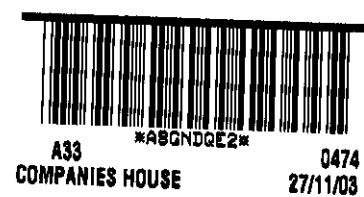


Registration number 02737126

8PM Chemist Limited

Directors' report and financial statements

for the period ended 1 December 2002



8PM Chemist Limited

Company information

Directors	V Aggarwal M Aggarwal
Secretary	V Aggarwal
Company number	02737126
Registered office	61 Wolverhampton Street Willenhall West Midlands WV13 2NF
Auditors	The Baker Partnership Baker House 85 York Avenue Finchfield Wolverhampton WV3 9BS
Bankers	National Westminster Bank plc 10 High Street Wednesfield Wolverhampton WV11 1TA

8PM Chemist Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 17

8PM Chemist Limited

Directors' report for the period ended 1 December 2002

The directors present their report and the financial statements for the period ended 1 December 2002.

Principal activity and review of the business

The principal activity of the company during the period was that of dispensing chemists.

The directors consider the company's affairs to be satisfactory.

Results and dividends

The results for the period, and the company's position at the end of the period, are set out in the attached financial statements.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the period and their interests in the company are as stated below:

	Ordinary shares	
	01/12/02	07/04/02
V Aggarwal	-	-
M Aggarwal	-	-

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

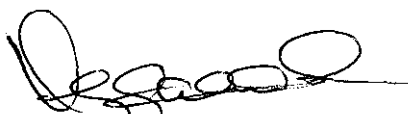
8PM Chemist Limited

**Directors' report
for the period ended 1 December 2002**

Auditors

The Baker Partnership were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 24 September 2003 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'V Aggarwal', with a long horizontal line extending to the right.

**V Aggarwal
Company Secretary**

8PM Chemist Limited

Independent auditors' report to the shareholders of 8PM Chemist Limited

We have audited the financial statements on pages 5 to 17 of 8PM Chemist Limited for the period ended 1 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the directors' report 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 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 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.

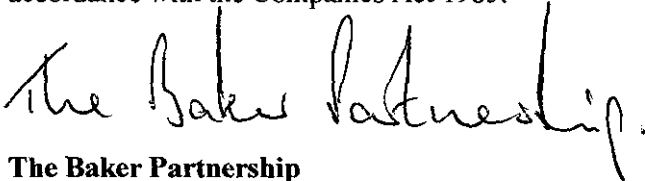
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

8PM Chemist Limited

Independent auditors' report to the shareholders of 8PM Chemist Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 December 2002 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



The Baker Partnership
Chartered Certified Accountants and
Registered Auditors
24 September 2003

Baker House
85 York Avenue
Finchfield
Wolverhampton
WV3 9BS

8PM Chemist Limited

Profit and loss account For the period ended 1 December 2002

		Period ended 01/12/02 £	Year ended 07/04/02 £
	Notes		
Turnover	2	3,914,964	4,953,410
Cost of sales		(2,875,798)	(3,516,174)
Gross profit		<u>1,039,166</u>	<u>1,437,236</u>
Administrative expenses		(1,331,252)	(1,341,380)
Operating (loss)/profit	3	<u>(292,086)</u>	<u>95,856</u>
Other interest receivable and similar income	4	47,683	50,967
Interest payable and similar charges	5	<u>(2,217)</u>	<u>(13,714)</u>
(Loss)/profit on ordinary activities before taxation		(246,620)	133,109
Tax on (loss)/profit on ordinary activities	7	24,067	(39,637)
Retained (loss)/profit for the period		<u>(222,553)</u>	<u>93,472</u>
Retained profit brought forward		823,645	730,173
Retained profit carried forward		<u>601,092</u>	<u>823,645</u>

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.

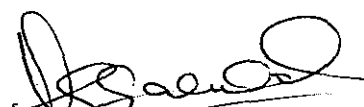
The notes on pages 8 to 17 form an integral part of these financial statements.

