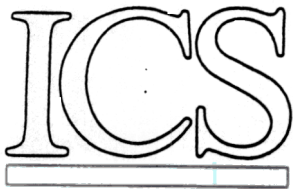


ICS/NDR/10-07-91



INTERNATIONAL CARE SERVICES

International Care Services Ltd
Ashlyns Hall, Berkhamsted, Hertfordshire HP4 2ST, England
Telephone: 0442-863301. Telex: 826628 APS BKH. Facsimile: 0442-873743

10 July, 1991

Mr N.D. Rotheroe,
European Care Management Services Ltd.,
P.O. Box 105,
Douglas,
Isle of Man.

Dear Mr Rotheroe,

I refer to our recent discussions concerning the potential for the Jesmond Nursing Home.

As I have stated, this is a luxury Nursing Home which, given the correct management, should result in a very successful operation.

Based on the following fee, you should be able to achieve the results below:

65 beds commanding a premium fee of £325 per week and 17 beds at the DSS fee level of £260 per week.

Revenue

65 x 46.42 x 365 x 90%	991,183
17 x 37.14 x 365 x 95%	218,931

Total Annual Revenue	1,210,114

Operating Profit

Profit before interest,
depreciation and tax

42%	508,249
	=====

You will note that I have used a lower occupancy rate for those beds where we are charging a premium rate. The reason for this is to attempt to provide you with a conservative projection. Our goal obviously would be to achieve a higher occupancy.



Mr N.D. Rotheroe,
European Care Management Services Ltd.

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The operating profit margin is based on achieving that target at our present Nursing Homes.

I have also attached a copy of an ICS brochure which may be of some assistance.

Kind regards,

E.V. Watson

John G. McLaughlin,
MANAGING DIRECTOR.