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ELECTRONIC PRESS LIMITED
(Company No. 1737324)

REPORT AND FINANCIAL STATEMENTS

31 December 1996



Badger Hakim
10 Dover Street
London W1X 3PH

ELECTRONIC PRESS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 1996

COMPANY INFORMATION

Company Number:	1737324
Registered Office:	Middlesex House 34-42 Cleveland Street, London. W1P 6LB
Directors:	R. Charkin A. Greenwood I. Tarr V. Tracz A. Witbrock
Secretary:	B. Parker
Bankers:	Lloyds Bank Plc., 190 Great Portland Street, London. W1A 4LN.
Solicitors:	Radcliffes Crossman Block 5 Great College Street, London. SW1P 3SJ.
Auditors:	Badger Hakim, 10 Dover Street London. W1X 3PH.

ELECTRONIC PRESS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 1996

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ELECTRONIC PRESS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1996.

ACTIVITIES

The principal activities of the company throughout the year were those of providing computer services and the development of internet related software.

RESULTS AND DIVIDENDS

The results for the year are disclosed on page 4.

The directors do not recommend the payment of a dividend for the year.

FIXED ASSETS

Details of the movements in fixed assets are given in the note 7 to these financial statements.

DIRECTORS

The directors who served during the year and their respective shareholdings at the beginning and end of the year were as follows:

	Number of ordinary shares of £1 each	
	<u>1996</u>	<u>1995</u>
A. Greenwood	10	100
A. Sabasteanski (resigned 31 December 1996)	-	-
R. Charkin (appointed 1 February 1996)	-	-
I. Tarr	-	-
V. Tracz	-	-
A. Witbrock	-	-

The interest of Mr V Tracz in the ultimate parent company is shown in Note 12 to the financial statements.

AUDITORS

Badger Hakim formerly 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

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.

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. W1P 6LB

Date: 22nd July 1997

ELECTRONIC PRESS LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ELECTRONIC PRESS LTD

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

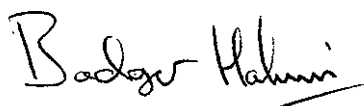
Basis of opinion

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 1996 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 Hakim
Chartered Accountants & Registered Auditor
10 Dover Street
London W1X 3PH

Date: 22 July 1997

ELECTRONIC PRESS LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 1996**

	<u>Note</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
TURNOVER	2	146,454	29,197
COST OF SALES		307,607	65,916
GROSS LOSS		(161,153)	(36,719)
Administrative expenses		1,731,771	1,372,561
Operating loss on ordinary activities before taxation	4	(1,892,924)	(1,409,280)
Tax credit on loss on ordinary activities	5	503,893	-
Loss on ordinary activities after taxation		<u>(1,389,031)</u>	<u>(1,409,280)</u>

Detail of movements in reserves is given in note 11 to the financial statements.

There are no recognised gains and losses in the year other than the loss (1995: loss) for either of the two financial years.

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

The notes on pages 6 to 10 form part of the financial statements.

ELECTRONIC PRESS LIMITED

BALANCE SHEET **31 December 1996**

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible assets	6	751,656	751,747
CURRENT ASSETS			
Work in progress	7	21,137	-
Debtors	8	268,741	76,631
		<u>289,878</u>	<u>76,631</u>
CREDITORS: amounts falling due within one year	9	<u>4,595,650</u>	<u>2,993,463</u>
NET CURRENT LIABILITIES		(4,305,772)	(2,916,832)
NET LIABILITIES		<u>(3,554,116)</u>	<u>(2,165,085)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account		(3,555,116)	(2,166,085)
SHAREHOLDERS' FUNDS	11	<u>(3,554,116)</u>	<u>(2,165,085)</u>

Shareholders' funds include 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 22nd July 1997.

R. CHARKIN (Director)



The notes on pages 6 to 10 form part of the financial statements.

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, 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:

Computer Equipment	33% straight line
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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.

