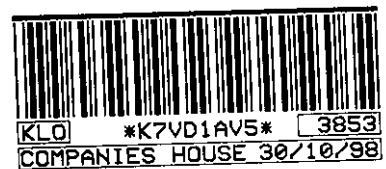


Notepike Limited

**Report and financial statements
for the year ended 31st December 1997**

Registered Number: 2495515



Notepike Limited

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Notepike Limited

Report of the Directors for the year ended 31st December 1997

The directors present their report and the financial statements for the year ended 31st December 1997.

Principal activities and business review

The Company trades as a property-holding company and it is intended that it shall continue to do so.

Dividends

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year, none of whom was beneficially interested in the Company's shares during the year, were

C R Chapman (resigned 17st December 1997)

D O Lyon

J A S Jewitt was appointed director on 3rd February 1998.

The interests of C R Chapman in the share capital of Nestor Healthcare Group plc (previously Nestor-BNA plc), the ultimate holding company, are disclosed in the financial statements of that company.

The beneficial and family interests of D O Lyon in the share capital of Nestor Healthcare Group plc are as follows:

	1997	1996
Ordinary shares	7,000	7,000
Share options		
Employee Scheme	-	-
1996 Company Share Option Plan	26,000	26,000
1996 Employee Share Option Scheme	16,800	16,800
SAYE Scheme	28,750	28,750

Registered Office

The Colonnades, Beaconsfield Close, Hatfield, Hertfordshire AL10 8YD.

Notepike Limited

Statement of Director's Responsibilities

The directors are required by UK company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and in accordance with applicable accounting standards. In addition, the directors are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements. The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the Directors appointed the new firm, PricewaterhouseCoopers, as auditors.

The Company has dispensed with the obligation to appoint auditors annually, hence PricewaterhouseCoopers will continue in office.

Approved by the Board of Directors on 20th October 1998
by:

and signed on its behalf



C E R Thomas
Secretary

Notepike Limited

Report of the Auditors to the members of Notepike Limited

We have audited the financial statements on pages 4 to 7.

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



PricewaterhouseCoopers

Chartered Accountants & Registered Auditors
London

30th October 1998

Notepike Limited

Profit and loss account

for the year ended 31st December 1997

	Note	1997 £	1996 £
Turnover	3	91,881	106,172
Administrative expenses	4	(258,215)	(255,531)
Loss on ordinary activities before taxation		<u>(166,334)</u>	<u>(149,359)</u>
Taxation		-	-
Loss on ordinary activities after taxation		<u>(166,334)</u>	<u>(149,359)</u>

All of the activities of the company are continuing.

There is no difference between the reported loss on ordinary activities before taxation and its historical cost equivalent.

A statement of total recognised gains and losses has not been prepared as there are no recognised gains or losses other than the loss for the year as stated above.

Notepike Limited

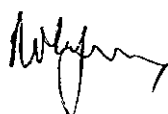
Balance sheet

as at 31st December 1997

	Notes	1997 £	1996 £
Current assets			
Debtors	5	38,359	62,251
		<u>38,359</u>	<u>62,251</u>
Creditors - amounts falling due within one year	6	(788,945)	(646,503)
Net current liabilities		<u>(750,586)</u>	<u>(584,252)</u>
Capital and reserves			
Called up share capital	7	2	2
Reserves	8	(750,588)	(584,254)
Equity shareholders' funds		<u>(750,586)</u>	<u>(584,252)</u>

The financial statements on pages 4 to 7 were approved by the Board

on 28th October 1998 and were signed on its behalf by:



Director

Notepike Limited

Notes to the financial statements for the year ended 31st December 1997

Note 1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Cash flow statement

The Company is a wholly owned subsidiary undertaking of Nestor Healthcare Group plc. Consequently, the Company is exempt under FRS 1 (revised 1996) from publishing its own cash flow statement.

Leases

Where fixed assets are financed by leasing agreements which give rights approximately equivalent to ownership (finance leases) the assets are capitalised. The corresponding lease commitments are treated as obligations to the lessor. All other lease payments are charged to the profit and loss account in the year to which they relate.

Note 2 Directors

None of the directors received any emoluments during the year.

Note 3 Turnover

Turnover represents the amount of the rent receivable from properties sub-let by the Company, net of VAT where applicable.

Note 4 Administrative expenses

	1997	1996
	£	£
Rent payable	248,628	245,636
Other operating charges	9,587	9,895
	<u>258,215</u>	<u>255,531</u>

Auditors' remuneration is paid by the parent company.

Note 5 Debtors

	1997	1996
	£	£
Prepayments and accrued income	34,731	59,720
Other debtors	3,628	2,531
	<u>38,359</u>	<u>62,251</u>

Note 6 Creditors - amounts falling due within one year

	1997	1996
	£	£
Bank overdraft	118,090	63,531
Amounts owed to holding company	670,855	582,972
	<u>788,945</u>	<u>646,503</u>

Note 7 Share capital

	1997	1996
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notepike Limited

Notes to the financial statements for the year ended 31st December 1997

Note 8 Reserves

	1997 £	1996 £
Profit and loss account		
As at 1st January	(584,254)	(434,895)
Loss for the year	(166,334)	(149,359)
As at 31st December	<u>(750,588)</u>	<u>(584,254)</u>

Note 9 Lease commitments

At 31st December 1997 the Company held leases on two unoccupied and four occupied properties. The commitment in respect of the operating leases in 1998 is as follows:

	£
For leases expiring	
within one year	-
beyond five years	214,500
	<u>214,500</u>

The parent company, Nestor Healthcare Group plc, has confirmed its intention to continue to provide financial support. Accordingly, no provision has been made in these financial statements for the Company's obligations under the leases.

Note 10 Contingent liabilities

There were no contingent liabilities at the year end.

Note 11 Holding company

The Company's holding company, Nestor Healthcare Group plc, is registered in England and Wales. Copies of the holding company's consolidated financial statements may be obtained from The Colonnades, Beaconsfield Close, Hatfield, Hertfordshire, AL10 8YD.