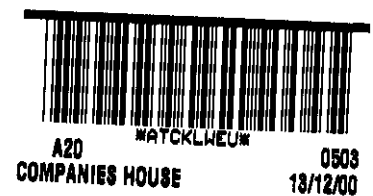


REMOTE DIAGNOSTIC TECHNOLOGIES LIMITED

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
29 FEBRUARY 2000**

REGISTERED NUMBER: 3321782



**COMPANY INFORMATION**  
**AT 29 FEBRUARY 2000**

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**DIRECTORS**

G.Murphy  
K.Murphy  
P Blagbrough  
D Murphy

**SECRETARY**

K.Murphy

**AUDITORS**

Elman Wall  
Chartered Accountants  
1 Bickenhall Mansions  
Bickenhall Street  
London W1U 6BP

## DIRECTORS' REPORT

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The directors present their annual report with the financial statements of the company for the year ended 29 February 2000.

### PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were that of research , development and marketing of remote diagnostic equipment.

### RESEARCH AND DEVELOPMENT

The company incurred costs of £378,329 in respect of research and development for the year under review.

### DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2000	1999
G.Murphy	Ordinary shares of £0.001 each	50,000	50
K.Murphy	Ordinary shares of £0.001 each	50,000	50
	Redeemable Participating Preference Shares	206,000	93,000
P Blagbrough	Ordinary shares of £0.001 each	3,024	-
D Murphy		-	-

### 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 as at the end of the financial year 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 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.

**DIRECTORS' REPORT**

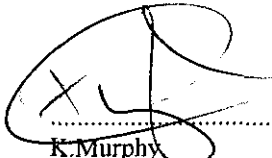
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**AUDITORS**

The auditors, Elman Wall, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board:

  
.....  
K. Murphy  
Secretary

Date: 30/11/00

**AUDITORS' REPORT TO THE SHAREHOLDERS**

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We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and on the basis of accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As described in the directors' report, 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 as to whether 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 as at 29 February 2000 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



.....  
**Elman Wall**  
**Chartered Accountants**  
**Registered Auditors**  
**1 Bickenhall Mansions**  
**Bickenhall Street**  
**London W1U 6BP**

Date: 30/11/00 .....

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 29 FEBRUARY 2000**

	Notes	2000 £	1999 £
Administrative expenses		354,788	42,073
		(354,788)	(42,073)
Other operating income		8,500	-
<b>OPERATING LOSS</b>	2	(346,288)	(42,073)
Investment income and interest receivable		64,756	244
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(281,532)	(41,829)
Tax on loss on ordinary activities	4	(52)	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(281,584)	(41,829)

The notes on pages 7 to 10 form part of these financial statements.

REMOTE DIAGNOSTIC TECHNOLOGIES LIMITED

**BALANCE SHEET  
AT 29 FEBRUARY 2000**

	Notes	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Intangible assets	5		533,430		155,101
Tangible assets	6		40,372		2,008
			<u>573,802</u>		<u>157,109</u>
<b>CURRENT ASSETS</b>					
Debtors	7	47,114		1,893	
Cash at bank and in hand		1,146,260		14,816	
		<u>1,193,374</u>		<u>16,709</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(68,022)</u>		<u>(106,064)</u>	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			<u>1,125,352</u>		<u>(89,355)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,699,154</u>		<u>67,754</u>
<b>ACCRUALS AND DEFERRED INCOME</b>					
Deferred government grants			<u>(45,000)</u>		<u>(45,000)</u>
<b>NET ASSETS</b>			<u>1,654,154</u>		<u>22,754</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		206,154		93,100
Share premium account	10		1,799,930		-
Profit and loss account	11		<u>(351,930)</u>		<u>(70,346)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<u>1,654,154</u>		<u>22,754</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Approved by the board of directors on 30 November 2000 and signed on its behalf by:

G.Murphy  )  
K.Murphy  )  
Directors

The notes on pages 7 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2000**

**1. STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard for Smaller Entities.

**Depreciation of tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Equipment, fixtures and fittings	25% reducing balance
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**Government grants**

Government grants received during the period have been capitalised on the balance sheet as they were issued to assist the company in research and development activities. This income will be credited to the profit and loss account in line with the charge of the research and development expenditure when commercial production of the product commences.