8PM Chemist Limited

**Balance sheet
as at 1 December 2002**

		01/12/02		07/04/02	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		215,136		208,209
Tangible assets	9		124,155		131,673
			<u>339,291</u>		<u>339,882</u>
Current assets					
Stocks	10	530,406		496,665	
Debtors	11	1,142,989		517,760	
Cash at bank and in hand	12	2,097,760		1,864,178	
			<u>3,771,155</u>	<u>2,878,603</u>	
Creditors: amounts falling due within one year	13	(1,883,544)		(777,295)	
Net current assets			<u>1,887,611</u>		<u>2,101,308</u>
Total assets less current liabilities			2,226,902		2,441,190
Creditors: amounts falling due after more than one year	14		(162,832)		(196,325)
Provisions for liabilities and charges	16		(983,717)		(941,959)
Net assets			<u>1,080,353</u>		<u>1,302,906</u>
Capital and reserves					
Called up share capital	22		100		100
Share premium account	23		479,161		479,161
Profit and loss account	23		601,092		823,645
Shareholders' funds	24		<u>1,080,353</u>		<u>1,302,906</u>

The financial statements were approved by the Board on 24 September 2003 and signed on its behalf by



V Aggarwal
Director

The notes on pages 8 to 17 form an integral part of these financial statements.

8PM Chemist Limited

Cash flow statement for the period ended 1 December 2002

	Notes	Period ended 01/12/02 £	Year ended 07/04/02 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating (loss)/profit		(292,086)	95,856
Depreciation		31,244	67,059
Loss/(profit) on disposal of fixed assets		6,953	(7,813)
(Increase) in stocks		(33,741)	(32,566)
(Increase)/decrease in debtors		(598,581)	13,969
Increase/(decrease) in creditors		1,106,250	(338,932)
Increase in provisions		39,177	207,945
Net cash inflow from operating activities		<u>259,216</u>	<u>5,518</u>
Cash flow statement			
Net cash inflow from operating activities		259,216	5,518
Returns on investments and servicing of finance	25	45,466	37,253
Capital expenditure	25	(37,607)	293,067
Taxation		-	(30,473)
Increase in cash in the period		<u>267,075</u>	<u>305,365</u>
Reconciliation of net cash flow to movement in net funds (Note 26)			
Increase in cash in the period		267,075	305,365
Net funds at 8 April 2002		<u>1,624,853</u>	<u>1,319,488</u>
Net funds at 1 December 2002		<u>1,891,928</u>	<u>1,624,853</u>

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.4. Product Licences

Product licences are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 20 years.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	15% straight line
Fixtures, fittings and equipment	-	15% straight line
Motor vehicles	-	15% straight line

1.6. Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.7. Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

1.8. Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

1.9. Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

1.10. Group accounts

In the opinion of the directors, the company and its parent company comprise a medium size group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

1.11. Employee Benefit Trust

Assets held in the Employee Benefit Trust are recognised as assets of the company until they vest unconditionally in identified beneficiaries.

2. Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK, and is stated after trade discounts, other sales taxes and net of VAT.

	Period ended 01/12/02 £	Year ended 07/04/02 £
3. Operating (loss)/profit		
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off intangible assets	9,499	28,366
Depreciation and other amounts written off tangible assets	21,744	38,693
Loss/(profit) on disposal of tangible fixed assets	6,953	(7,813)
Auditors' remuneration	3,000	3,500
Operating lease costs:		
Land and buildings	89,104	103,976
Employee Benefit Trust	38,657	207,945
	<hr/>	<hr/>
	Period ended 01/12/02 £	Year ended 07/04/02 £
4. Interest receivable and similar income		
Bank interest	47,683	50,967
	<hr/>	<hr/>

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

	Period ended 01/12/02	Year ended 07/04/02
	£	£
5. Interest payable and similar charges		
Interest payable on bank borrowings	2,217	13,714

6. Employees

	Period ended 01/12/02	Year ended 07/04/02
Number of employees	Number	Number
The average monthly numbers of employees (including the directors) during the period were:		
Total excluding executive directors	62	53
Directors	2	2
	<u>64</u>	<u>55</u>

Employment costs	01/12/02	07/04/02
	£	£
Wages and salaries	868,366	491,878
Social security costs	17,044	25,790
Other pension costs	1,600	2,400
	<u>887,010</u>	<u>520,068</u>

6.1. Directors' emoluments

	Period ended 01/12/02	Year ended 07/04/02
	£	£
The directors' aggregate emoluments in respect of qualifying services were:		
Remuneration and other emoluments	196,667	-

The directors of the company, V Aggarwal and M Aggarwal, are both shareholders and officers of Regardcatch Limited, the ultimate parent company. In addition to the above amounts, aggregate emoluments totalling £25,333 (year to 07/04/02: £38,000) were paid to them as directors by Regardcatch Limited in respect of their services provided to 8PM Chemist Limited.

