

REGISTERED NUMBER: 3071324

England and Wales

XiMED GROUP PLC

REPORTS AND ACCOUNTS

31 DECEMBER 2001

XiMED GROUP PLC

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XIMED GROUP PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

The restructuring of the group is now complete, with the laboratories in Cardiff closed and vacated, and also the offices and laboratories in Harwell have been closed, and vacated. The majority of the scientific equipment has now been disposed of successfully.

The company is now focusing on intellectual property and projects where there is a real commercial possibility of creating value. One in particular is that in relation to Pierces Disease, and trials are now ongoing in North America where the terpene formulation has been applied to both vines and peach trees, with the results expected later this year.

I am pleased to welcome to the Board Greg Henley-Price as an Executive Director.

After a difficult period last year when the cash position was difficult the funding of the company has been put on a better basis by a placing, which means we now have cash in the bank.

A Baldry MP
30 July 2002

XiMED GROUP PLC

REPORT OF THE DIRECTORS

The directors present their annual report with the accounts of the Group and the Company for the year ended 31 December 2001.

Principal activity

The principal activities of the Group in the year under review were the development, marketing and distribution of health related products.

The review of this year's business activities are as set out in the Chairman's Statement.

Research and development

An indication of research and development activities is included within the Chairman's Statement.

Results and dividends

The loss for the year after taxation amounted to £2,130,828 (2000 - £1,950,460). The directors are unable to recommend any dividend.

Directors

The directors in office in the year and their beneficial interests in the Company's issued ordinary share capital at the end of the year or the date of resignation were as follows:-

		Ordinary shares of £0.01 each	
		<u>2001</u>	<u>2000</u>
Professor D E Young	(resigned 15 June 2001)	117,832	158,665
K W Brooks		425,165	425,165
A B Baldry	(re-appointed 19 December 2001)	-	-
J R Whittle	(resigned 10 August 2001)	-	-
W F Widger		-	-
		-----	-----
		542,997	583,830
		-----	-----

Mr G J Henley-Price was appointed as a director on 22 March 2002.

XiMED GROUP PLC

REPORT OF THE DIRECTORS

...continued...

The directors have been granted options to subscribe for ordinary shares of £0.01 in the Company as set out below:-

	<u>At</u> <u>01.01.01</u>	<u>Granted</u> <u>in the year</u>	<u>Lapsed</u> <u>in year</u>	<u>At</u> <u>31.12.01</u>	<u>Exercise</u> <u>price</u>	<u>Date from</u> <u>which</u> <u>exercisable</u>	<u>Expiry</u> <u>date</u>
					£		
K W Brooks	50,000	-	-	50,000	0.135	22-12-00	21-12-07
	10,000	-	-	10,000	1.35	19-07-02	18-07-04
	18,900	-	-	18,900	1.35	14-12-02	13-12-04
	43,100	-	-	43,100	1.60	14-12-02	13-12-04
	125,000	-	-	125,000	0.95	08-12-03	07-12-05
	247,000	-	-	247,000			
W Widger	100,000	-	-	100,000	1.60	04.05.00	19.04.07
	50,000	-	-	50,000	0.95	08.12.03	07.12.05
	150,000	-	-	150,000			
A B Baldry	10,000	-	-	10,000	1.35	19.07.02	18.07.04
	5,000	-	-	5,000	1.70	05.03.99	14.07.06
	33,800	-	-	33,800	1.60	14.12.02	13.12.04
	4,200	-	-	4,200	1.35	14.12.02	13.12.04
	50,000	-	-	50,000	0.95	08.12.03	07.12.05
	100,000	-	-	100,000	1.60	04.05.00	19.04.07
	203,000	-	-	203,000			

The directors have no interest in the shares of any other Group Company, including rights to subscribe for shares.

XiMED GROUP PLC

REPORT OF THE DIRECTORS

...continued...

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 as at the end of the financial year and of the profit or loss of the Company for that period. 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;
- follow applicable accounting standards, 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 maintaining 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 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.

