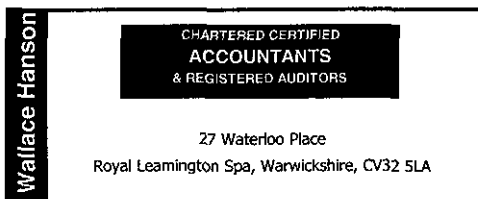


**BHR Pharamaceuticals**  
**Limited**

Abbreviated Financial Statements

For The Year Ended 31 December 2003

Company No. 02460338 England & Wales)



**B H R PHARMACEUTICALS LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

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**BHR PHARMACUETICALS LIMITED**  
**AUDITORS' REPORT TO BHR PHARMACUETICALS LIMITED**  
**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 2 to 6, together with the financial statements of B H R Pharmaceuticals Limited for the year ended 31 December 2003, prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B to 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**

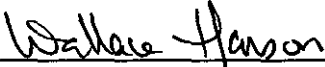
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts, in accordance with sections 246(5) and (6) of the 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 financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.

  
**Wallace Hanson**  
Chartered Certified Accountants & Registered Auditors

**Dated:** 4.6.04

27 Waterloo Place  
Royal Leamington Spa  
Warwickshire  
CV32 5LA

**BHR PHARMACEUTICALS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**OF BHR PHARMACUETICALS LIMITED**

We have audited the financial statements of BHR Pharmaceuticals Limited for the year ended 31 December 2003 on pages 3 to 9. These financial statements have been prepared in accordance with the *Financial Reporting Standards for Smaller Entities (effective June 2002)* under the historical cost convention and the accounting policies set out on pages 5 to 6.

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 that we are required to state to them in an 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 and the company's members as a body, for our audit work, or the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 1, 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 Opinion**

We conducted our audit in accordance with the Auditing Standards issued by the Auditing Practice 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.

**Going Concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements, concerning uncertainty as to the continuation of financial support for the company. In view of the significance of these uncertainties, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Wallace Hanson**  
**Chartered Certified Accountants & Registered Auditors**  
**Dated:** 16.6.2004

27 Waterloo Place  
Royal Leamington Spa  
Warwickshire CV32 5LA

**B H R PHARMACEUTICALS LIMITED**  
**ABBREVIATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<b>Fixed Assets</b>			
Intangible Assets	2	-	34
Tangible Assets	3	<u>19,528</u>	<u>17,658</u>
		19,528	17,692
<b>Current Assets</b>			
Stocks		105,863	123,834
Debtors		211,733	153,537
Cash at Bank and in Hand		<u>29</u>	<u>-</u>
		317,625	277,371
<b>Creditors:</b> Amounts falling due within one Year	4	<u>(508,513)</u>	<u>(487,998)</u>
<b>Net Current Liabilities</b>		<u>(190,888)</u>	<u>(210,627)</u>
<b>Total Assets Less Current Liabilities</b>		(171,360)	(192,935)
<b>Creditors:</b> Amounts falling due after more than one year	4	(35,978)	(41,500)
<b>Provisions for Liabilities and Charges</b>			
Deferred Tax		<u>(675)</u>	<u>(258)</u>
<b>Net Liabilities</b>		<u>(208,013)</u>	<u>(234,693)</u>
<b>Capital and Reserves</b>			
Called Up Share Capital	5	90,500	90,500
Profit and Loss Account		<u>(298,513)</u>	<u>(325,193)</u>
<b>Shareholders' Funds - All Equity</b>		<u>(208,013)</u>	<u>(234,693)</u>

The abbreviated financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985, applicable to small companies, were approved by the board on 7 May 2004, and signed on its behalf.

  
**B. Vadukul**  
 Director

**R. Patel**  
 Director

The notes on pages 4 to 6 form part of these abbreviated financial statements

**B H R PHARMACEUTICALS LIMITED**  
**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of accounts**

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

Whilst the company is insolvent, current liabilities exceeding current assets, the directors consider sufficient funding is available to the company to meet liabilities as and when they fall due. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result if the continuing financial support was not obtained.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

**1.3 Intangible Fixed Assets and Amortisation**

*Intangible fixed assets are stated at cost less amortisation*

Amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Trademarks	10%	Straight Line
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**1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

	<b><u>Rate</u></b>	<b><u>Basis</u></b>
Motor Vehicles	25%	Reducing Balance
Computer Equipment	25%	Reducing Balance
Fixtures and Fittings	25%	Reducing Balance

**1.5 Leasing and Hire Purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under Finance Leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risk of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.6 Operating Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account as incurred.

**B H R PHARMACEUTICALS LIMITED**  
**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES**

**1.7 Stocks and Work in Progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 Foreign Currencies**

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

**1.9 Deferred Taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

**2. INTANGIBLE FIXED ASSETS**

	<u><b>Total</b></u>
<b>Cost or Valuation</b>	
At 1 January 2003	
and 31 December 2003	<u>6,842</u>
 At 1 January 2003	 6,808
Charge for year	<u>34</u>
 At 31 December 2003	 <u>6,842</u>
 <b>Net Book Value</b>	
At 31 December 2003	<u>-</u>
 At 31 December 2002	 <u>34</u>

**B H R PHARMACEUTICALS LIMITED**  
**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**3. TANGIBLE FIXED ASSETS**

	<b><u>TOTAL</u></b>
	<b>£</b>
<b>Cost or Valuation</b>	
At 1 January 2003	53,733
Additions in Year	8,379
Disposals in Year	<u>-</u>
At 31 December 2003	<u><u>62,112</u></u>
<b>Depreciation</b>	
At 1 January 2003	36,075
Charge for Year	6,509
Disposals in Year	<u>-</u>
At 31 December 2003	<u><u>42,584</u></u>
<b>Net Book Value</b>	
At 31 December 2003	<u><u>19,528</u></u>
At 31 December 2002	<u><u>17,658</u></u>

**4. CREDITORS**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b>£</b>	<b>£</b>
Creditors include the following amounts of secured liabilities:		
Falling Due Within One Year	122,143	90,053
Falling Due After More Than One Year	<u>-</u>	<u>-</u>
	<u><u>122,143</u></u>	<u><u>90,053</u></u>

**5. CALLED UP SHARE CAPITAL**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
Ordinary Shares of £1 each - Voting	30,000	30,000
Ordinary Shares of £1 each - Non Voting	<u>120,000</u>	<u>120,000</u>
	<u><u>150,000</u></u>	<u><u>150,000</u></u>
<b>Issued</b>		
Ordinary Shares of £1 each - Voting	30,000	30,000
Ordinary Shares of £1 each - Non-Voting	<u>60,500</u>	<u>60,500</u>
	<u><u>90,500</u></u>	<u><u>90,500</u></u>

The 'A' Ordinary shares rank pari passu with the ordinary Shares except they have no voting rights and may from time to time have differing dividend entitlements.