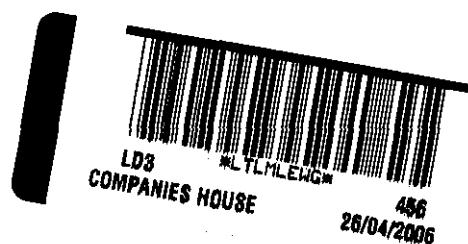


Bovis Lend Lease Pharmaceutical Limited

**Directors' report and financial
statements**

Registered number 3133137

30 June 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The principal activity of the company is that of providing specialised pharmaceutical consulting and regulatory affairs advice and design, construction and project management services to the pharmaceutical, biotechnology and high technology industries.

Results, dividends and business review

The results for the year ended 30 June 2005, as disclosed on page 4, show a loss of £1,598,522 (2004: loss £677,296). The directors do not recommend the payment of a dividend.

The directors believe that both the level of business and the year-end financial position were satisfactory and look forward to improving profitability in the future.

Directors and directors' interests

The directors who held office during the year were as follows:

PJ Wilkinson (resigned 19 November 2004)

GB Forbes

PD Leonard (resigned 11 October 2004, appointed 1 September 2005)

R Fisher (appointed 30 June 2004, resigned 11 March 2005)

P Wade (appointed 27 January 2005)

None of the directors serving at the end of the financial year held any disclosable interest in group undertakings as recorded in the register of directors' interests.

Auditors

The auditors of the company are KPMG LLP. A resolution for their re-appointment is to be proposed at a forthcoming General Meeting.

Approved by the board and signed on its behalf



GB Forbes
Director

24 April 2006

Statement of 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

kpmg

PO Box 695
8 Salisbury Square
London EC4Y 8BB

Independent auditors' report to the members of Bovis Lend Lease Pharmaceutical Limited

We have audited the financial statements on page 4 to 13.

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 this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditors

26 April 2006

Profit and loss account
for the year ended 30 June 2005

	<i>Note</i>	2005 £	2004 £
Turnover	2	20,386,551	32,274,614
Cost of sales		(9,338,513)	(18,065,671)
Gross profit		11,048,038	14,208,943
Administration expenses		(13,496,040)	(15,317,614)
Operating loss		(2,448,002)	(1,108,671)
Dividend receivable		28,740	-
Interest receivable	6	139,853	166,095
Interest payable and similar charges	7	(12)	(246)
Loss on ordinary activities before taxation	3	(2,279,421)	(942,822)
Tax on loss on ordinary activities	8	680,899	265,526
Retained loss for the financial year		(1,598,522)	(677,296)
Retained profit brought forward		2,427,672	3,104,968
Retained profit carried forward		829,150	2,427,672

The company had no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

No operations were acquired or discontinued during the year (2004:none). There is no material difference between the results disclosed in the profit and loss account and the result given on an unmodified historic cost basis.

Balance sheet

At 30 June 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible fixed assets	9	202,819	512,699
Investments	10	867,263	867,263
		<hr/>	<hr/>
		1,070,082	1,379,962
Current assets			
Debtors	11	9,622,277	12,918,527
Cash at bank and in hand		2,774,493	3,026,888
		<hr/>	<hr/>
		12,396,770	15,945,415
Creditors: amounts falling due within one year	12	(11,787,202)	(14,047,205)
		<hr/>	<hr/>
Net current assets		609,568	1,898,210
		<hr/>	<hr/>
Total assets less current liabilities		1,679,650	3,278,172
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	850,500	850,500
Profit and loss account		829,150	2,427,672
		<hr/>	<hr/>
Equity shareholders' funds	14	1,679,650	3,278,172
		<hr/>	<hr/>

The financial statements on pages 4 to 13 were approved by the board of directors on 24 April 2006 and were signed on its behalf by:



GB Forbes
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention.

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of Financial Reporting Standard 8 'Related Party Transactions'. The company is therefore exempt under Financial Reporting Standard 8 from the requirement to prepare a separate note.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

Tangible fixed assets

Tangible fixed assets owned by the company are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic life of these assets concerned. The principal annual rates used are as follows:

Motor vehicles	33% on reducing balance
Computer and electronic equipment	33% straight line
Furniture & other equipment	25% on reducing balance

Finance leases and hire purchase

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the lease commitments are shown as obligations under finance leases and hire purchase contracts. The lease rentals are split between capital and interest. The capital element reduces the outstanding obligation and the interest element is charged to the profit and loss account. Depreciation is charged on the asset value so as to write off the asset over its useful economic life. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Fixed asset investments

Fixed asset investments are stated at cost less amounts written off to reflect any impairment in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Post retirement benefits

Contributions in respect of defined benefit pension schemes are calculated as a percentage, agreed on actuarial advice, of the pensionable salaries of employees. The cost of providing pensions, both via defined benefit and defined contribution schemes, is charged to the profit and loss account over the periods benefiting from the services of employees.