Payment of creditors

It is the Group and Company's policy to pay suppliers within an acceptable period of allowed creditors days in accordance with the agreed terms. The Group and Company acted in accordance with this policy throughout the year.

Auditors

Solomon Hare were appointed auditors during the year and will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Board of Directors:

Oxford Corporate Services Limited

Oxford Corporate Services Limited, Company Secretary

Approved by the Board on 30 July 2002.

Registered Office:

1 Des Roches Square
Witan Way
Witney
Oxfordshire OX8 6BE

XiMED GROUP PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF

XiMED GROUP PLC

We have audited the financial statements for the year ended 31 December 2001 on pages 7 to 30. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 13 to 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of 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 Report of the Directors 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 Chairman's Statement and the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2001 and of the Group's results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare

Solomon Hare
Chartered Accountants
37 Market Place
CHIPPENHAM
Wiltshire
SN15 3HT

30 July 2002

XiMED GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
Turnover	2	196,038	253,115
Cost of sales		(142,238)	(88,335)
		-----	-----
Gross profit/(loss)		53,800	164,780
Administration expenses		(2,015,884)	(1,940,581)
Amortisation of goodwill		(176,143)	(176,143)
		-----	-----
Other operating income	4	(2,138,227)	(1,951,944)
		11,000	5,000
		-----	-----
Operating loss	3	(2,127,227)	(1,946,944)
Interest receivable and similar income		2,817	7,590
		-----	-----
Interest (payable) and similar charges	5	(2,124,410)	(1,939,354)
		(6,418)	(11,106)
		-----	-----
Loss on ordinary activities before taxation		(2,130,828)	(1,950,460)
Tax on loss on ordinary activities	7	-	-
		-----	-----
Loss on ordinary activities after taxation		(2,130,828)	(1,950,460)
		-----	-----
Retained loss for the financial year		£(2,130,828)	£(1,950,460)
		=====	=====
Earnings per share (pence) - loss	8	(16.4)	(18.3)
		=====	=====

Continuing operations

The results shown in the profit and loss account above represent continuing operations.

Total recognised gains and losses

The Company has no recognised gains or losses other than the profit or loss for the above two financial years.

XiMED GROUP PLC

CONSOLIDATED BALANCE SHEET - 31 DECEMBER 2001

		<u>2001</u>	<u>2000</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Fixed Assets			
Intangible assets	9	70,188	32,074
Goodwill	10	1,206,170	1,384,959
Negative goodwill	10	(17,204)	(19,850)
		-----	-----
Net goodwill		1,188,966	1,365,109
Tangible assets	11	18,658	387,832
		-----	-----
		1,277,812	1,785,015
		-----	-----
Current Assets			
Stock	13	-	58,141
Debtors	14	63,929	443,497
Cash at bank and in hand		48,569	360,333
		-----	-----
		112,498	861,971
Creditors : amounts falling due within one year	15	(1,249,997)	(426,129)
		-----	-----
Net Current Assets/(Liabilities)		(1,137,499)	435,842
		-----	-----
Total assets less current liabilities		140,313	2,220,857
Creditors : amounts falling due after more than one year	16	-	-
		-----	-----
Net assets		140,313	£2,220,857
		=====	=====
Capital and Reserves:			
Called up share capital	17	129,496	128,954
Share premium account	18	5,340,654	5,290,912
Merger reserve	19	1,778,225	1,778,225
Profit and loss account	20	(7,108,062)	(4,977,234)
		-----	-----
Shareholders' funds - equity interests	21	£140,313	£2,220,857
		=====	=====

Signed on behalf of the Board of Directors:

.....

K W Brooks Esq, Director

Approved by the Board on 30 July 2002.

