Company Registration No. 3523402 (England and Wales)

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2004

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CAMBRIDGE MEDICAL COMMUNICATION LIMITED

COMPANY INFORMATION

Directors	Mr A J Blake Mr P E McConkey Dr J A R Muiry
Secretary	Mr G A Butler
Company number	3523402
Registered office	Times House Fen End Willingham Cambridge Cambridgeshire CB4 5LH
Auditors	Price Bailey LLP The Quorum Barnwell Road Cambridge CB5 8RE
Bankers	Lloyds TSB Plc 48 High Street Newmarket Suffolk

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

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CAMBRIDGE MEDICAL COMMUNICATION LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2004

The directors present their report and financial statements for the year ended 31 May 2004.

Principal activities and review of the business
The principal activity of the company is to provide creative marketing and training materials to pharmaceutical and healthcare clients.

The company has successfully developed its business, in line with its principal activities, resulting in a profitable year's trading.

Results and dividends
The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £42,000. The directors do not recommend payment of a final dividend.

Directors
The following directors have held office since 1 June 2003:

Mr A J Blake
Mr P E McConkey
Dr J A R Muiry

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 May 2004	**1 June 2003**
Mr A J Blake	-	-
Mr P E McConkey	-	-
Dr J A R Muiry	1,000	1,000

Charitable donations	**2004**	**2003**
	£	**£**
During the year the company made the following payments:		
Charitable donations	532	-

Auditors
Price Bailey LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

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.

By order of the board

.....

Mr G A Butler

Secretary

.....

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CAMBRIDGE MEDICAL COMMUNICATION LIMITED

We have audited the financial statements of Cambridge Medical Communication Limited on pages 5 to 14 for the year ended 31 May 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF CAMBRIDGE MEDICAL COMMUNICATION LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Bailey LLP

3 November 2004

Chartered Accountants
Registered Auditor

The Quorum
Barnwell Road
Cambridge
CB5 8RE

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover	2	628,092	618,474
Cost of sales		(345,421)	(310,684)
Gross profit		282,671	307,790
Administrative expenses		(179,194)	(183,976)
Operating profit	3	103,477	123,814
Other interest receivable and similar income	4	6,216	7,083
Profit on ordinary activities before taxation		109,693	130,897
Tax on profit on ordinary activities	5	(21,421)	(24,532)
Profit on ordinary activities after taxation		88,272	106,365
Dividends	6	(42,000)	(42,000)
Retained profit for the year	13	46,272	64,365

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

BALANCE SHEET
AS AT 31 MAY 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	7		4,550		6,235
Current assets					
Stocks	8	158,529		50,150	
Debtors	9	51,633		13,952	
Cash at bank and in hand		260,428		315,434	
		470,590		379,536	
Creditors: amounts falling due within one year	10	(243,351)		(200,254)	
Net current assets			227,239		179,282
Total assets less current liabilities			231,789		185,517
Capital and reserves					
Called up share capital	12		3,000		3,000
Profit and loss account	13		228,789		182,517
Shareholders' funds - equity interests	14		231,789		185,517

The financial statements were approved by the Board on 7.10.2004

Mr A J Blake
Director

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2004

	£	2004 £	£	2003 £
Net cash inflow from operating activities		3,461		244,499
Returns on investments and servicing of finance				
Interest received	6,216		7,083	
Net cash inflow for returns on investments and servicing of finance		6,216		7,083
Taxation		(17,816)		(29,098)
Capital expenditure				
Payments to acquire tangible assets	(4,867)		(8,640)	
Net cash outflow for capital expenditure		(4,867)		(8,640)
Equity dividends paid		(42,000)		(42,000)
Net cash (outflow)/inflow before management of liquid resources and financing		(55,006)		171,844
(Decrease)/increase in cash in the year		(55,006)		171,844

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2004

1	**Reconciliation of operating profit to net cash inflow from operating activities**	**2004**	**2003**
		£	**£**
	Operating profit	103,477	123,814
	Depreciation of tangible assets	6,552	5,903
	(Increase)/decrease in stocks	(108,379)	8,109
	(Increase)/decrease in debtors	(37,681)	99,340
	Increase in creditors within one year	39,492	7,333
	Net cash inflow from operating activities	3,461	244,499

2	**Analysis of net funds**	**1 June 2003**	**Cash flow**	**Other non-cash changes**	**31 May 2004**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	315,434	(55,006)	-	260,428
	Net funds	315,434	(55,006)	-	260,428

