BITE COMMUNICATIONS LIMITED
(Registered number: 3023521)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1997

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BITE COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JULY 1997

The directors present their report together with the audited financial statements the Company for the year ended 31 July 1997.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the provision of international public and press relations services, dealing principally with clients in the high-technology sector.

DIRECTORS AND THEIR INTERESTS

The directors and their interests in the shares of the Company were:

	Ordinary shares of £1 each 31 July 1997	Ordinary shares of £1 each 31 July 1996
T W Lewis	Nil	Nil
M Ravden	Nil	Nil
C Armitage (Appointed 1 August 1996)	75	75

The interests of directors in the shares of Text 100 Group plc (formerly Text 100 Limited), the parent undertaking, are disclosed in the directors' report of that company.

DIVIDENDS

The directors recommend the payment of a final dividend for the year of £100 per share (1996 : £50) and the retained profit of £69,239 (1996: £32,607) has been transferred to reserves.

CHARITABLE DONATIONS

During the year the Company made charitable donations of £710 (1996 : £340) to the Charities Aid Foundation under a Give As You Earn scheme.

REVIEW OF BUSINESS

The state of the Company's affairs at the balance sheet date was satisfactory. The directors are pleased to report a profit. They are confident that this performance will be maintained and improved upon in future years.

OFFICERS' INSURANCE

The Company has taken out insurance under S310(3) of the Companies Act 1985 for officers of the Company, against liabilities in relation to the Company.

BITE COMMUNICATIONS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JULY 1997 (CONTINUED)

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 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;
- 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 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.

AUDITORS

A resolution for the re-appointment of Price Waterhouse as auditors of the Company will be proposed at the Annual General Meeting in accordance with Section 385 (2) of the Companies Act 1985.

By Order of the Board

M RAVDEN
Company Secretary
31 October 1997

AUDITORS' REPORT TO THE MEMBERS OF BITE COMMUNICATIONS LIMITED

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

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the 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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we have 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 the Company's affairs as at 31 July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors
No.1 London Bridge
London
SE1 9QL

31 October 1997

BITE COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 1997

		Year ended 31 July 1997 £		Year ended 31 July 1996 £
TURNOVER (Note 2)		1,078,607		715,194
Other external charges		(165,191)		(132,372)
TURNOVER LESS OTHER EXTERNAL CHARGES		913,416		582,822
Wages and salaries	445,343		274,362	
Social security costs	50,796		26,740	
Other pension contributions	3,775		6,741	
Depreciation	26,184		20,756	
Other operating charges	126,149		127,609	
		(652,247)		(456,208)
OPERATING PROFIT (Note 3)		261,169		126,614
Interest payable and similar charges (Note 4)		(4,236)		(625)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		256,933		125,989
Tax on profit on ordinary activities (Note 5)		(87,694)		(43,382)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		169,239		82,607
Dividends (Note 6)		(100,000)		(50,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		69,239		32,607

There are no differences between the profit stated on an historical cost basis and the profit as presented above.

The profit for the financial year includes all recognised gains and losses in the year and relates to the continuing activities of the Company.

The accompanying notes on pages 6 to 11 form an integral part of these financial statements.

BITE COMMUNICATIONS LIMITED

BALANCE SHEET

AS AT 31 JULY 1997

		1997 £		1996 £
FIXED ASSETS				
Tangible assets (Note 7)		56,159		64,890
CURRENT ASSETS				
Debtors (Note 8)	412,274		188,382	
Cash at bank and in hand	74,602		116,454	
	486,876		304,836	
CREDITORS - Amounts falling due within one year (Note 9)	(426,489)		(324,322)	
NET CURRENT ASSETS/(LIABILITIES)		60,387		(19,486)
TOTAL ASSETS LESS CURRENT LIABILITIES		116,546		45,404
CREDITORS - Amounts falling due after more than one year (Note 10)		(5,153)		(3,250)
NET ASSETS		111,393		42,154
EQUITY CAPITAL AND RESERVES				
Called up share capital (Note 11)		1,000		1,000
Profit and loss account (Note 12)		110,393		41,154
TOTAL SHAREHOLDERS' FUNDS		111,393		42,154

APPROVED BY THE BOARD ON
31 OCTOBER 1997

M RAVDEN
DIRECTOR

The accompanying notes on pages 6 to 11 form an integral part of these financial statements.

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 1997

1 ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with applicable accounting standards. The principal accounting policies are as follows:

(1) Basis of accounting

The financial statements are prepared under the historical cost convention.

(2) Turnover

Turnover represents the invoiced value of services supplied excluding all sales taxes after adjusting for any change in the level of accrued income during the year.

(3) Accrued income

Accrued income is valued on the basis of the cost of services provided up to the balance sheet date and not yet invoiced. Profit is taken on all work completed by that date.

(4) Depreciation

Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Office furniture	20% per annum straight line
Motor vehicles	25% per annum straight line
Office equipment	33% per annum straight line

(5) Foreign currencies

Assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions are expressed in sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses and translation differences are taken directly to the profit and loss account.

(6) Deferred taxation

Provision for deferred taxation is made under the liability method only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

(7) Pension costs

Pension costs, which relate to payments to employees' own defined contribution pension plans, are charged to the profit and loss account as incurred.