Profits

Profits are brought to account:

- for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (the company does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete);
- for goods and service, when such goods or services have been supplied or rendered.

Stage of completion is measured by reference to actual costs to date as a percentage of total forecast costs for each contract. Provision is made for losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred taxation is provided fully and on a non discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.

2 **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes (continued)

3 Loss on ordinary activities before taxation

	2005 £	2004 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: audit services	40,000	40,000
Exchange losses	89,569	69,370
Hire of plant and machinery	10,838	9,862
Hire of other assets	201,663	80,205
Exceptional write down in value of fixed assets	256,869	-
Depreciation – owned assets	99,458	364,663
Gain on disposal of tangible fixed assets	362	-
Operating lease charges - land and buildings	594,745	715,464
- motor vehicles	272,579	338,956
	<hr/>	<hr/>

4 Remuneration of directors

	2005 £	2004 £
Directors' emoluments	300,873	321,019
Company contributions to money purchase pension schemes	28,324	32,001
	<hr/>	<hr/>
	329,197	353,020
	<hr/>	<hr/>

The company contributes to money purchase pension schemes on behalf of 3 directors (2004: 3 directors).

The emoluments of the highest paid director were £127,597 (2004: £137,933) and company pension contributions of £16,536 (2004: £13,042) were made to a money purchase scheme on his behalf.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Technical and professional	142	192
Administration	27	35
	<hr/>	<hr/>
	169	227
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	7,947,593	9,679,620
Social security costs	878,821	1,118,037
Other pension costs	849,181	1,055,975
	<hr/>	<hr/>
	9,675,595	11,853,632
	<hr/>	<hr/>

Notes (continued)

6 Other interest receivable and similar income

	2005 £	2004 £
Interest receivable on cash and bank balances	139,853	166,095

7 Interest payable and similar charges

	2005 £	2004 £
On bank loans and overdrafts	12	246

8 Taxation

(a) Tax credit for year

	2005 £	2004 £
UK corporation tax credit on loss for the year at 30%	627,726	242,629
Adjustments in respect of prior years	16,615	2,532
Total current taxation credit	644,341	245,161
Deferred tax credit:		
Origination and reversal of timing differences	36,558	20,365
Tax credit on loss on ordinary activities	680,899	265,526

(b) Factors affecting tax charge for year

The tax assessed for the year is the same as the standard rate of corporation tax (30%):

	2005 £	2004 £
Loss on ordinary activities before tax	(2,279,421)	(942,822)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(683,826)	(282,845)
Effects of:		
Permanent differences between accounting profits and taxable profits	19,542	19,851
Origination and reversal of timing differences	36,558	20,365
Adjustments in respect of prior years	(16,615)	(2,532)
Current tax credit for year (note (a))	(644,341)	(245,161)

Notes (continued)

(c) Factors that may affect future tax charges

Future effective tax rates may vary due to adjustments for previous years.

(d) Deferred taxation

	2005 £	2004 £
Deferred tax at start of year	122,290	101,925
Deferred tax charge in the profit and loss account in year	36,558	20,365
	<hr/>	<hr/>
Deferred tax at end of year	158,848	122,290
	<hr/>	<hr/>
Comprising:		
Difference between accumulated depreciation and capital allowances	149,848	113,290
Other short term timing differences	9,000	9,000
	<hr/>	<hr/>
	158,848	122,290
	<hr/>	<hr/>

9 Tangible fixed assets

	Computers and electronic equipment £	Furniture & equipment £	Total £
<i>Cost or valuation</i>			
At beginning of year	1,721,190	553,201	2,274,391
Write down	(1,520,848)	(370,558)	(1,891,406)
Disposals	-	(18,524)	(18,524)
Additions	55,347	-	55,347
	<hr/>	<hr/>	<hr/>
At end of year	255,689	164,119	419,808
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	1,376,904	384,788	1,761,692
Write down	(1,348,665)	(285,872)	(1,634,537)
Disposals	-	(9,624)	(9,624)
Charge for the year	78,525	20,933	99,458
	<hr/>	<hr/>	<hr/>
At end of year	106,764	110,225	216,989
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2005	148,925	53,894	202,819
	<hr/>	<hr/>	<hr/>
At 30 June 2004	344,286	168,413	512,699
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Fixed asset investments

