

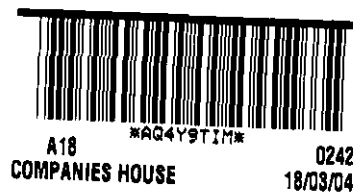
REGISTERED NUMBER: 3125708 (England and Wales)

ABBREVIATED ACCOUNTS

FOR THE PERIOD 1 NOVEMBER 2001 TO 31 DECEMBER 2002

FOR

PHARM-OLAM INTERNATIONAL (UK) LIMITED



PHARM-OLAM INTERNATIONAL (UK) LIMITED

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for the period 1 November 2001 to 31 December 2002

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PHARM-OLAM INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

for the period 1 November 2001 to 31 December 2002

DIRECTORS: Dr Z.M. Munk
Mrs S. Munk

SECRETARY: Mrs S. Munk

REGISTERED OFFICE: The Brackens
London Road
Ascot
Berkshire
SL5 8BG

REGISTERED NUMBER: 3125708 (England and Wales)

AUDITORS: Langley & Partners
Langley House
Park Road
London
N2 8EX

REPORT OF THE INDEPENDENT AUDITORS TO
PHARM-OLAM INTERNATIONAL (UK) LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Abbreviated Balance Sheet and the related notes, together with the full financial statements of Pharm-olam International (UK) Limited for the period ended 31 December 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts 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 accounts and that the abbreviated accounts 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 accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts which comprise the Abbreviated Balance Sheet and the related notes are properly prepared in accordance with those provisions.



Langley & Partners
Langley House
Park Road
London
N2 8EX

16 March 2004

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

ABBREVIATED BALANCE SHEET

31 December 2002

		<u>31.12.02</u>		<u>31.10.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		81,838		76,143
Investments	3		<u>23,925</u>		<u>8,450</u>
			105,763		84,593
CURRENT ASSETS:					
Debtors		1,356,001		690,114	
Cash at bank and in hand		<u>613,092</u>		<u>400,179</u>	
		1,969,093		1,090,293	
CREDITORS: Amounts falling due within one year		<u>1,425,490</u>		<u>1,604,470</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>543,603</u>		<u>(514,177)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			649,366		(429,584)
PROVISIONS FOR LIABILITIES AND CHARGES:			<u>6,971</u>		<u>3,700</u>
			<u>£642,395</u>		<u>£(433,284)</u>
CAPITAL AND RESERVES:					
Called up share capital	4		50,000		50,000
Profit and loss account			<u>592,395</u>		<u>(483,284)</u>
SHAREHOLDERS' FUNDS:			<u>£642,395</u>		<u>£(433,284)</u>

These abbreviated accounts 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 - Director

Approved by the Board on 16 March 2004

The notes form part of these abbreviated accounts

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the period 1 November 2001 to 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of 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.

Plant and machinery etc	- 33% on cost and 25% on cost
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Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

Comparatives amounts

These financial statements include adjustments made to the comparatives amounts where necessary in order to make the current and previous period figures comparable.

Fixed asset investments

Shares in subsidiary undertakings in which the company has a controlling interest are stated at cost less any permanent diminution in value.

Long term contracts

Profit on long term contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is recognised based upon the appropriate stage of completion of contracts.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the period 1 November 2001 to 31 December 2002

2. TANGIBLE FIXED ASSETS

	<u>Total</u>
	£
COST:	
At 1 November 2001	227,032
Additions	<u>69,583</u>
At 31 December 2002	<u>296,615</u>
DEPRECIATION:	
At 1 November 2001	150,889
Charge for period	<u>63,888</u>
At 31 December 2002	<u>214,777</u>
NET BOOK VALUE:	
At 31 December 2002	<u>81,838</u>
At 31 October 2001	<u>76,143</u>

3. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 November 2001	8,450
Additions	<u>15,475</u>
At 31 December 2002	<u>23,925</u>
NET BOOK VALUE:	
At 31 December 2002	<u>23,925</u>
At 31 October 2001	<u>8,450</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Pharm-Olam (Polska) Sp. z o.o.

Country of incorporation: Poland

Nature of business: clinical trials of new drugs

Class of shares:	%
Ordinary	holding 99.00

	31.12.02	31.12.01
	£	£
Aggregate capital and reserves	27,054	2,785
Profit/(Loss) for the year	<u>24,448</u>	<u>(5,865)</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the period 1 November 2001 to 31 December 2002

3. **FIXED ASSET INVESTMENTS - continued**

Pharm-Olam International Deutschland GmbH

Country of incorporation: Germany

Nature of business: Clinical trials of new drugs

Class of shares:	%
Ordinary	holding 100.00

	31.12.02	31.12.01
	£	£
Aggregate capital and reserves	25,998	13,285
Profit/(loss) for the year/period	<u>11,850</u>	<u>(1,958)</u>

4. **CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	31.12.02	31.10.01
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.02	31.10.01
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

5. **ULTIMATE PARENT COMPANY**

During the period, Pharm-Olam International (UK) Limited became a wholly owed subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales. Pharm-Olam Group Limited is a wholly owned subsidiary of Shomer XV Limited, a partnership in the United States of America. Shomer XV Limited is under the control of Dr Z.M. Munk.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the period 1 November 2001 to 31 December 2002

6. COMPARATIVE AMOUNTS

The financial statements include adjustments made to the comparative amounts for the year ended 31 October 2001 as follows:

An amount of £40,262 owed by Pharm-Olam International Limited has been transferred from trade creditors to amount owed to connected undertakings (previously "loan account") in creditors falling due within one year in the balance sheet. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the balance.

An amount of £6,826 owed to Breco Research Limited has been transferred from trade creditors in creditors falling due within one year to amount owed by connected undertakings in debtors falling due within one year in the balance sheet. In addition, an amount owed to Pharm-Olam International Limited of £18,525 has been transferred from amount owed by connected undertakings (previously "loan account") in debtors falling due within one year to amount owed to connected undertakings in creditors falling due within one year in the balance sheet. These entries have been made in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the balances.

Management income from Pharm-Olam International (Polska) Sp.zo.o. amounting to £25,314 has been transferred from management charges in administrative expenses to management fees in other operating income within the profit and loss account. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the income.

Amounts charged by MB Quest Inc. amounting to £75,502 have been transferred from turnover to monitoring and research costs within cost of sales in the profit and loss account. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the expense.

An amount of £4,991 has been transferred from work in progress to trade debtors within current assets on the balance sheet. Also amounts of £190,072 and £117,421 have been transferred from trade debtors to amounts recoverable on contracts in debtors falling due within one year and payments on account in creditors falling due within one year, respectively, in the balance sheet. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following the adoption of the principles set out in SSAP 9 regarding long term contracts.

An amount of £545,947 has been transferred from wages in administration expenses to wages in cost of sales in the profit and loss account. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the expense.

An amount of £141,132 has been transferred from management charges in administrative expenses to monitoring and research costs in cost of sales within the profit and loss account. This has been done in order to make the 31 October 2001 and 31 December 2002 amounts comparable following a reclassification of the expense.

7. BASIS OF PREPARATION

These financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption under section 248 of the Companies Act 1985, and has not consolidated the results of its subsidiaries on the basis that it qualifies as a small size group. Details of the company's active subsidiaries are given in the notes to these financial statements.