(8) Hire purchase and leasing transactions

Assets financed by hire purchase agreements are included in the balance sheet at cost, less accumulated depreciation. The interest element on these obligations is charged to the profit and loss account using the sum of the digits method so as to achieve a constant interest rate over the life of each agreement. Operating lease rentals are charged to the profit and loss account as incurred.

(9) Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement as more than 90 percent of its shares are controlled within the group which is headed by Text 100 Group plc (formerly Text 100 Limited), as described in note 17 below.

2 TURNOVER

Analysis by geographical market	Year ended 31 July 1997 £	Year ended 31 July 1996 £
United Kingdom	1,078,607	715,194

3 OPERATING PROFIT

Operating profit is stated after charging :-		Year ended 31 July 1997 £	Year ended 31 July 1996 £
Auditor's remuneration:	Audit services	1,800	1,000
Depreciation of tangible fixed assets :	Owned	15,178	10,906
	On hire purchase	11,006	9,850
Operating lease rentals :	Land and buildings	30,992	31,191

The average number of employees during the year was as follows	Year ended 31 July 1997	Year ended 31 July 1996
Directors	3	2
Other staff	10	7
	13	9

Directors' emoluments

	Year ended 31 July 1997	Year ended 31 July 1996
Aggregate emoluments	175,466	82,169
Company contributions to directors' pension schemes	8,100	6,000

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 July 1997 £	Year ended 31 July 1996 £
Bank charges	4,236	625

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 July 1997 £	Year ended 31 July 1996 £
UK corporation tax at 33% (1996 : 33%) on the results for the year	59,469	43,382
UK corporation tax at 31% on the results for the year	27,933	-
Prior year under provision	292	-
	87,694	43,382

6 DIVIDENDS

	Year ended 31 July 1997 £	Year ended 31 July 1996 £
Final dividend of £100 (1996 : £50) per £1 ordinary share	100,000	50,000

BITE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 1997

7 TANGIBLE FIXED ASSETS

	Office equipment	Office furniture	Motor vehicles	Total
				£
COST				
At 1 August 1996	36,719	9,518	40,900	87,137
Additions	6,621	3,394	15,750	25,765
Disposals	-	-	(14,250)	(14,250)
At 31 July 1997	43,340	12,912	42,400	98,652
DEPRECIATION				
At 1 August 1996	10,999	1,398	9,850	22,247
Charge for the year	12,752	2,426	11,006	26,184
Disposals	-	-	(5,938)	(5,938)
At 31 July 1997	23,751	3,824	14,918	42,493
NET BOOK AMOUNT				
As at 31 July 1997	19,589	9,088	27,482	56,159
As at 31 July 1996	25,720	8,120	31,050	64,890

The net book amount of tangible fixed assets includes £27,482 (1996: £31,050) in respect of assets held under hire purchase contracts.

8 DEBTORS

	1997	1996
	£	£
Trade debtors	286,579	139,806
Prepayments and accrued income	106,953	48,402
Other debtors	18,742	174
	412,274	188,382

9 CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Trade creditors	29,826	35,217
Amounts due to parent undertaking	4,558	20,085
Corporation tax	87,402	30,590
Other taxation and social security	58,852	57,860
Accruals and deferred income	126,572	103,021
Obligations under hire purchase contracts	19,279	27,549
Dividends	100,000	50,000
	426,489	324,322

The obligations under hire purchase contracts are secured on the assets concerned.

10 CREDITORS: Amounts falling due after more than one year

	1997 £	1996 £
Obligations under hire purchase contracts	5,153	3,250

The obligations under hire purchase contracts are secured on the assets concerned and are all repayable within five years.

11 CALLED UP SHARE CAPITAL

At 1 August 1996 and at 31 July 1997 :

	1997 £	1996 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

12 RESERVES

	1997 Profit & loss account £
Opening balance	41,154
Retained profit for the year	69,239
Closing balance	110,393

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit after taxation for the year	169,239	82,607
Dividends	(100,000)	(50,000)
Net addition to shareholders' funds	69,239	32,607
Opening shareholders' funds	42,154	9,547
Closing shareholders' funds	111,393	42,154

14 RELATED PARTIES

The company has taken advantage of paragraph 3 of Financial Reporting Standard 8 - Related Party Disclosures, in not disclosing transactions with group undertakings as more than 90 percent of its shares are controlled within the group which is headed by Text 100 Group plc (formerly Text 100 Limited), as described in note 16 below.

15 OPERATING LEASE COMMITMENTS

The Company has entered into operating leases and has annual commitments under these expiring as follows:

	1997 Other	1996 Other	1997 Land and buildings	1996 Land and buildings
	£	£	£	£
Within one year	3,584	-	12,500	-
Between one and five years	-	3,584	-	25,000

16 CONTINGENT LIABILITIES

The Company participates in a multilateral guarantee with Barclays Bank plc relating to the overdraft facilities of the parent and certain group companies (see note 17 below). The maximum amount of the contingent liability which could arise from this guarantee is limited to £300,000.

17 REGISTRATION AND HOLDING COMPANY

The Company is registered in England and Wales.

The ultimate parent undertaking is Text 100 Group plc (formerly Text 100 Limited) which is incorporated and registered in England, and is the parent undertaking of the smallest and largest group to prepare consolidated financial statements.