XiMED GROUP PLC

BALANCE SHEET - 31 DECEMBER 2001

		<u>2001</u>	<u>2000</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Fixed Assets			
Intangible assets	9	70,188	32,074
Tangible assets	11	3,494	4,406
Investments	12	550,143	721,911
		<hr/>	<hr/>
		£623,825	£758,391
		<hr/>	<hr/>
Current Assets			
Debtors	14	65,749	1,971,850
Cash at bank and in hand		48,043	359,813
		<hr/>	<hr/>
		113,792	2,331,663
Creditors : amounts falling due within one year	15	(1,079,603)	(231,839)
		<hr/>	<hr/>
Net Current Assets		(965,811)	2,099,824
		<hr/>	<hr/>
Total assets less current liabilities		(341,986)	2,858,215
		<hr/>	<hr/>
Net liabilities		£(341,986)	£2,858,215
		<hr/>	<hr/>
Capital and Reserves:			
Called up share capital	17	129,496	128,954
Share premium account	18	5,340,653	5,290,912
Merger reserve	19	1,778,225	1,778,225
Profit and loss account	20	(7,590,360)	(4,339,876)
		<hr/>	<hr/>
Shareholders' funds - equity interests	21	£(341,986)	£2,858,215
		<hr/>	<hr/>

Signed on behalf of the Board of Directors:

.....

K W Brooks Esq, Director

Approved by the Board on 30 July 2002.

XiMED GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

		<u>2001</u>		<u>2000</u>	
	<u>Note</u>	£	£	£	£
Net cash flow from operating activities	(b)		(381,217)		(1,612,677)
Returns on investments and servicing of finance					
Interest received		2,817		7,590	
Interest paid		(647)		(1,382)	
Interest element of finance leases		(5,771)		(12,473)	
Interest and penalties		-		2,749	
		-----	(3,601)	-----	(3,516)
Taxation					
Corporation tax paid or received			-		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(47,053)		(18,792)	
Purchase of tangible fixed assets		(12,106)		(81,033)	
Sale of fixed assets		117,521		2,624	
		-----	58,362	-----	(97,201)
Acquisitions					
Bank balance on purchase of subsidiary	(d)	-		15	
		-----	-	-----	15
Cash outflow before financing			326,456		(1,713,379)
Financing					
Proceeds from Issue of equity share capital		50,284		2,247,593	
Capital element of finance leases		(57,813)		(101,726)	
		-----	(7,529)	-----	2,145,867
Increase/(decrease) in cash during the year	(a) and (c)		£(333,985)		£432,488
			=====		=====

XiMED GROUP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

(a) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	<u>2001</u>	<u>2000</u>
	£	£
Increase/(decrease) in cash in the year	(333,985)	432,488
Translation difference	(55)	389
Finance lease capital repayments	57,813	101,726
	-----	-----
Change in net funds	(276,227)	534,603
Net (debt)/funds at 1 January 2001	284,457	(250,146)
	-----	-----
Net funds at 31 December 2001	<u>£8,230</u>	<u>£284,457</u>

(b) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2001</u>	<u>2000</u>
	£	£
Operating loss	(2,127,227)	(1,946,944)
Depreciation	263,759	115,786
(Increase)/decrease in debtors	379,568	(64,825)
Increase in creditors	859,405	142,699
(Increase)/decrease in stock	58,141	(40,110)
Foreign currency exchange (gain)/loss	55	(389)
Amortisation of trademarks	8,939	4,234
Goodwill amortisation (net)	176,143	176,143
Loss on disposal of fixed assets	-	739
	-----	-----
Net cash flow from operating activities	<u>£(381,217)</u>	<u>£(1,612,667)</u>

XiMED GROUP PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

(c) ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	<u>At 01.01.01</u>	<u>Cash flows</u>	<u>Exchange movement</u>	<u>At 31.12.01</u>
	£	£	£	£
Cash at bank and in hand	360,333	(311,709)	(55)	48,569
Bank overdraft	(18,063)	(22,276)	-	(40,339)
	<hr/>	<hr/>	<hr/>	<hr/>
	342,270	(333,985)	(55)	8,230
Finance leases and hire purchase contracts	(57,813)	57,813	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net (debt)/funds	284,457	(276,172)	(55)	8,230
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

Basis of accounting

These accounts have been prepared in accordance with statements of standard accounting practice issued by UK accounting bodies and under the historical cost convention.

