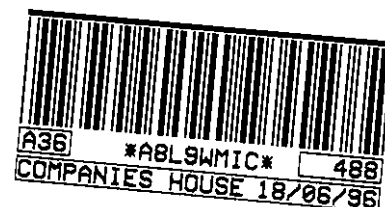


CURRENT BIOLOGY LIMITED
(Company No. 2472262)
REPORT AND FINANCIAL STATEMENTS
31 December 1995

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



CURRENT BIOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 1995

COMPANY INFORMATION

Company Number:	2472262
Registered Office:	34 Cleveland Street, London. W1P 6LB
Directors:	A. Greenwood P. Newmark B. Parker V. Tracz
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.

CURRENT BIOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 1995

CONTENTS

	<u>Page</u>
Directors' report	1
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

CURRENT BIOLOGY 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 were those of producing, wholesaling and retailing monthly journals.

2. RESULTS AND FUTURE PROSPECTS

The results for the year, as disclosed on page 4. The company has not performed satisfactorily during the year and the directors have taken action to change this state of affairs for the future.

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 for the year of £328,156 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
P. Newmark	50	50
B. Parker	20	20
V. Tracz	-	-

The directors hold no interest in shares or debentures of the subsidiary undertaking.

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.

CURRENT BIOLOGY 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

CURRENT BIOLOGY 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.

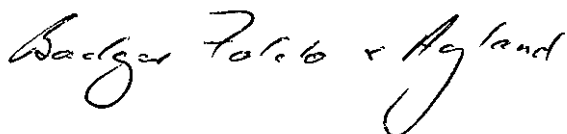
Basis of opinion

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 June 1996

CURRENT BIOLOGY LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 1995**

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2	2,738,616	2,723,288
COST OF SALES		1,541,881	1,647,634
GROSS PROFIT		1,196,735	1,075,654
Administrative expenses		1,554,245	1,693,658
OPERATING LOSS		(357,510)	(618,004)
Interest receivable and similar income	3	31,599	3,671
Loss for the year before taxation	4	(325,911)	(614,333)
Tax on loss on ordinary activities	5	2,245	(165,000)
Loss for the year after taxation		(328,156)	(449,333)

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 (1994: loss) for the year.

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

The company's US branch was closed at the end of 1995.

CURRENT BIOLOGY LIMITED

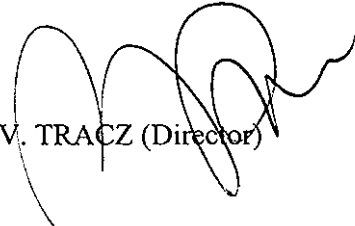
BALANCE SHEET


31 December 1995

	Note	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	6	39,014	25,025
CURRENT ASSETS			
Work in Progress	7	119,795	44,687
Debtors	8	122,427	1,955,856
Cash at bank in hand		233,934	813,170
		<u>476,156</u>	<u>2,813,713</u>
CREDITORS: amounts falling due within one year	9	<u>3,567,633</u>	<u>5,563,045</u>
NET CURRENT LIABILITIES		(3,091,477)	(2,749,332)
NET LIABILITIES		<u>(3,052,463)</u>	<u>(2,724,307)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account		(3,053,463)	(2,725,307)
SHAREHOLDERS' FUNDS	11	<u>(3,052,463)</u>	<u>(2,724,307)</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


V. TRACZ (Director)


A. GREENWOOD (Director)

CURRENT BIOLOGY 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:

Computer equipment	33% straight line
Furniture	20% straight line

(c) Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing work in progress to its present location and condition, including where appropriate, a proportion of production overheads.

(d) Turnover

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

(e) 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.

(f) 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.

(g) 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 in excess of 97% of its turnover from supplying geographical markets outside the United Kingdom (1994: 97%).

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £	1994 £
Bank interest receivable	31,599	3,671

4. LOSS FOR THE YEAR BEFORE TAXATION

This is after charging/(crediting):

Auditors' remuneration	9,250	6,200
Depreciation - owned tangible assets	20,791	12,353
Exchange differences	(55,751)	(391)

5. TAX ON LOSS ON ORDINARY ACTIVITIES

The taxation charge based on the results for the year: Nil (1994 nil)	2,245	-
Group Relief	-	(165,000)
	2,245	(165,000)

6. TANGIBLE ASSETS

	Computer Equipment £	Furniture £	Total £
COST			
As at 1 January 1995	34,987	7,053	42,040
Additions	27,521	7,259	34,780
As at 31 December 1995	62,508	14,312	76,820
DEPRECIATION			
As at 1 January 1995	15,473	1,542	17,015
Charge for the year	18,445	2,346	20,791
As at 31 December 1995	33,918	3,888	37,806
Net book value at 31 December 1995	28,590	10,424	39,014
Net book value at 31 December 1994	19,514	5,511	25,025

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

7. WORK IN PROGRESS

	1995 £	1994 £
At cost	119,795	44,687

8. DEBTORS

Trade debtors	52,708	88,537
Amount owed by parent undertaking	-	1,000
Amounts owed by associate companies	-	1,858,014
Other debtors	69,719	8,305
	122,427	1,955,856

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	5,522	16,862
Trade creditors	201,447	141,884
Amount owed to parent undertaking	1,474,330	-
Amounts owed to associated companies	-	4,120,785
Accruals	100,217	130,502
Subscriptions in advance	1,786,117	1,153,012
	3,567,633	5,563,045

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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital	Profit and loss account	Total
Balance at 1 January 1995	1,000	(2,725,307)	(2,724,307)
Transfer to profit and loss account	-	(328,156)	(328,156)
Balance at 31 December 1995	1,000	(3,053,463)	(3,052,463)

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1995 (continued)

12. 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 83% of the shares, owned by Brookside Company Inc., in Current Biology Limited.