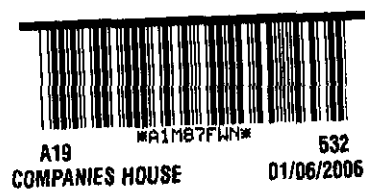


Castlegate 211 Limited

Annual report and financial statements
for the year ended 28 February 2006

Registered number: 04292514



Castlegate 211 Limited

Annual report and financial statements for the year ended 28 February 2006

| | Page |
|--|-------------|
| <i>Directors and advisors</i> | <i>1</i> |
| <i>Directors' report for the year ended 28 February 2006</i> | <i>2</i> |
| <i>Independent auditors' report to the shareholders of Castlegate 211 Limited.....</i> | <i>4</i> |
| <i>Profit and loss account for the year ended 28 February 2006.....</i> | <i>5</i> |
| <i>Balance sheet as at 28 February 2006.....</i> | <i>6</i> |
| <i>Notes to the financial statements for the year ended 28 February 2006</i> | <i>7</i> |

Castlegate 211 Limited

Directors and advisors

Directors

SD Brown
SJ Kent

Secretary

D Sugden

Registered office

Lady Bay House
Meadow Grove
Nottingham
Nottinghamshire
NG2 3HF

Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

Castlegate 211 Limited

Directors' report for the year ended 28 February 2006

The directors present their report and audited financial statements for the year ended 28 February 2006.

Results and dividends

The profit for the year, after taxation, amounted to £10,500,000 (2005: loss of £204,000).

Principal activity and review of the business

The company's principal activity during the year was that of a holding company. The company sold its investment in subsidiary companies to the ultimate parent company ClinPhone Holdings Limited on 28 February 2006.

The directors are satisfied with the result for the year.

The directors expect the company will now become dormant.

Directors

The directors who served during the year were:

SD Brown (appointed 23 March 2005)
LG Dibden (resigned 28 June 2005)
M Dunfoy (resigned 28 June 2005)
Dr JHW Engler (resigned 28 June 2005)
SJ Kent
Dr E Moses (resigned 28 June 2005)
Dr NE Rotherham (resigned 28 June 2005)

None of the directors had any interest in the share capital of the company. The shareholding and interests of the directors in the company's ultimate parent company, ClinPhone Holdings Limited, are shown in those accounts.

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Castlegate 211 Limited

Directors' report for the year ended 28 February 2006 (continued)

Auditors

During the period PKF (UK) LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



D Sugden
Secretary
25 May 2006

Independent auditors' report to the shareholders of Castlegate 211 Limited

We have audited the financial statements of Castlegate 211 Limited for the year ended 28 February 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

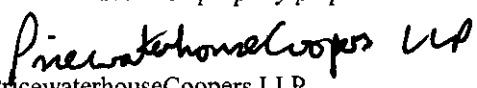
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
25 May 2006

Castlegate 211 Limited

Profit and loss account for the year ended 28 February 2006

| | Note | 2006 £'000 | 2005 £'000 |
|---|-----------|---------------|---------------|
| Income from shares in group undertakings | | 400 | - |
| Profit on sale of investment | 5 | 10,319 | - |
| Interest payable and similar charges | 3 | (219) | (292) |
| Profit/(loss) on ordinary activities before taxation | 2 | 10,500 | (292) |
| Taxation | 4 | - | 88 |
| Retained profit/(loss) for the financial year | 11 | 10,500 | (204) |

All amounts relate to discontinued operations following the sale of the company's investments to ClinPhone Holdings Limited.

The company has no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the results for the period stated above, and their historical cost equivalents.

Castlegate 211 Limited

Balance sheet as at 28 February 2006

| | Note | 2006 £'000 | As restated 2005 £'000 |
|--|------|---------------|------------------------------|
| Fixed assets | | | |
| Investments | 5 | - | 26,281 |
| Current assets | | | |
| Debtors | 6 | 36,600 | 910 |
| Cash at bank and in hand | | 400 | - |
| | | 37,000 | 910 |
| Creditors: amounts falling due within one year | 7 | (2,959) | (768) |
| Net current assets | | 34,041 | 142 |
| Total assets less current liabilities | | 34,041 | 26,423 |
| Creditors: amounts falling due after more than one year | 8 | (1,500) | (4,382) |
| Net assets | | 32,541 | 22,041 |
| Capital and reserves | | | |
| Called up share capital | 10 | 100 | 100 |
| Share premium account | 11 | - | - |
| Merger relief reserve | 11 | 21,896 | 21,896 |
| Profit and loss account | 11 | 10,545 | 45 |
| Equity shareholders' funds | 12 | 32,541 | 22,041 |

These financial statements were approved by the board of directors on 25 May 2006 and were signed on its behalf by:



S D Brown
Director

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 1985, applicable accounting standards and under the historical cost accounting rules.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) "Cash flow statements". A consolidated cash flow is presented in the financial statements of the company's ultimate parent company.

Changes in accounting standards

The company has adopted FRS 25 "Financial instruments: disclosure and presentation" in these financial statements. The effect of the change in accounting policy to adopt the presentation requirements of FRS 25 was to reclassify preference shares of £1,500,000 (2005: £1,500,000) from equity to liabilities.

Investments

Investments are stated at the lower of cost and net realisable value. A provision is made for permanent diminution in value.

Capital instruments

Debt is recognised in the balance sheet as the cash proceeds received less costs incurred directly in connection with the issue of the instrument. Finance costs in respect of the instruments, including discounts on issue, are charged to the profit and loss account over the term of the instrument.

Deferred taxation

Deferred taxation is provided in full on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

A deferred taxation asset is recognised if transactions have occurred at the balance sheet date that give rise to a right to pay less taxation in the future and it is more likely than not that an economic benefit will be received. Deferred tax assets and liabilities have not been discounted.