	Shares in Subsidiary Undertakings £
At beginning of year and end of year	867,263

The wholly owned subsidiaries, both registered in England and Wales are:

Pharmaceutical Engineering and Design Limited – a company providing specialist design layout, planning and operational consultancy to the pharmaceutical and allied industries.

Haremead Limited - a company providing a single source of responsibility for the design, construction and project management of large or small capital projects for all industries.

11 Debtors

	2005 £	2004 £
Trade debtors	6,801,536	8,765,809
Amounts recoverable on contracts	2,089,535	2,734,174
Deferred taxation asset (note 8)	158,848	122,290
Other debtors	265,296	771,848
Prepayments and accrued income	307,062	524,406
	<u>9,622,277</u>	<u>12,918,527</u>

12 Creditors: amounts falling due within one year

	2005 £	2004 £
Payments received on account	61,625	4,120,273
Trade creditors	3,669,005	3,534,690
Amounts due to other group undertakings	3,179,746	1,366,333
Corporation tax	249,403	904,792
Other creditors	471,375	278,451
Accruals and deferred income	4,156,048	3,842,666
	<u>11,787,202</u>	<u>14,047,205</u>

Notes (continued)

13 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
860,000 ordinary shares of £1 each	860,000	860,000
<i>Allotted, called up and fully paid</i>		
850,500 ordinary shares of £1 each	850,500	850,500

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Shareholders' funds at 1 July 2004	3,278,172	3,955,468
Retained loss for the year	(1,598,522)	(677,296)
Shareholders' funds at 30 June 2005	1,679,650	3,278,172

15 Financial commitments

At 30 June 2005 the company had the following annual commitments under non-cancellable operating leases expiring as follows:

	2005		2004	
	Motor Vehicles £	Land and Buildings £	Motor Vehicles £	Land and Buildings £
Within 1 year	41,391	13,795	69,580	-
Between 2 and 5 years	84,307	659,417	162,531	772,786
	125,698	673,212	232,111	772,786

16 Contingent liabilities

The company has given cross guarantees and floating charges over its assets in respect of facilities granted to group companies. No loss is expected to arise in connection with these arrangements.

There are claims outstanding which arise under contracts carried out by the company in the ordinary course of business. It is not possible to predict with any certainty the results of these claims but the directors believe, taking into account counter-claims, claims against third parties and provisions in the accounts, that the outcome will not have a material effect on the company's financial position.

Notes (continued)

17 Pension schemes

With effect from April 2003 the company participates in the Lend Lease UK Pension Scheme in respect of its employees. Employees are eligible for membership only of that part of the Scheme known as the 2003 Plan, and can choose between a defined contribution option or a defined benefit option, the latter generally being chosen by employees aged over 45. Contributions paid to the scheme on behalf of employees who have chosen the defined benefit option are based on pension costs across the companies within the Lend Lease UK Pension Scheme as a whole. The assets and liabilities of the scheme are not separately allocated to each participating company. Details of this defined benefits scheme, including the level of solvency and the basis on which the future contribution rate is determined and the disclosures required under the transitional arrangements of FRS 17 are set out in the financial statements of Bovis Lend Lease Holdings Limited, the parent undertaking which sponsors the scheme.

For the year ended 30 June 2005 the company contributions paid to the Lend Lease UK Pension Scheme were £571,818 (2004: £639,546).

Note 5 to the financial statements shows the total cost to the company of the schemes operated during the year. This includes contributions of £277,363 (2004: £416,429) made to the Group Personal Pension Scheme operated by the company, the assets of which are held separately from those of the company in an independently administered fund. Although this scheme was closed to new members with effect from April 2003, the company continues to make contributions to it on behalf of the existing members who have chosen not to join the Lend Lease UK Pension Scheme.

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Tanshire Limited, a company incorporated in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of this group may be obtained from Level 46, Australia Square, George Street, Sydney, Australia, or from its website at www.lendlease.com.au.

The smallest group in which they are consolidated is that headed by Lend Lease Europe Holdings Limited, incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff.