shareholders' funds	3,394,617	3,111,915
Closing shareholders' funds	6,399,771	3,394,617

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention and on a going concern basis.

As the Company is ultimately a wholly owned subsidiary of the British United Provident Association Limited, it has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed separately transactions of balances with entities which form part of the BUPA Group.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business with other group undertakings for services rendered after deducting trade discounts and value added tax, where applicable.

(d) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise.

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of BUPA Hospitals Limited which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited, in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

BUPA WORLDWIDE MEDIA SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 December 1997 - continued****3. STAFF COSTS AND DIRECTORS' REMUNERATION****a) Employees**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Administration	<u>3</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	1997	1996
	£	£
Wages and salaries	18,000	10,500
Social security costs	648	100
	<u>18,648</u>	<u>10,600</u>

b) Directors

	1997	1996
	£	£
Remuneration of directors		
Directors emoluments :		
As Directors	<u>6,000</u>	<u>3,500</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Receivable from Group undertakings	4,354,427	432,406
Other interest receivable	3,212	1,626
	<u>4,357,639</u>	<u>434,032</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997 - continued

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997	1996
	£	£
<i>Profit on ordinary activities is stated after charging :</i>		
Auditors' remuneration:		
Audit	3,000	2,000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
The taxation charge is based on the result for the year :		
UK corporation tax at 31.5% (1996 : 33%)	1,388,002	139,242
Taxation under/(over) provided in previous years :		
Corporation tax	84,389	-
Group relief	(71,189)	-
	<u>1,401,202</u>	<u>139,242</u>

The corporation tax liability for the year has been reduced by £506,731 (1996 : £139,242) as a result of group relief for a fellow subsidiary undertaking's losses.

7. DEBTORS

	1997	1996
	£	£
Amounts falling due within one year :		
Amounts owed by Group undertakings	69,281,332	73,111,915
Prepayments and accrued income	4,361,407	432,406
	<u>73,642,739</u>	<u>73,544,321</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997 - continued

8. CREDITORS	1997	1996
	£	£
Amounts falling due within one year :		
Payments received on account	65,951,117	69,603,622
Trade creditors	220	19,983
Amounts owed to Group undertakings	645,973	568,620
Taxation and social security	712,571	-
Accruals and deferred income	5,961	2,000
	<u>67,315,842</u>	<u>70,194,225</u>

Payments received on account represent prepayments for media services to be rendered to Group undertakings.

9. SHARE CAPITAL	1997	1996
	£	£
Authorised		
72,000 ordinary shares of £1 each	<u>72,000</u>	<u>72,000</u>
 Allotted, called-up and fully paid		
72,000 ordinary shares of £1 each	<u>72,000</u>	<u>72,000</u>

10. RESERVES	Share premium account	Profit and loss account
	£	£
At 1 January 1997	3,039,915	282,702
Retained profit	-	3,005,154
At 31 December 1997	<u>3,039,915</u>	<u>3,287,856</u>