

REGISTERED NUMBER: 3125708 (England and Wales)

Abbreviated Financial Statements for the Year Ended 31 October 1997

for

Pharm-Olam International (UK) Limited



Pharm-Olam International (UK) Limited

Index to the Abbreviated Financial Statements
for the Year Ended 31 October 1997

	Page
Company Information	1
Report of the Auditors on the Abbreviated Financial Statements	2
Abbreviated Balance Sheet	3
Notes to the Abbreviated Financial Statements	4

Pharm-Olam International (UK) Limited

Company Information
for the Year Ended 31 October 1997

DIRECTORS:

Dr Z M Munk MD FRCP
Dr B L Natorff MD
Mrs S Munk

SECRETARY:

Mrs S Munk

REGISTERED OFFICE:

The Brackens
London Road
Ascot
Berks. SL5 8BE

REGISTERED NUMBER:

3125708 (England and Wales)

AUDITORS:

Ian Skolnick & Co.
Chartered Accountants
Registered Auditor
Trafalgar House
Grenville Place
Mill Hill
London NW7 3SA

Pharm-Olam International (UK) Limited

Report of the Auditors to
Pharm-Olam International (UK) Limited
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages three to five, together with the full financial statements of the company for the year ended 31 October 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages three to five are properly prepared in accordance with those provisions.



Ian Skolnick & Co.
Chartered Accountants
Registered Auditor
Trafalgar House
Grenville Place
Mill Hill
London NW7 3SA

Dated: 14 July 1998

Pharm-Olam International (UK) Limited

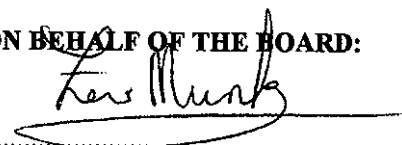
Abbreviated Balance Sheet

31 October 1997

		<u>31.10.97</u>		<u>31.10.96</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		64,946		14,137
CURRENT ASSETS:					
Stocks		39,788		37,374	
Debtors		397,694		236,111	
Cash at bank		<u>283,992</u>		<u>13,191</u>	
		721,474		286,676	
CREDITORS: Amounts falling due within one year		<u>596,862</u>		<u>275,471</u>	
NET CURRENT ASSETS:			<u>124,612</u>		<u>11,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			189,558		25,342
PROVISIONS FOR LIABILITIES AND CHARGES:			<u>1,336</u>		<u>-</u>
			<u>£188,222</u>		<u>£25,342</u>
CAPITAL AND RESERVES:					
Called up share capital	3		50,000		50,000
Profit and loss account			<u>138,222</u>		<u>(24,658)</u>
Shareholders' funds			<u>£188,222</u>		<u>£25,342</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Dr Z M Munk MD FRCP - DIRECTOR

Approved by the Board on June 10, 1998

The notes form part of these financial statements

Pharm-Olam International (UK) Limited

Notes to the Abbreviated Financial Statements **for the Year Ended 31 October 1997**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Pharm-Olam International (UK) Limited

Notes to the Abbreviated Financial Statements
for the Year Ended 31 October 1997

2. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST:	
At 1 November 1996	19,116
Additions	76,266
Disposals	<u>(5,166)</u>
At 31 October 1997	<u>90,216</u>
DEPRECIATION:	
At 1 November 1996	4,979
Charge for year	20,806
Eliminated on disposals	<u>(515)</u>
At 31 October 1997	<u>25,270</u>
NET BOOK VALUE:	
At 31 October 1997	<u>64,946</u>
At 31 October 1996	<u>14,137</u>

3. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.10.97	31.10.96
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.10.97	31.10.96
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

4. TRANSACTIONS WITH DIRECTORS

- (a) Creditors include £181,979 due to Breco Research Inc and Pharm Olam International Inc, entities in which a director, Dr. Z. M. Munk has a controlling interest. The loans which are interest free, are unsecured and repayable on demand.
- (b) Included in administrative expenses is a management fee of £85,152 (1996:£15,693) payable to Breco Research Inc. in which a director, Dr. Z. M. Munk has a controlling interest. The management fee is calculated on an arms length basis in respect of business and technical expertise provided.