

DISHMAN EUROPE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

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DISHMAN EUROPE LIMITED

COMPANY INFORMATION

Directors

J. R. Vyas Esq.
Ms A. Vyas
M. I. Armstrong Esq.

Secretary

Ms A. Vyas

Company number

03406047

Registered office

138 Park Lane
London
W1K 7AS

Auditors

Munslow Messias
138 Park Lane
London
W1K 7AS

DISHMAN EUROPE LIMITED

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DISHMAN EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report and the audited accounts for the company for the year ended 31st December 2001.

Principal activities

The company's principal activity continued to be the importation and distribution of chemical and pharmaceutical products.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st December	At 1st January 2001
		2001	
J. R. Vyas Esq.	£1 ordinary shares	-	-
Ms A. Vyas	£1 ordinary shares	-	-
M. I. Armstrong Esq.	£1 ordinary shares	-	-

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 year. In preparing those accounts 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 accounts;

Prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISHMAN EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

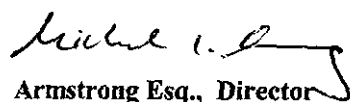
Auditors

A resolution to re-appoint Munslow Messias, Chartered Certified Accountants and Registered Auditors, as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

By order of the Board


M. I. Armstrong Esq., Director

3rd July 2002

138 Park Lane

London

W1K 7AS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISHMAN EUROPE LIMITED

We have audited the accounts of Dishman Europe Limited for the year ended 31st December 2001 on pages 4 to 10. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Munslow Messias

Munslow Messias
Chartered Certified Accountants and Registered Auditors
138 Park Lane
London
W1K 7AS
Date: 3rd July 2002

DISHMAN EUROPE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	2001 £	2000 £
Turnover	2	4,463,425	1,833,159
Cost of sales		(3,688,107)	(1,481,511)
Gross profit		775,318	351,648
Administrative expenses		(641,772)	(433,386)
		133,546	(81,738)
Other operating income		4,648	158,536
Operating profit	3	138,194	76,798
Interest receivable		1,038	1,017
Interest payable and similar charges		-	(1,453)
Profit on ordinary activities before taxation		139,232	76,362
Tax on profit on ordinary activities	5	(4,734)	-
Profit for the financial year		134,498	76,362
Retained loss brought forward		(115,735)	(192,097)
Retained profit/loss carried forward		18,763	(115,735)

DISHMAN EUROPE LIMITED

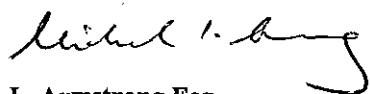
BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		12,477		13,426
Current assets					
Stocks		894,366		460,262	
Debtors	7	648,964		306,661	
Cash at bank and in hand		114,723		149,348	
		<u>1,658,053</u>		<u>916,271</u>	
Creditors: amounts falling due within one year	8	<u>(1,492,767)</u>		<u>(886,432)</u>	
Net current assets			<u>165,286</u>		<u>29,839</u>
Total assets less current liabilities			<u>177,763</u>		<u>43,265</u>
Capital and reserves					
Share capital	9		159,000		159,000
Profit and loss account			18,763		(115,735)
Shareholders' funds			<u>177,763</u>		<u>43,265</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000).

These accounts were approved by the board on 3rd July 2002 and signed on its behalf by:



M. I. Armstrong Esq.
Director

DISHMAN EUROPE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets using the reducing balance method over their expected useful lives. The rates and period generally applicable are:

Plant and machinery	15% per annum
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Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DISHMAN EUROPE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The percentage of turnover attributable to overseas markets was 95% (2000: 87%).

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	2,202	2,369
Operating leases	30,569	3,806
Pension contributions	14,453	9,281
Auditors' remuneration	2,000	2,000

4 Directors' remuneration

	2001	2000
	£	£
Aggregate emoluments	154,703	113,614

5 Taxation

	2001	2000
	£	£
Based on the profit for the year:		
UK corporation tax at 20%	4,534	-
	4,534	-
Prior periods		
UK corporation tax	200	-
	4,734	-

DISHMAN EUROPE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

6 Tangible fixed assets

	Furniture and equipment	Total
Cost	£	£
At 1st January 2001	19,457	19,457
Additions	1,253	1,253
At 31st December 2001	20,710	20,710
Depreciation		
At 1st January 2001	6,031	6,031
Charge for the year	2,202	2,202
At 31st December 2001	8,233	8,233
Net book value		
At 31st December 2001	12,477	12,477
<i>At 31st December 2000</i>	<i>13,426</i>	<i>13,426</i>

7 Debtors

	2001	2000
	£	£
Trade debtors	580,441	275,363
Amounts owed by fellow subsidiary undertakings	3,333	6,271
Other debtors	41,147	4,467
Prepayments and accrued income	24,043	10,066
Director's loan account	-	10,494
	648,964	306,661

DISHMAN EUROPE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

8	Creditors: amounts falling due within one year	2001	2000
		£	£
	Bank overdrafts	7,449	-
	Trade creditors	27,937	25,649
	Amounts owed to parent undertaking	1,377,079	771,032
	Amounts owed to fellow subsidiary undertakings	42,305	58,575
	Corporation tax	4,534	-
	Other taxes and social security	10,365	7,603
	Accruals and deferred income	23,033	12,573
	Directors' loan	65	11,000
		<u>1,492,767</u>	<u>886,432</u>

The parent undertaking has indicated that it will continue to provide financial support to enable the company to continue to trade.

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

9	Share capital	2001	2000
		£	£
	Authorised		
	500,000 Ordinary shares of £1.00 each	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
	Allotted		
	159,000 Allotted, called up and fully paid ordinary shares of £1.00 each	159,000	159,000
		<u>159,000</u>	<u>159,000</u>

10 Pension scheme

The company operates a defined contribution pension scheme for the benefit of certain employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £14,453 (2000: £9,281).

DISHMAN EUROPE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

11 Ultimate holding company

In the directors' opinion the company's ultimate parent company and controlling party is Dishman Pharmaceuticals Pvt Limited, a company which is incorporated in India..

Goods to the value of £3,680,858 were purchased from the parent company. Goods to the value of £330,084 were purchased from a fellow subsidiary undertaking. All transactions were carried out at arms' length on an open market value basis.

The amounts due to and from the parent company and fellow subsidiary undertakings are disclosed in notes 7 and 8 to the accounts.

12 Operating lease commitments

At 31st December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001	2000
	£	£
Operating leases which expire:		
After five years	33,376	-
	<u>33,376</u>	<u>-</u>