2 Profit/ (loss) on ordinary activities before taxation

No directors received any emoluments (2005: £nil).

Audit fees are paid on a group basis by ClinPhone Group Limited, and disclosed in the financial statements of ClinPhone Group Limited and ClinPhone Holdings Limited.

The company has no employees (excluding directors).

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006 (continued)

3 Interest payable and similar charges

| | 2006 | 2005 |
|---|-------|-------|
| | £'000 | £'000 |
| Interest payable on loan stock | 126 | 268 |
| Amortisation of issue costs on loan stock | 93 | 24 |
| | 219 | 292 |

4 Taxation

Analysis of charge in year

| | 2006 | 2005 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| UK Corporation tax | | |
| Current tax on income for the year | - | (88) |

Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

| | 2006 | 2005 |
|---|---------|-------|
| | £'000 | £'000 |
| Profit on ordinary activities before taxation | 10,500 | (292) |
| Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30% (2005: 30%) | 3,150 | (88) |
| Effects of | | |
| Income from group companies | (120) | - |
| Permanent differences | (3,096) | - |
| Group relief not paid for | 66 | - |
| Current tax credit for the year | - | 88 |

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006 (continued)

5 Fixed asset investments

| | Shares in subsidiary undertakings |
|------------------------|--------------------------------------|
| | £'000 |
| Cost | 26,281 |
| Disposals | (26,281) |
| As at 28 February 2006 | - |

Castlegate 211 Limited sold its investment in ClinPhone Group Limited to ClinPhone Holdings Limited on 28 February 2006 for £36,600,000 generating a profit of £10,319,000.

6 Debtors

| | 2006 | 2005 |
|------------------------------------|--------|-------|
| | £'000 | £'000 |
| Due within one year | | |
| Amounts due from group undertaking | 36,600 | 910 |

7 Creditors: amounts falling due within one year

| | 2006 | 2005 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 2,897 | 2 |
| Dividends | 62 | 62 |
| Accruals and deferred income | - | 704 |
| | 2,959 | 768 |

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006 (continued)

8 Creditors: amounts falling due after more than one year

| | As restated | |
|---|-------------|-------|
| | 2006 | 2005 |
| | £'000 | £'000 |
| Loan stock | - | 2,882 |
| 1,500,000 cumulative preference shares of £1 each | 1,500 | 1,500 |
| | 1,500 | 4,382 |

The preference shares have a cumulative dividend at the following rates: year ended 28 February 2005 0%, year ended 28 February 2006 3%, year ending 28 February 2007 9%, years ending 28 February 2008 onwards 18% per annum. Dividends are payable annually on 28 February. Interest at 3% over base rate is incurred on any unpaid portion of the dividend. The preference shares must be redeemed within seven years, with the redemption value depending on the redemption date. These preference shares have been acquired by ClinPhone Holdings Limited in the year who have waived their right to any dividends.

9 Maturity of financial liabilities

| | 2006 | 2005 |
|----------------------------|-------|-------|
| | £'000 | £'000 |
| Between two and five years | 1,500 | 2,975 |
| Over five years | - | 1,500 |
| | 1,500 | 4,475 |

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006 (continued)

10 Share capital

| | 2006 | 2005 |
|---|-------|-------|
| | £'000 | £'000 |
| Authorised | | |
| "A" ordinary shares of 1p each | 61 | 61 |
| "B" ordinary shares of 1p each | 49 | 49 |
| | 110 | 110 |
| Allotted, called up and fully paid | | |
| 5,143,400 "A" ordinary shares of 1p each | 52 | 52 |
| 4,829,600 "B" ordinary shares of 1p each | 48 | 48 |
| | 100 | 100 |

The share options in place at 28 February 2005 were exchanged for options in the parent company ClinPhone Holdings Limited during the year with no charge recorded in the company. The A and B ordinary shares rank pari passu. The B shareholders have waived their right to any participating dividends.

11 Reserves

The company has reconsidered the accounting treatment of the shares issued in respect of the acquisition of ClinPhone Group Limited and has represented the share premium recognised in previous years, as a merger relief reserve arising under section 131 of the Companies Act 1985.

| | Share premium account £'000 | Merger relief reserve £'000 | Profit and loss account £'000 |
|--|--------------------------------|--------------------------------|----------------------------------|
| At 1 March 2005 – as previously reported | 21,896 | - | 45 |
| Prior period adjustment | (21,896) | 21,896 | - |
| As at 1 March 2005 – as restated | - | 21,896 | 45 |
| Profit for the year | - | - | 10,500 |
| At 28 February 2006 | - | 21,896 | 10,545 |

Castlegate 211 Limited

Notes to the financial statements for the year ended 28 February 2006 (continued)

12 Equity shareholders' funds

| | 2006 | 2005 |
|--|---------|---------|
| | £'000 | £'000 |
| Opening shareholders' funds (as previously reported) | 23,541 | 23,745 |
| Prior year adjustment – FRS 25 | (1,500) | (1,500) |
| Opening shareholders' funds (as restated) | 22,041 | 22,245 |
| Retained profit / (loss) for the year | 10,500 | (204) |
| Closing shareholders' funds | 32,541 | 22,041 |

13 Transactions with related parties

The group has taken advantage of the exemption provision under FRS 8 "Related party transactions" from disclosing transactions with other group companies.

14 Contingent liabilities

The company, together with other subsidiary undertakings in the group, has guarantees to the bank in respect of the bank facilities available to the ClinPhone Holdings group. The total amount of guarantees in place at 28 February 2006 amounted to £11,446,000 (2005: £1,070,000).

15 Parent undertakings and controlling parties

The company's parent company and ultimate controlling parent is ClinPhone Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.