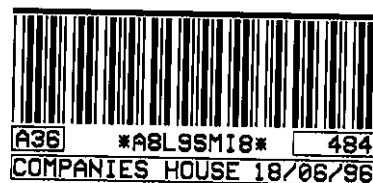


ELECTRONIC PRESS LIMITED
(Company No. 1737324)

REPORT AND FINANCIAL STATEMENTS

31 December 1995

Badger Faldo & Ayland
Venn House
Venn Street
London SW4 0BE



ELECTRONIC PRESS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 1995

COMPANY INFORMATION

Company Number:	1737324
Registered Office:	34 Cleveland Street, London. W1P 6LB
Directors:	R. Charkin (appointed 01 February 1996) A. Greenwood B. Parker I. Tarr A. Sabasteanski V. Tracz A. Witbrock
Secretary:	B. Parker
Bankers:	Lloyds Bank P.L.C., 190 Great Portland Street, London. W1A 4LN.
Solicitors:	Radcliffes & Co., 5 Great College Street, London. SW1P 3SJ.
Auditors:	Badger Faldo & Ayland, Venn House, Venn Street, London. SW4 0BE.

ELECTRONIC PRESS LIMITED

REPORT AND FINANCIAL STATEMENTS **31 December 1995**

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ELECTRONIC PRESS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1995.

1. ACTIVITIES

The principal activity of the company throughout the year was that of providing computer services.

2. RESULTS AND FUTURE PROSPECTS

Losses have deteriorated considerably during the year due to the fact that the new media technologies have not yet produced the anticipated return on investment.

3. DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend as the funds of the company are fully employed. Losses of £1,409,280 have been transferred from reserves.

4. FIXED ASSETS

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

5. DIRECTORS

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

	Number of ordinary shares of £1 each	
	<u>1995</u>	<u>1994</u>
A. N. Greenwood	100	100
A. Sabasteanski	-	-
I. Tarr	-	-
V. Tracz	-	-
A. Witbrock	-	-

6. CLOSE COMPANY

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

7. AUDITORS

Badger Faldo & Ayland have expressed their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re - appointed auditors to the company for the ensuing year.

ELECTRONIC PRESS LIMITED

DIRECTORS' REPORT

8. DIRECTORS' STATEMENT OF 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.

9. 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



B. PARKER
(Secretary)

Middlesex House,
34-42 Cleveland Street,
London. W1A 4LN.

Date: 13th June 1996

ELECTRONIC PRESS LIMITED

AUDITORS' REPORT TO THE MEMBERS

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 1995 and of its loss 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 Faldo & Ayland
Registered Auditor
Venn House
Venn Street
London SW4 0BE

Date:

13th Jan 1996

ELECTRONIC PRESS LIMITED**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 1995

	<u>Note</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
TURNOVER	2	29,197	272,562
COST OF SALES		65,916	53,664
GROSS (LOSS)/PROFIT		(36,719)	218,898
Administrative expenses		1,370,861	1,049,300
OPERATING LOSS		(1,407,580)	(830,402)
Interest receivable and similar income	3	-	72
Interest payable and similar charges	4	1,700	1,226
Loss for the year before taxation	5	(1,409,280)	(831,556)
Tax credit on loss on ordinary activities	6	-	(197,000)
Loss for the year after taxation		<u>(1,409,280)</u>	<u>(634,556)</u>

Detail of movements in reserves is given in note 13 to the financial statements.

There are no recognised gains and losses in the year other than the loss (1994: loss) for the year.

None of the company's activities were acquired or discontinued in the above two financial years.

ELECTRONIC PRESS LIMITED

BALANCE SHEET

31 December 1995

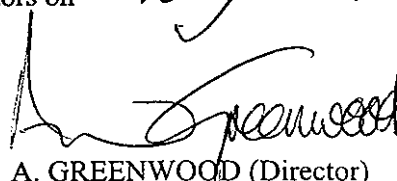
	Note	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	7	751,747	505,199
CURRENT ASSETS			
Debtors	8	76,631	1,141,254
Cash at bank and in hand		-	10,902
		<u>76,631</u>	<u>1,152,156</u>
CREDITORS: amounts falling due within one year	9	<u>2,993,463</u>	<u>2,360,310</u>
NET CURRENT LIABILITIES		(2,916,832)	(1,208,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,165,085)</u>	<u>(702,955)</u>
CREDITORS: amounts falling due after more than one year	10	-	52,850
NET LIABILITIES		<u>(2,165,085)</u>	<u>(755,805)</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account		(2,166,085)	(756,805)
SHAREHOLDERS' FUNDS	12	<u>(2,165,085)</u>	<u>(755,805)</u>

In preparing these financial statements we have taken advantage of the special exemptions applicable to small companies conferred by sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small company.

These financial statements were approved by the Board of Directors on

13th June 1996.


V. TRACZ (Director)


A. GREENWOOD (Director)

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995

1. ACCOUNTING POLICIES

(a) Accounting convention

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

(b) 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:

Plant and machinery	33% straight line
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(c) Turnover

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

(d) 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.

(e) 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.

(f) Accounts

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

(h) Going concern

The financial statements of the company have been prepared on a going concern basis. Assurances have been received from the holding company that it will continue to support the company during the twelve months following the date the financial statements were approved by the directors.

2. TURNOVER

The company derived 100% (1994: 100%) of its turnover from supplying geographical markets outside the United Kingdom.

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

3. INTEREST RECEIVABLE AND SIMILAR INCOME	1995	1994
	£	£
Bank interest receivable	-	72
4. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdrafts and other loans repayable within five years	1,700	1,226
5. LOSS FOR THE YEAR BEFORE TAXATION		
This is after charging/(crediting):		
Auditors' remuneration	10,750	9,500
Depreciation - owned tangible assets	347,215	202,478
Exchange differences	88	(4,194)
6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES		
The taxation charge based on the results for the year:		
Corporation tax credit on current year at 33% (1994: 33%)	-	(197,000)
7. TANGIBLE ASSETS		
	Plant & Machinery	
COST	£	
As at 1 January 1995	1,203,905	
Additions	593,763	
As at 31 December 1995	1,797,668	
DEPRECIATION		
As at 1 January 1995	698,706	
Charge for the year	347,215	
As at 31 December 1995	1,045,921	
Net book value at 31 December 1995	751,747	
Net book value at 31 December 1994	505,199	

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

8. DEBTORS

	1995 £	1994 £
Trade debtors	86	75,050
Amounts owed by associated companies	-	990,711
Prepayments	9,494	14,529
VAT recoverable	67,051	60,964
	<u>76,631</u>	<u>1,141,254</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	69,020	-
Trade creditors	61,266	24,422
Amount owed to parent undertaking	2,858,066	-
Amounts owed to associated companies	-	2,297,194
Other creditors	-	16,180
Accruals	5,111	22,514
	<u>2,993,463</u>	<u>2,360,310</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amount due to Holding Company	-	52,850
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11. SHARE CAPITAL

Authorised:

1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
1,000 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 1995	1,000	(756,805)	(755,805)
Transfer to profit and loss account	-	(1,409,280)	(1,409,280)
Balance at 31 December 1995	<u>1,000</u>	<u>(2,166,085)</u>	<u>(2,165,085)</u>

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

13. ULTIMATE HOLDING COMPANY

The company was a subsidiary of Brookside Company Inc. incorporated and registered in the Republic of Panama. On 1 May 1995 Farmstead Investments Inc., incorporated and registered in the Republic of Panama acquired 88% of the shares, owned by Brookside Company Inc., in Science Press Limited.