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

7. Tax on (loss)/profit on ordinary activities

Analysis of (recovery)/charge in period	Period ended 01/12/02 £	Year ended 07/04/02 £
Current tax		
UK corporation tax payable at 30% on current year profit	-	53,090
less small companies relief		(14,341)
UK corporation tax recoverable on losses carried back to prior year	(26,648)	-
Total current tax charge	(26,648)	38,749
Deferred tax		
Increase in deferred tax provision	2,581	888
Total deferred tax	2,581	888
Tax on (loss)/profit on ordinary activities	(24,067)	39,637

The company surrendered taxation losses of £101,785 to its parent company, Regardcatch Limited.

8. Intangible fixed assets

	Product licences £	Goodwill £	Total £
Cost			
At 8 April 2002	135,862	140,923	276,785
Additions	16,425	-	16,425
At 1 December 2002	152,287	140,923	293,210
Provision for diminution in value			
At 8 April 2002	5,851	62,725	68,576
Charge for period	4,802	4,696	9,498
At 1 December 2002	10,653	67,421	78,074
Net book values			
At 1 December 2002	141,634	73,502	215,136
At 7 April 2002	130,011	78,198	208,209

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

9. Tangible fixed assets	Short	Plant and	Fixtures,	Motor	Total
	leasehold property £	machinery £	fittings and equipment £	vehicles £	£
Cost					
At 8 April 2002	26,600	58,333	94,959	59,402	239,294
Additions	-	8,772	860	14,650	24,282
Disposals	-	-	-	(20,106)	(20,106)
At 1 December 2002	<u>26,600</u>	<u>67,105</u>	<u>95,819</u>	<u>53,946</u>	<u>243,470</u>
Depreciation					
At 8 April 2002	923	36,111	39,276	31,311	107,621
On disposals	-	-	-	(10,050)	(10,050)
Charge for the period	718	5,996	9,538	5,492	21,744
At 1 December 2002	<u>1,641</u>	<u>42,107</u>	<u>48,814</u>	<u>26,753</u>	<u>119,315</u>
Net book values					
At 1 December 2002	<u>24,959</u>	<u>24,998</u>	<u>47,005</u>	<u>27,196</u>	<u>124,155</u>
At 7 April 2002	<u>25,677</u>	<u>22,222</u>	<u>55,683</u>	<u>28,091</u>	<u>131,673</u>
10. Stocks				01/12/02 £	07/04/02 £
Stock for resale				<u>530,406</u>	<u>496,665</u>
11. Debtors				01/12/02 £	07/04/02 £
Trade debtors				955,304	455,388
Amounts owed by group undertakings				31,842	-
Other debtors				129,195	61,914
Corporation tax recoverable				26,648	-
Prepayments and accrued income				-	458
				<u>1,142,989</u>	<u>517,760</u>

Included in prepayments and accrued income is £0 (07/04/02: £458) held by the Employee Benefit Trust. These assets are for the benefit of qualifying employees only.

8PM Chemist Limited

**Notes to the financial statements
for the period ended 1 December 2002**

12. Cash at bank	01/12/02	07/04/02
	£	£
Employee Benefit Trust cash at bank	970,057	931,400
Company cash at bank	1,127,703	932,778
	<u>2,097,760</u>	<u>1,864,178</u>

The Employee Benefit Trust cash at bank is for the benefit of qualifying employees only.

13. Creditors: amounts falling due within one year	01/12/02	07/04/02
	£	£
Bank loan	43,000	43,000
Trade creditors	1,160,140	441,814
Amounts owed to group undertaking	-	39,080
Corporation tax	38,749	38,749
Other taxes and social security costs	-	8,696
Accruals and deferred income	641,655	205,956
	<u>1,883,544</u>	<u>777,295</u>

Included in accruals and deferred income is:

Employee Benefit Trust	-	978
	<u>-</u>	<u>978</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

Bank loans and overdrafts	43,000	43,000
	<u>43,000</u>	<u>43,000</u>

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

14. Creditors: amounts falling due after more than one year	01/12/02 £	07/04/02 £
Bank loans and overdrafts	162,832	196,325

The company's bank loans are repayable over the next six years, with interest being charged at 0.75% above National Westminster Bank plc base rate.

Security given:

First legal mortgage dated 8 April 1997 over leasehold deeds of 61 Wolverhampton Street;

First legal mortgage dated 8 April 1997 over leasehold deeds of 2 Wolverhampton Street;

First legal mortgage dated 8 April 1997 over leasehold deeds of 1 and 2 Stafford Street, Willenhall;

Unsecured mortgage debenture dated 8 April 1997 incorporating a fixed and floating charge over all current and future assets of the company;

Right of set-off incorporated in legal mortgage dated 8 April 1997 and 25 April 2000;

Cross company guarantee unlimited by Regardcatch Limited dated 8 April 1997;

Guarantee given by AAH Pharmaceutical Limited of £400,000 dated 17 November 1998.

