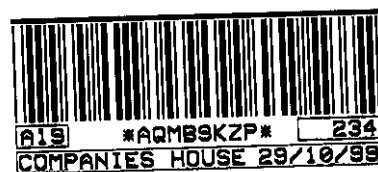


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**LIFE STRATEGIC DEVELOPMENTS (UK)
LIMITED**

**Directors' Report and Financial Statements
For the year ended 31st December 1997**

Registered number 3099227



LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

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LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

REPORT OF THE DIRECTORS

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

The company was incorporated on 7th September 1995. The company's accounting reference date is 31st December.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of the provision of educational seminars. The results for the year were satisfactory as are prospects for the current year.

RESULTS

The company made a profit for the year of £1,731 which has been transferred to reserves.

DIVIDEND

The Directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the year were:-

P.W. Garrett

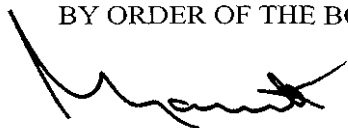
A.C. Ritchie

The directors had no interest in the share capital of the company as at 31st December 1997.

AUDITORS

BDO Binder, Chartered Accountants, have expressed their willingness to continue in office and being eligible a resolution proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



SECRETARY

28 October

1999

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

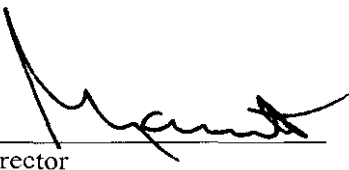
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 these 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; and
- Prepare the financial statements on the 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 to enable them to ensure that the financial statements comply with the Companies Acts 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.

By order of the Board


Director

28 October 1999

**AUDITORS' REPORT TO THE MEMBERS OF
LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED
LIMITED**

We have audited the financial statements on pages 4 to 7 which have been prepared on the basis of the accounting policies set out on page 6.

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 accounts give a true and fair view of the state of the company as at 31st December 1997 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Bencles

Chartered Accountants and Registered Auditors
Douglas, Isle of Man

28 October, 1999

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31st December 1997

| | <i>Notes</i> | 1997 £ | 1996 £ |
|------------------------------------------------------|--------------|-------------|-------------|
| Turnover | | 483,182 | 333,013 |
| Cost of sales | 2 | 475,000 | 304,990 |
| | | <hr/> | <hr/> |
| Gross Profit | | 8,182 | 28,023 |
| Administrative expenses | | 6,997 | 5,095 |
| | | <hr/> | <hr/> |
| | | 1,185 | 22,928 |
| Interest receivable | | 979 | 814 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 3 | 2,164 | 23,742 |
| Taxation | 4 | 433 | 7,419 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation | | 1,731 | 16,323 |
| Formation expenses | | - | 600 |
| Retained profit brought forward | | 15,573 | - |
| | | <hr/> | <hr/> |
| Retained profit carried forward | | 17,454 | 15,573 |
| | | <hr/> <hr/> | <hr/> <hr/> |

There were no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 7 form part of these financial statements.

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

BALANCE SHEET
as at 31st December 1997

| | Notes | £ | 1997 £ | £ | 1996 £ |
|-------------------------------------------------------|-------|---------|-----------|--------|-----------|
| CURRENT ASSETS | | | | | |
| Debtors | 5 | 52,808 | | 28,930 | |
| Short term loan | 6 | 29,693 | | 24,566 | |
| Cash at bank and in hand | | 51,613 | | 1,707 | |
| | | | | <hr/> | |
| | | 134,114 | | 55,203 | |
| | | | | <hr/> | |
| Creditors: Amounts falling due within one year | 7 | 116,658 | | 39,478 | |
| | | | | <hr/> | |
| | | 116,658 | | 39,478 | |
| | | | | <hr/> | |
| NET CURRENT ASSETS | | | 17,456 | | 15,725 |
| | | | <hr/> | | <hr/> |
| | | | 17,456 | | 15,725 |
| | | | <hr/> | | <hr/> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 8 | | 2 | | 2 |
| Profit and loss account | | | 17,454 | | 15,723 |
| | | | <hr/> | | <hr/> |
| Equity shareholders' funds | 9 | | 17,456 | | 15,725 |
| | | | <hr/> | | <hr/> |

The notes on pages 6 to 7 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 Oct. 1999 and were signed on their behalf by:



Director



Director

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 1997

1. Accounting policies

The financial statements have been prepared under the historical cost convention.

2. Turnover

Turnover represents the value of services invoiced net of value added tax.

3. Profit on ordinary activities before taxation

The profit for the year is stated after charging:-

| | |
|-----------------------|-------------------|
| | £ |
| Auditors remuneration | 500 |
| | <u> </u> |

4. Taxation

The company is considered to be resident in the Isle of Man.

Provision has been made for Isle of Man income tax on profits for the year as follows:

| | |
|---------|-------------------|
| | £ |
| 1998/99 | 433 |
| | <u> </u> |

5. Debtors

| | |
|---------------|-------------------|
| | £ |
| Trade debtors | 52,808 |
| | <u> </u> |

6. Short term loan debtors

Loans to third parties, interest free, unsecured and repayable on demand.

7. Creditors: amounts falling due within one year

| | |
|-----------------|-------------------|
| | £ |
| Trade creditors | 108,806 |
| Taxation | 7,852 |
| | <u> </u> |
| | 116,658 |
| | <u> </u> |

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1997
(Continued)

| | | | |
|-----|----------------------------------------------------------|-------------------|-------------------|
| 8. | Called up share capital | 1997 | 1996 |
| | Authorised: | | |
| | Ordinary Shares of £1 each | £1,000 | £1,000 |
| | | <u> </u> | <u> </u> |
| | Allotted, issued and fully paid | | |
| | Ordinary Shares of £1 each | £2 | £2 |
| | | <u> </u> | <u> </u> |
| 9. | Reconciliation of movement in shareholders' funds | 1997 | 1996 |
| | | £ | £ |
| | Shares issued | - | 2 |
| | Profit for the year after taxation | 1,731 | 16,323 |
| | Formation expenses written off | - | (600) |
| | | <u> </u> | <u> </u> |
| | | 1,731 | 15,275 |
| | Opening shareholders' funds | 15,725 | - |
| | | <u> </u> | <u> </u> |
| | Closing Shareholders' funds | 17,456 | 15,725 |
| | | <u> </u> | <u> </u> |
| 10. | Employees | | |

The average number of people employed by the Company during the year was none. The aggregate remuneration and associated costs of the company were nil.

For Management Purposes Only

LIFE STRATEGIC DEVELOPMENTS (UK) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1997

| | £ | 1997 £ | £ | 1996 £ |
|--------------------------------|-------|-------------|-------|-------------|
| Fees earned | | 483,182 | | 333,013 |
| Overseas Agents charges | | 475,000 | | 304,990 |
| | | <hr/> | | <hr/> |
| | | 8,182 | | 28,023 |
| Add: Bank interest received | | 979 | | 814 |
| | | <hr/> | | <hr/> |
| | | 9,161 | | 28,837 |
| Less: Expenses | | | | |
| Accountancy and administration | 4,941 | | 2,077 | |
| Auditors remuneration | 500 | | 500 | |
| Bank charges | 325 | | 325 | |
| Filing fees | 15 | | 18 | |
| Management charges | 1,000 | | 2,175 | |
| Sundry expenses | 216 | | - | |
| | | <hr/> | | <hr/> |
| | | 6,997 | | 5,095 |
| | | <hr/> | | <hr/> |
| Net profit for the year | | 2,164 | | 23,742 |
| | | <hr/> <hr/> | | <hr/> <hr/> |