

Bovis Lend Lease Pharmaceutical Limited
(formerly Bovis Tanvec Limited)

**Directors' report and financial
statements**

Registered number 3133137

30 June 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

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 2000, as disclosed on page 4, show a profit of £437,559 (*period from 21 July 1998 to 30 June 1999: £500,847*). 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 continuing profitability in the future.

The company formally changed its name to Bovis Tanvec Limited on 18 October 1999 and to Bovis Lend Lease Pharmaceutical Limited on 29 November 2000.

Directors and directors' interests

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

JF Haggett
PH Janssenswillen (resigned 28 February 2001)
PJ Wilkinson

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The above directors are also directors of Bovis Tanvec Group Limited, the company's holding company. Their interests in the share capital of that company are disclosed in the financial statements of that company.

Auditors

On 4 July 2000, PricewaterhouseCoopers resigned as auditors and KPMG were appointed.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board and signed on its behalf

JF Haggett
Director



19 April 2001

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JF Haggett
Director



19 April 2001

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.



PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of Bovis Lend Lease Pharmaceutical Limited *(formerly Bovis Tanvec Limited)*

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

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. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors

23 June 2001

Profit and loss account
for the year ended 30 June 2000

	<i>Note</i>	Year ended 30 June 2000	Period from 21 July 1998 to 30 June 1999
		£	£
Turnover	2	13,579,973	12,581,730
Cost of sales		(5,638,014)	(5,787,627)
Gross profit		7,941,959	6,794,103
Administration expenses		(7,308,659)	(6,206,459)
Operating profit		633,300	587,644
Income from shares in group undertakings		-	27,000
Interest receivable	6	2,865	12,144
Interest payable and similar charges	7	(6,115)	(53,941)
Profit on ordinary activities before taxation	3	630,050	572,847
Tax on profit on ordinary activities	8	(192,491)	(72,000)
Profit on ordinary activities after taxation		437,559	500,847
Dividends	9	-	(690,000)
Retained profit/(loss) for the financial year	16	437,559	(189,153)
Retained profit brought forward		5,659	194,812
Retained profit carried forward		443,218	5,659

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.

Balance sheet
At 30 June 2000

	<i>Notes</i>	2000 £	1999 £
Fixed assets			
Tangible fixed assets	10	407,412	452,685
Investments	11	867,263	867,263
		<hr/>	<hr/>
		1,274,675	1,319,948
Current assets			
Debtors	12	3,310,656	3,002,857
Creditors: amounts falling due within one year	13	(3,291,613)	(3,462,950)
		<hr/>	<hr/>
Net current assets/(liabilities)		19,043	(460,093)
Total assets less current liabilities		1,293,718	859,855
Creditors: amounts falling due after more than one year	14	-	(3,696)
		<hr/>	<hr/>
Net assets		1,293,718	856,159
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	850,500	850,500
Profit and loss account		443,218	5,659
		<hr/>	<hr/>
Equity shareholders' funds	16	1,293,718	856,159
		<hr/>	<hr/>

The financial statements on pages 4 to 13 were approved by the board of directors on 19 April 2001 and were signed on its behalf by:

JF Haggett
 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 have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

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.

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

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 the 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.

Fixed asset investments

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

Notes (continued)

1 Accounting policies (continued)

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

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Long term contracts

The amount of profit attributable to the state of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their state of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

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

3 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: audit services	30,000	30,000
Exchange losses/(gains)	5,108	(375)
Hire of plant and machinery	11,732	12,964
Hire of other assets	190,629	59,209
Depreciation – owned assets	205,055	228,518
- finance leased and hire purchase assets	4,708	132,675
Loss on disposal of tangible fixed assets	8,291	18,470
Operating lease charges – land and buildings	345,130	350,051
- motor vehicles	228,984	50,515
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

	2000 £	1999 £
Directors' emoluments	230,570	183,152
Company contributions to money purchase pension schemes	17,850	6,722
	<u>248,420</u>	<u>189,874</u>

The company contributes to money purchase pension schemes on behalf of 3 directors (1999: 3 directors).

The emoluments of the highest paid director were £85,261 (1999: £66,332) and company pension contributions of £7,750 (1999: £2,410) 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	
	2000	1999
Technical and professional	131	128
Administration	26	23
	<u>157</u>	<u>151</u>

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	5,015,125	4,305,545
Social security costs	528,200	427,423
Other pension costs	91,908	69,428
	<u>5,635,233</u>	<u>4,802,396</u>

6 Other interest receivable and similar income

	2000 £	1999 £
Interest receivable on cash and bank balances	2,865	12,144

Notes (continued)

7 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	3,770	18,834
Penalty interest on late payment of Corporation Tax	170	-
Finance leases and hire purchase contracts	2,175	35,107
	<u>6,115</u>	<u>53,941</u>

8 Taxation

	2000 £	1999 £
<i>UK Corporation Tax</i>		
Current tax on income for the year	179,000	72,000
Adjustments in respect of prior years	13,491	-
	<u>192,491</u>	<u>72,000</u>

The tax charge for the period ended 30 June 1999 was reduced because of group relief received from a fellow subsidiary undertaking. No payment for this group relief was made by the company.

Deferred taxation

At 30 June 2000 the company had a deferred tax asset of £77,000 (1999: £30,750), which has not been recognised in these accounts.

	2000 £	1999 £
<i>An analysis of the asset is set out below:</i>		
Difference between accumulated depreciation and capital allowances	68,000	21,750
Short term timing differences	9,000	9,000
	<u>77,000</u>	<u>30,750</u>

9 Dividends

	2000 £	1999 £
<i>Equity shares:</i>		
1 st interim paid: £nil (1999: 70.0p) per £1 share	-	595,000
2 nd interim paid: £nil (1999: 11.1p) per £1 share	-	95,000
	<u>-</u>	<u>690,000</u>

Notes (continued)

10 Tangible fixed assets

	Motor Vehicles	Computers and electronic equipment	Furniture & equipment	Total
	£	£	£	£
<i>Cost or valuation</i>				
At beginning of year	39,620	354,157	290,344	684,121
Additions	-	175,064	8,067	183,131
Disposals	(28,145)	-	-	(28,145)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	11,475	529,221	298,411	839,107
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	12,105	147,378	71,953	231,436
Charge for the year	3,561	150,598	55,604	209,763
Disposals	(9,504)	-	-	(9,504)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	6,162	297,976	127,557	431,695
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2000	5,313	231,245	170,854	407,412
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	27,515	206,779	218,391	452,685
	<hr/>	<hr/>	<hr/>	<hr/>

Assets held under finance leases and hire purchase contracts, and capitalised in:

	2000 £	1999 £
Computers and electronic equipment		
Cost	14,125	62,096
Aggregate depreciation	(14,125)	(41,397)
	<hr/>	<hr/>
Net book value at 30 June 2000	-	20,699
	<hr/>	<hr/>
Furniture and equipment		
Cost	-	66,004
Aggregate depreciation	-	(16,501)
	<hr/>	<hr/>
Net book value at 30 June 2000	-	49,503
	<hr/>	<hr/>

Notes (continued)

11 Fixed asset investments

	<i>Shares in subsidiary undertakings £</i>
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.

12 Debtors

	2000 £	1999 £
Trade debtors	2,147,621	1,415,621
Amounts recoverable on contracts	539,373	987,438
Amounts owed by other group undertakings	221,559	264,398
Other debtors	158,122	98,802
Prepayments and accrued income	243,981	236,598
	<u>3,310,656</u>	<u>3,002,857</u>

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	98,216	323,697
Payments received on account	631,191	170,493
Trade creditors	1,436,669	1,597,842
Obligations under finance leases and hire purchase (note 14)	4,232	44,690
Corporation tax	134,000	72,000
Taxation and social security	199,014	177,357
Other creditors	77,285	174,547
Accruals and deferred income	711,006	902,324
	<u>3,291,613</u>	<u>3,462,950</u>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	3,696
	-	3,696

The maturity of obligations under finance leases and hire purchase contracts is as follows:

Within one year	4,232	44,690
In second to fifth years	-	3,696
Over five years	-	-
	4,232	48,386

15 Called up share capital

	2000 £	1999 £
<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

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	437,559	500,847
Dividends	-	(690,000)
	437,559	(189,153)
Shareholders' funds at 1 July 1999	856,159	1,045,312
Shareholders' funds at 30 June 2000	1,293,718	856,159

Notes (continued)

17 Financial commitments

At 30 June 2000 the company had the following annual commitments under non-cancellable operating leases expiring as follows:

	2000		1999	
	Motor vehicles £	Land and Buildings £	Motor vehicles £	Land and buildings £
Within 1 year	33,183	-	30,557	-
Between 2 and 5 years	187,852	52,700	132,440	52,700
Over 5 years	-	340,409	-	340,409
	<hr/>	<hr/>	<hr/>	<hr/>
	221,035	393,109	162,997	393,109
	<hr/>	<hr/>	<hr/>	<hr/>

18 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.

19 Events during the year

On 2 August 1999 the ultimate parent company and ultimate controlling party became The Peninsular and Oriental Steam Navigation Company.

On 29 October 1999 the ultimate parent company and ultimate controlling party became Lend Lease Corporation Limited, a company incorporated in Australia.

20 Post balance sheet events

On 29 November 2000 the company formally changed its name to Bovis Lend Lease Pharmaceutical Limited.

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

The company is a subsidiary undertaking of Bovis Tanvec Group 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.

The smallest group in which the financial statements of the company are consolidated is that headed by Bovis Tanvec Group Limited. The consolidated financial statements of this group may be obtained from Tanshire House, Shackleford Road, Elstead, Surrey, GU8 6LB.