15. Creditors: capital instruments

Creditors include finance capital which is due for repayment as follows:

	01/12/02 £	07/04/02 £
In one year or less, or on demand	43,000	43,000
Between one and two years	43,000	43,000
Between two and five years	119,832	129,000
In five years or more	-	24,325
	<u>205,832</u>	<u>239,325</u>
	01/12/02 £	07/04/02 £
Less included in creditors: amounts falling due within one year (note 9)	<u>43,000</u>	<u>43,000</u>

8PM Chemist Limited

**Notes to the financial statements
for the period ended 1 December 2002**

16. Provisions for liabilities and charges

	Deferred taxation (Note 17) £	Other provisions (Note 18) £	Total £
At 8 April 2002	11,079	930,880	941,959
Movement in period	2,581	39,177	41,758
At 1 December 2002	<u>13,660</u>	<u>970,057</u>	<u>983,717</u>

17. Provision for deferred taxation

	01/12/02 £	07/04/02 £
The movement in the deferred taxation provision during the period was		
Provision brought forward	11,079	10,191
Profit and loss account movement arising during period	2,581	888
Provision carried forward	<u>13,660</u>	<u>11,079</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of the excess of taxation allowances over depreciation on fixed assets.

18. Other provisions

	01/12/02 £	07/04/02 £
Employee Benefit Trust constructive liability:		
Balance brought forward	930,880	722,935
Movement for year	39,177	207,945
Provision carried forward	<u>970,057</u>	<u>930,880</u>

The provision represents the constructive liability for future payments out of the Employee Benefit Trust to qualifying employees of the company.

19. Commitments under operating leases

The company had the following annual commitments under non-cancellable operating leases:

	01/12/02 £	07/04/02 £
Operating leases which expire after more than five years	<u>88,800</u>	<u>88,800</u>

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

20. Contingencies

The company has entered into a number of agreements with a third party whereby they will provide dossiers for pharmaceutical products and make marketing authorisation applications on behalf of the company to the regulatory authorities in the UK. An up-front fee representing 50% of the total amount is payable to the third party upon signing of the agreement and the remainder is payable upon obtaining the licence from the regulatory authority.

21. Related Party Transactions

During the period under review the company paid management charges amounting to £166,667 (April 2002: £300,000) and rent for property of £30,000 (April 2002: £33,750) to its parent company, Regardcatch Limited.

At the balance sheet date the company was owed £ 31,842 by (April 2002 - owed £39,080 to) Regardcatch Limited.

22. Share capital	01/12/02 £	07/04/02 £
Authorised		
1,000 Ordinary shares of 1 each	100,000	100,000
Allotted, called up and fully paid		
100 Ordinary shares of 1 each	100	100

23. Equity Reserves	Share premium account £	Profit and loss account £	Total £
At 8 April 2002	479,161	823,645	1,302,806
(Loss) for the period	-	(222,553)	(222,553)
At 1 December 2002	479,161	601,092	1,080,253

24. Reconciliation of movements in shareholders' funds	01/12/02 £	07/04/02 £
(Loss)/profit for the period	(222,553)	93,472
Opening shareholders' funds	1,302,906	1,209,434
Closing shareholders' funds	1,080,353	1,302,906

8PM Chemist Limited

Notes to the financial statements for the period ended 1 December 2002

25. Gross cash flows

	01/12/02 £	07/04/02 £
Returns on investments and servicing of finance		
Interest received	47,683	50,967
Interest paid	(2,217)	(13,714)
	<u>45,466</u>	<u>37,253</u>
Capital expenditure		
Payments to acquire intangible assets	(16,425)	(66,728)
Payments to acquire tangible assets	(24,282)	(80,782)
Receipts from sales of tangible assets	3,100	440,577
	<u>(37,607)</u>	<u>293,067</u>

26. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	1,864,178	233,582	2,097,760
Debt due within one year	<u>(43,000)</u>	-	<u>(43,000)</u>
Debt due after one year	(196,325)	33,493	(162,832)
	<u>(239,325)</u>	<u>33,493</u>	<u>(205,832)</u>
Net funds	<u>1,624,853</u>	<u>267,075</u>	<u>1,891,928</u>

27. Ultimate parent company

8PM Chemist Limited is a wholly owned subsidiary of Regardcatch Limited. Regardcatch Limited provides management services and leasehold accommodation to 8PM Chemist Limited.

The transactions between the two companies are disclosed within the notes to the accounts under related parties.