



ARTHUR ANDERSEN

Adelphi Communications Limited

Financial statements for the thirteen months ended
31 January 2000 together with directors'
and auditors' reports

Registered number: 2761321



Directors' report

For the thirteen months ended 31 January 2000

The directors present their report and the audited financial statements for the thirteen months ended 31 January 2000.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- 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 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.

Principal activity

The principal activity of the company is medical publishing within the pharmaceutical industry.

Results and dividends

The result for the period is shown on page 4.

The directors consider the company's state of affairs and future prospects to be satisfactory.

The directors do not recommend payment of a final dividend (1998 - £619,711). The retained profit for the period of £478,097 (1998 loss - £465,354) has been transferred to reserves.

Directors and their interests

The directors who served during the period were as follows:

Y.M. Buxton
D.G. Harrison
J. Hayes
L.T. Morgan

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Directors' report (continued)

The Euro

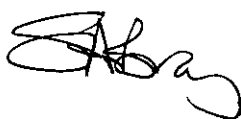
The directors are investigating the likely impact of the Euro on the company. Their brief is to ensure that the company is fully prepared in readiness for the introduction of the Euro and, in particular, for the business implication of the United Kingdom's potential entry into EMU.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Adelphi Mill
Bollington
Macclesfield
Cheshire
SK10 5JB

On behalf of the Board,



S.A. Bray

Secretary

30 October 2000

To the Shareholders of Adelphi Communications Limited:

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts, 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 company's state of affairs at 31 January 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

30 October 2000

Profit and loss account

For the thirteen months ended 31 January 2000

		Thirteen months ended 31 January 2000 £	Eleven months ended 31 December 1998 £
	Notes		
Turnover		6,739,200	6,289,171
Cost of sales		(2,386,985)	(2,016,886)
Gross profit		4,352,215	4,272,285
Administrative expenses		(3,663,281)	(4,019,436)
Other operating income (expenses)		29,173	(10,469)
Operating profit		718,107	242,380
Bank interest payable and similar charges		(31,033)	(7,051)
Profit on ordinary activities before taxation	2	687,074	235,329
Tax on profit on ordinary activities	4	(208,977)	(80,972)
Profit on ordinary activities after taxation		478,097	154,357
Equity dividends proposed	5	-	(619,711)
Retained profit (loss) for the period		478,097	(465,354)
Retained profit brought forward		162,613	627,967
Retained profit carried forward		640,710	162,613

The above results all derive from continuing operations.

The company has no recognised gains or losses other than the profit for the financial period and the preceding year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 January 2000

	Notes	31 January 2000 £	31 December 1998 £
Current assets			
Debtors	6	1,869,211	1,668,450
Cash at bank and in hand		733,087	703,034
		<u>2,602,298</u>	<u>2,371,484</u>
Creditors: amounts falling due within one year	7	<u>(1,961,586)</u>	<u>(2,208,869)</u>
Net assets		<u>640,712</u>	<u>162,615</u>
Capital and reserves			
Called-up share capital	8	2	2
Profit and loss account		<u>640,710</u>	<u>162,613</u>
Equity shareholders' funds	9	<u>640,712</u>	<u>162,615</u>

Signed on behalf of the Board,



D.G. Harrison
Director

30 October 2000

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

31 January 2000

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently through the period and the preceding period.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting and financial reporting standards.

b) Cash flow statement

The company has taken advantage of the exemption under FRS1 (revised) from producing a cash flow statement as it is a wholly owned subsidiary undertaking of Omnicom Group Inc. in whose financial statements the company is consolidated.

c) Change of year end

The company has changed its accounting reference date to 31 January 2000. This has resulted in a 13 month accounting period from 1 January 1999 to 31 January 2000.

d) Amounts recoverable on contracts

Profit is recognised on long term work in progress in proportion to the stage of completion of the work where the financial outcome can be foreseen with reasonable certainty. Amounts recoverable on long term contracts are included in debtors and comprise any excess of cumulative turnover over cumulative payments on account.

Advance and progress payments are included under creditors to the extent that they exceed the related work in progress.

e) Pension costs

The company contributes to the Adelphi Group Limited pension scheme which is a defined contribution scheme for employees. Contributions are charged to the profit and loss account as they fall due.

f) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

g) Turnover

Turnover represents the value of work done in the period net of VAT. Geographical analysis of turnover is not disclosed as, in the opinion of the directors, this would be seriously prejudicial to the interests of the company.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

h) Operating leases

The costs of operating leases are charged to the profit and loss account as they accrue.

i) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. All exchange differences are dealt with through the profit and loss account.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Thirteen months ended 31 January 2000 £	Eleven months ended 31 December 1998 £
Audit fee	16,077	-
Group operating lease recharges:		
Rent of property	<u>202,989</u>	<u>369,722</u>

3 Directors and employees

The average monthly number of persons employed (including executive directors) was:

	Thirteen Months Ended 31 January 2000 Number	Eleven months ended 31 December 1998 Number
Sales and production	<u>94</u>	<u>78</u>

Notes to the financial statements (continued)

3 Directors and employees (continued)

Staff costs during the period (including executive directors):

	Thirteen Months Ended 31 January 2000 £	Eleven months ended 31 December 1998 £
Wages and salaries	2,112,890	2,158,881
Social security costs	234,765	195,423
Pension costs	182,212	147,923
	<u>2,529,867</u>	<u>2,502,227</u>

Directors' remuneration

	Thirteen months ended 31 January 2000 £	Eleven months ended 31 December 1998 £
Emoluments	83,324	116,108
Company contributions to money purchase pension schemes	7,645	11,091
	<u>90,969</u>	<u>127,199</u>
	Thirteen months ended 31 January 2000 Number	Eleven months ended 31 December 1998 Number
Number of directors who are members of the group's defined contribution pension scheme	<u>3</u>	<u>4</u>

Notes to the financial statements (continued)

4 Tax on profit on ordinary activities

	Thirteen months ended 31 January 2000 £	Eleven months ended 31 December 1998 £
United Kingdom corporation tax at 30% (31 December 1998 – 31%)	208,977	80,972

5 Equity dividends

	Thirteen months ended 31 January 2000 £	Eleven months ended 31 December 1998 £
Dividends proposed	-	619,711

6 Debtors

	31 January 2000 £	31 December 1998 £
Trade debtors	811,396	1,222,297
Amounts recoverable on contracts	252,108	135,218
Amounts owed by immediate parent company	736,202	285,236
Amounts owed by other group undertakings	51,034	16,542
Other debtors and prepayments	18,471	9,157
	<u>1,869,211</u>	<u>1,668,450</u>

7 Creditors: amounts falling due within one year

	31 January 2000 £	31 December 1998 £
Payments on account	1,354,647	1,036,755
Trade creditors	254,758	195,297
Amounts owed to group undertakings	84,641	138,405
Corporation tax	223,331	75,774
Accruals and deferred income	44,209	142,927
Proposed dividends – equity shareholders	-	619,711
	<u>1,961,586</u>	<u>2,208,869</u>

Notes to the financial statements (continued)

8 Called-up share capital

	31 January 2000 £	31 December 1998 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Called-up, allotted and fully paid</i>		
2 ordinary shares of £1 each	2	2

9 Reconciliation of movements in shareholders' funds

	31 January 2000 £	31 December 1998 £
Profit for the financial period	478,097	154,357
Dividends proposed on equity shares	-	(619,711)
Net addition to shareholders' funds	478,097	(465,354)
Opening shareholders' funds	162,615	627,969
Closing shareholders' funds	640,712	162,615

10 Financial commitments

Diversified Agency Services Limited, jointly and severally with certain of its subsidiary undertakings including Adelphi Communications Limited, has entered into a £8,000,000 collective net overdraft facility with HSBC Bank plc. HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liability of any of the other companies named in the agreement. This facility is guaranteed by Omnicom Group Inc.

11 Pension arrangements

The immediate parent company, Adelphi Group Limited, operates a defined contribution scheme; the pension cost for the period recharged to Adelphi Communications Limited amounted to £182,212 (1998 - £147,923).

Notes to the financial statements (continued)

12 Related party transactions

As a wholly owned subsidiary of Omnicom Group Inc., the company has taken advantage of the exemption in FRS8 "Related Party disclosures" not to disclose transactions with other members of the group headed by Omnicom Group Inc.

During the period the company entered into the following related party transactions which were on an arms length basis and in the normal course of business.

The company purchased and sold services to the following companies:

	Thirteen months ended 31 January 2000		Eleven months ended 31 December 1998	
	Sales	Purchases	Sales	Purchases
	£	£	£	£
The Outcomes Partnership LLC	-	-	6,800	-
AMM Adelphi LLC	-	-	85,362	(5,353)

Adelphi Group Limited holds a 33% interest in The Outcomes Partnership LLC.

13 Ultimate parent company

The directors regard Omnicom Group Inc. as the ultimate parent company and the ultimate controlling party. The smallest group in which the company's results are included is the consolidated accounts of Omnicom Europe Limited. These consolidated accounts are available to the public and may be obtained from Omnicom Europe Limited, 239 Old Marylebone Road, London, NW1 5QT.

The largest group in which the company's results are included is the consolidated accounts of the ultimate parent company, Omnicom Group Inc., a company incorporated in the United States of America. These consolidated accounts are available to the public and may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York, NY 10022, U.S.A.