Going concern

The financial statements have been prepared on the going concern basis which assumes its ability to continue in operation for the foreseeable future. The directors are of the opinion that this is the case despite the net liabilities shown at the balance sheet date because they have received assurance of continued financial support.

2. TURNOVER

The company derived 100% (1995: 100%) of its turnover from supplying geographical markets within the United Kingdom.

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 1996 (continued)**

3. DIRECTORS EMOLUMENTS

In 1996 directors emoluments of £43,360 was paid by another company in the group (1995:£ nil).

4. OPERATING LOSS

	<u>1996</u>	<u>1995</u>
	£	£
This is after charging:		
Auditors' remuneration	2,900	10,750
Depreciation	477,673	347,215
Exchange differences	836	88
	<u> </u>	<u> </u>

5. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

The taxation charge based on the results for the year:

Overseas tax suffered at source	323	-
Group relief	(504,216)	-
	<u>(503,893)</u>	<u>-</u>

6. TANGIBLE ASSETS

	Computer Equipment
COST	£
As at 1 January 1996	1,797,668
Additions	528,901
Disposals	(221,712)
As at 31 December 1996	<u>2,104,857</u>
DEPRECIATION	
As at 1 January 1996	1,045,921
Charge for the year	477,673
Disposals	(170,393)
As at 31 December 1996	<u>1,353,201</u>
Net book value at 31 December 1996	<u>751,656</u>
Net book value at 31 December 1995	<u>751,747</u>

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 1996 (continued)**

	1996 £	1995 £
7. WORK IN PROGRESS		
At Cost	21,137	-
8. DEBTORS		
Trade debtors	126,067	86
Social security and other taxes recoverable	132,540	67,051
Other debtors	434	-
Prepayments	9,700	9,494
	<u>268,741</u>	<u>76,631</u>

All debtors fall due for payment within one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	76,251	69,020
Trade creditors	53,485	61,266
Amount due to connected companies	4,454,414	2,858,066
Accruals	11,500	5,111
	<u>4,595,650</u>	<u>2,993,463</u>

10. 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

11. MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>Called up share capital</u>	<u>Profit and loss account</u>	<u>Total Shareholders Funds</u>
Balance at 1 January 1996	1,000	(2,166,085)	(2,165,085)
Transfer to profit and loss account	-	(1,389,031)	(1,389,031)
Balance at 31 December 1996	<u>1,000</u>	<u>(3,555,116)</u>	<u>(3,554,116)</u>

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Farmstead Investments Inc., incorporated and registered in the Republic of Panama, owns 99% of the shares in Electronic Press Limited, and is the ultimate parent company. Mr V Tracz, a director, is the controlling party by virtue of his beneficial interest in Farmstead Investments Inc.

13. 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.

ELECTRONIC PRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

14. RELATED PARTY TRANSACTIONS

During the year the company had transactions with related parties as set out below. In the normal course of the business the company is recharged by related companies in respect of services and overheads on an agreed basis including salary and premises costs. All the companies listed below are related by virtue of similar management control. The directors concerned are Mr V Tracz, Ms A Greenwood Mr R Charkin and Mr I Tarr.

<u>Related Parties</u>	<u>Salary Recharges</u> £	<u>Management Salaries*</u> £	<u>Other Expenses</u> £	<u>Total</u> £
<u>Payments to Related Parties</u>				
Life Science Communications Ltd	1,691,212	76,515	547,219	2,314,946
Current Medicine Inc.	193,693	-	-	193,693
Electronic Press Inc.	-	-	73,920	73,920
<u>Receipts from Related Parties</u>				
Current Biology Ltd	29,425	-	188,809	218,234
Science Press Ltd	13,078	-	57,561	70,639
Current Drugs Ltd	25,066	-	159,969	185,035
Electronic Press Inc.	31,991	-	48,320	80,311
Electronic Press Services Inc.	-	-	77,257	77,257
Current Medicine Inc.	-	-	3,794	3,794

During the year the company effected certain transactions on behalf of BioMedNet Ltd in the sum of £927,891.

* These amounts include directors emoluments (Note 3)

All expenses are recharged at cost.