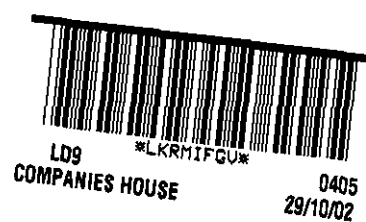


Healthcall Medical (Holdings) Limited

Directors' report and financial statements

Year ended 31 December 2001

Registered number 2058177



Directors' report and financial statements

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Directors' report

The directors have pleasure in submitting the annual report and the audited financial statements for the year ended 31 December 2001.

Principal activity

The company is an intermediate parent undertaking for Healthcall Group Limited's investment in its healthcare businesses.

Results and dividends

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

The directors recommend the payment of dividends amounting to £7,524,000 (2000: £3,723,033).

Directors and directors interests

The directors who served during the year, and subsequently, were as follows:

RI Burns	
GR Stevens	(resigned 31 December 2001)
D Spink	(resigned 14 September 2001)
JAS Jewitt	(appointed 4 October 2001)
DO Lyon	(appointed 14 September 2001)
S Page	(appointed 14 September 2001)
CER Thomas	(appointed 14 September 2001)

The directors had no interests in the share capital of the company.

The interests of JAS Jewitt, DO Lyon and SR Page in the share capital of Nestor Healthcare Group plc, the ultimate holding company, are disclosed in the financial statements of that company.

The interests of those directors who were not also directors of the ultimate holding company, Nestor Healthcare Group plc, in the share capital of Nestor Healthcare Group plc, were as follows:

	Ordinary shares		SAYE Scheme			
			31 December			
	2001	2000	2001	Granted	Exercised	2000
CER Thomas	1,426	-	3,176	-	-	3,176
RI Burns	-	-	-	-	-	-

	Employee Share Option Scheme 1996				Company Share Option Plan 1996			
					31 December			
	2001	Granted	Exercised	2000	2001	Granted	Exercised	2000
CER Thomas	37,282	8,555	(9,426)	38,153	-	-	(8,836)	8,836
RI Burns	47,843	47,843	-	-	5,882	5,882	-	-

Directors' report (continued)

Creditor payment policy

It is the company's policy to have appropriate terms and conditions for transactions with suppliers, ranging from standard terms and conditions to those which have been specifically negotiated, and that in the absence of a dispute, payment will be made in accordance with those terms and conditions and confirming to the CBI Code of Best Practice; copies available from CBI and Centrepont, 103 New Oxford Street, London.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf by:



CER Thomas
Company Secretary

18th October 2002

The Colonnades
Beaconsfield Close
Hatfield
AL10 8YD

Independent auditors' report to the members of Healthcall Medical (Holdings) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

23 October 2002

Profit and loss account
for the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Income from shares in group undertakings		7,524,800	3,723,033
Profit on ordinary activities before and after taxation for the financial year		7,524,800	3,723,033
Dividends	4	(7,524,000)	(3,723,033)
Retained profit for the financial year		800	-

All of the above results relate to continuing operations.

A reconciliation of the movement in equity shareholders' funds is disclosed in note 10 to the financial statements.

There is no difference between the results as disclosed in the profit and loss account and those on an unmodified historical cost basis.

Statement of total recognised gains and losses

There were no recognised gains or losses during the year or the preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 31 December 2001

	<i>Note</i>	2001	2000
		£	£
Fixed assets			
Investments	5	2,129,834	2,129,834
Current assets			
Debtors: Amounts falling due within one year	6	12,787,884	5,393,114
Cash at bank and in hand		385,030	-
		<hr/>	<hr/>
		13,172,914	5,393,114
Current liabilities: Amount falling due within one year	7	(13,586,887)	(5,807,887)
		<hr/>	<hr/>
Net current liabilities		(413,973)	(414,773)
		<hr/>	<hr/>
Net assets		1,715,861	1,715,061
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	800	-
Capital reserve		1,715,059	1,715,059
		<hr/>	<hr/>
Equity shareholders' funds	10	1,715,861	1,715,061
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18th October 2002 and were signed on its behalf by:



Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Cashflow statement

In accordance with the provisions of Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

Consolidated financial statements

In accordance with Section 228 of the Companies Act 1985, group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of Nestor Healthcare Group Plc, a company registered in England and Wales.

Related party transactions

The company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Nestor Healthcare Group Plc and its results are included in that company's consolidated financial statements.

2 Staff numbers and costs

The company had no employees.

3 Amounts paid for the services of directors

No director received any emoluments during the year (2000: £Nil).

4 Dividends

	2001 £	2000 £
Final dividend proposed	7,524,000	3,723,033

Notes (continued)

5 Investments held as fixed assets

	Shares in group undertakings £
<i>Cost and net book value</i>	
At beginning and end of year	2,129,834

The directors consider that the market value of investments is not materially different from their book values.

The principal investments in subsidiary undertakings held at 31 December 2001 were as follows:

Subsidiary	Principal activity	Percentage of issued ordinary share capital held %
Healthcall Services Limited	Healthcare services	100
Cleveland Healthcall Services Limited	Healthcare services	51

The above undertakings are incorporated in Great Britain, and are registered and operate principally in England and Wales.

6 Debtors

	2001 £	2000 £
Amounts owed by group undertaking (including dividends receivable)	12,787,884	5,393,114

7 Creditors: Amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings (including dividends payable)	13,586,887	5,807,887

Notes (continued)

8 Share capital

	2001 £	2000 £
<i>Authorised:</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9 Profit and loss account

	2001 £	2000 £
At 1 January	-	-
Result for the financial year	800	-
	<hr/>	<hr/>
At 31 December	800	-
	<hr/>	<hr/>

10 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit for the financial year	7,524,800	3,723,000
Dividends	(7,524,000)	(3,723,000)
	<hr/>	<hr/>
Equity shareholders' funds at 1 January	800 1,715,061	- 1,715,061
	<hr/>	<hr/>
Equity shareholders' funds at 31 December	1,715,861	1,715,061
	<hr/>	<hr/>

11 Ultimate parent undertaking

The immediate parent undertaking is Healthcall Limited which is incorporated in Great Britain and registered in England and Wales.

The parent undertaking of the smallest and largest group for which group accounts are prepared and in which the results of the company are consolidated, is Nestor Healthcare Group Plc, which is incorporated in Great Britain and registered in England and Wales.

Copies of the financial statements of Nestor Healthcare Group Plc can be obtained from its registered office at The Colonnades, Beaconsfield Close, Hatfield, AL10 8YD.