3	**Reconciliation of net cash flow to movement in net funds**	**2004**	**2003**
		£	**£**
	(Decrease)/increase in cash in the year	(55,006)	171,844
	Movement in net funds in the year	(55,006)	171,844
	Opening net funds	315,434	143,590
	Closing net funds	260,428	315,434

CAMBRIDGE MEDICAL COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2004

1 Accounting policies

1.1 Accounting convention

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

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer & Office Equipment	50% Straight Line
Fixtures & Fittings	15% Straight Line

1.4 Stock and work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on the normal level of activity. Provision is made for any forseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2 Turnover

Geographical market

	Turnover 2004 £	2003 £
United Kingdom	17,407	22,379
Europe	489,643	578,480
Other overseas	121,042	17,615
	628,092	618,474

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

3 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	6,552	5,903
Loss on foreign exchange transactions	-	2,701
Operating lease rentals - other	11,411	7,165
Auditors' remuneration	3,077	1,500

4 Other interest receivable and similar income

	2004	2003
	£	£
Bank interest	5,996	7,083
Other interest	220	-
	6,216	7,083

5 Taxation

	2004	2003
	£	£
Domestic current year tax		
U.K. corporation tax	21,421	24,532
Current tax charge	21,421	24,532
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	109,693	130,897
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	20,842	24,870
Effects of:		
Non deductible expenses	42	14
Depreciation add back	1,245	1,122
Capital allowances	(708)	(1,474)
	579	(338)
Current tax charge	21,421	24,532

No deferred tax has been provided for in the financial statements. A deferred tax asset of £26 (2003 - £808) arises on fixed asset timing differences, however the asset has not been recognised since it was not considered to be material.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

6 Dividends

	2004	2003
	£	£
Ordinary interim paid	42,000	42,000

7 Tangible fixed assets

	Computer & Office Equipment	Fixtures & Fittings	Total
	£	£	£
Cost			
At 1 June 2003	13,773	4,639	18,412
Additions	4,710	157	4,867
At 31 May 2004	18,483	4,796	23,279
Depreciation			
At 1 June 2003	10,296	1,881	12,177
Charge for the year	5,832	720	6,552
At 31 May 2004	16,128	2,601	18,729
Net book value			
At 31 May 2004	2,355	2,195	4,550
At 31 May 2003	3,477	2,758	6,235

8 Work in progress

	2004	2003
	£	£
Work in progress	158,529	50,150

9 Debtors

	2004	2003
	£	£
Trade debtors	39,188	6,265
Other debtors	10,910	6,646
Prepayments and accrued income	1,535	1,041
	51,633	13,952

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	28,208	20,419
Corporation tax	21,421	17,816
Other taxes and social security costs	9,338	22,171
Accruals and deferred income	184,384	139,848
	243,351	200,254

11 Pension costs

Defined contribution
The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no outstanding or prepaid contributions at the balance sheet date.

	2004 £	2003 £
Contributions payable by the company for the year	-	1,800

12 Share capital

	2004 £	2003 £
Authorised		
30,000 Ordinary shares of £1 each	30,000	30,000
Allotted, called up and fully paid		
3,000 Ordinary shares of £1 each	3,000	3,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 June 2003	182,517
Retained profit for the year	46,272
Balance at 31 May 2004	228,789

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

14 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	88,272	106,365
Dividends	(42,000)	(42,000)
Net addition to shareholders' funds	46,272	64,365
Opening shareholders' funds	185,517	121,152
Closing shareholders' funds	231,789	185,517

15 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	109,000	109,000
Company pension contributions to money purchase schemes	-	1,800
	109,000	110,800

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2003- 1).

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Production and management staff	9	8

Employment costs

	£	£
Wages and salaries	278,179	207,198
Social security costs	30,628	21,134
Other pension costs	-	1,800
	308,807	230,132

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

17 Related party transactions

Cambridge Multimedia Group Limited and Cambridge Imaging Systems Limited each own one third of the shares in Cambridge Medical Communication Limited. The following transactions took place during the year to 31 May 2004:

Cambridge Medical Communication Limited made sales of £6,436 (2003: £6,751) to Cambridge Imaging Systems Limited. There were no balances outstanding at the year end.

Cambridge Medical Communication Limited bought goods and services to the value of £19,840 (2003: £11,276) and £33,126 (2003: £9,395) from Cambridge Multimedia Group Limited and Cambridge Imaging Systems Limited respectively. There were no balances outstanding at the year end.