**Research and development**

In accordance with Statement of Standard Accounting Practice No. 13, expenditure on research and development has been capitalised and will be written off in the period when commercial production of the product commences. These costs will be amortised on a systematic basis to each accounting period by reference to the sale or use of the product.

**Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**2. OPERATING LOSS**

	2000	1999
	£	£
<b>Operating loss</b>		
<b>After charging:</b>		
Depreciation of fixed assets	13,457	670
Auditors' remuneration	3,000	-
	<u>16,457</u>	<u>670</u>

**3. INFORMATION ON DIRECTORS**

	2000	1999
	£	£
<b>Directors' emoluments</b>		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	80,000	17,550
	<u>80,000</u>	<u>17,550</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2000

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation charge comprises:		
Adjustment in respect of prior years	52	-

5. INTANGIBLE FIXED ASSETS

	Development expenditure £
Cost:	
At 1 March 1999	155,101
Additions	378,329
At 29 February 2000	533,430
Net book value:	
At 29 February 2000	533,430
At 28 February 1999	155,101

6. TANGIBLE FIXED ASSETS

	Equipment fixtures and fittings £
Cost:	
At 1 March 1999	2,911
Additions	51,821
At 29 February 2000	54,732
Depreciation:	
At 1 March 1999	903
Charge for year	13,457
At 29 February 2000	14,360
Net book value:	
At 29 February 2000	40,372
At 28 February 1999	2,008

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2000

7. DEBTORS

	2000 £	1999 £
Other debtors	47,114	1,893

8. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Trade creditors	50,978	-
Taxation and social security	7,212	-
Other creditors	9,832	106,064
	68,022	106,064

9. SHARE CAPITAL

	2000 £	1999 £
<b>Authorised:</b>		
<b>Equity interests:</b>		
177,530 Ordinary shares of £0.001 each	178	100
<b>Non-equity interests:</b>		
206,000 Preference shares of £1 each	206,000	93,000
	206,178	93,100
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
154,446 Ordinary shares of £0.001 each	154	100
<b>Non-equity interests:</b>		
206,000 Preference shares of £1 each	206,000	93,000
	206,154	93,100

During the year under review the following changes to the share capital of the company occurred:

The 93,000 cumulative redeemable participating preference shares of £1.00 each were converted into 93,000 redeemable participating preference shares of £1.00 each and a further 113,000 of these shares were issued at par. The consideration for this new share issue was the conversion of directors loan.

The 100 ordinary shares of £1.00 each were converted to 100,000 ordinary shares of £0.001 each and a further 54,446 of these shares were issued at £33.06 per share to raise additional funding for the development, launch and marketing of the company's product.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2000

10. SHARE PREMIUM ACCOUNT

	2000 £	1999 £
Equity interests:		
Premium on shares issued during the year	1,799,930	-
Balance at year end	1,799,930	-

11. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Accumulated loss as at 1 March 1999	(70,346)	(28,517)
Loss for the year	(281,584)	(41,829)
Accumulated loss as at 29 February 2000	(351,930)	(70,346)

12. TRANSACTIONS WITH DIRECTORS

Included under other creditors are the sums of £5,713 (1999:£101,763) due to K.Murphy and £1,119 (1999: £4,301) due to G.Murphy. These balances relate to documented out-of-pocket expenses incurred by the directors on behalf of the company. There are no terms as to interest or repayment in respect of these balances.

13. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the company issued a further 7,703 ordinary shares of £0.001 each at £66.12 per share. These shares have the same rights as the existing shares. This issue raised a further £509,322 working capital for the company.