The Group accounts combine the accounts of XiMed Group PLC and its wholly owned subsidiaries Phytogenics Limited, Reductogen Limited, BioClinical Services Limited, and Energiser Limited and the accounts of its 99.7% owned subsidiary Profemme Limited made up to 31 December 2001. No profit and loss account is presented for XiMed Group PLC as provided by S.230(3) of the Companies Act 1985. The loss dealt with in the accounts of the holding Company was £3,250,484 (2000 - £2,535,801) before tax.

Turnover

Turnover represents amounts invoiced by the Group in respect of goods sold and services rendered during the year stated net of value added tax.

Territory rights income is recognised on an invoiced basis.

Depreciation of tangible fixed assets

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

Plant and equipment	- 20% on a reducing balance basis
Furniture, fixtures and fittings	- 25% per annum on a straight line basis
	- 15% per annum on a reducing balance basis
Computer and office equipment	- 33.33% per annum on a straight line basis
Leasehold property	- life of lease

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:-

Trademarks	- 10% per annum on a straight line basis
Goodwill on consolidation	- 10% per annum on a straight line basis

Leases

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements.

The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets

Goodwill arising on consolidation is capitalised and amortised over its useful economic life. Costs in relation to trademarks are capitalised when they are incurred and are then written off over the shorter of their useful economic lives and the life of the trademark.

Research and development

Research and development costs in relation to all existing products are written off in the year in which they are incurred.

Stock and work in progress

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

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal instalments.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pension costs

The Group operates a Defined Contribution Pension Scheme for its directors and employees. Pension costs charged against profits represent the amounts payable to the Scheme in respect of the year. The assets of the Scheme are held separately from those of the Company in an independently administered fund.

Foreign currencies

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

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

2. TURNOVER AND GROUP PROFIT

The turnover and loss of the Group during the year is attributable to the one principal activity of the Group.

An analysis of turnover is below:-

	<u>2001</u>	<u>2000</u>
	£	£
United Kingdom	155,319	50,882
E.C.	30,992	201,831
U.S.A.	9,727	228
Rest of the World	-	174
	-----	-----
	<u>£196,038</u>	<u>£253,115</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	<u>2001</u>	<u>2000</u>
	£	£
Net (profit)/loss on foreign exchange	55	(389)
Loss on disposal of fixed assets	-	739
Amortisation	185,083	180,376
Auditors' remuneration	6,245	10,058
Depreciation:-		
- owned assets	168,806	74,085
- leased assets	94,953	41,702
Operating lease rentals:-		
- land and buildings	57,307	55,045
- others	54,986	59,534
	-----	-----

4. OTHER OPERATING INCOME

	<u>2001</u>	<u>2000</u>
	£	£
Grant income	10,000	5,000
Compensation from overseas distributor	-	-
Rent received	1,000	-
	-----	-----
	<u>£11,000</u>	<u>£5,000</u>

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2001</u>	<u>2000</u>
	£	£
Bank interest	647	1,382
Interest and penalties	-	(2,749)
Hire purchase finance and leasing	5,771	12,473
	£6,418	£11,106
	£6,418	£11,106

6. EMPLOYEES AND DIRECTORS

During the year staff costs, including executive directors, amounted to:-

	<u>2001</u>	<u>2000</u>
	£	£
Wages and salaries	583,799	621,601
Social security costs	39,986	66,488
Other pension costs	48,639	41,250
	£672,424	£729,339
	£672,424	£729,339

The average weekly number of employees during the year was as follows:-

	No	No
Administration	6	5
Production	13	12
Management	7	7
	26	24
	26	24

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

6. EMPLOYEES AND DIRECTORS (continued)

Staff costs include the following emoluments in respect of directors:-

	<u>2001</u>	<u>2000</u>
	£	£
Directors' remuneration	192,681	145,200
Pension contributions	11,711	13,577
	£204,392	£158,777
	£204,392	£158,777

The number of directors who are accruing benefits under Company pension schemes were as follows:-

	<u>2001</u>	<u>2000</u>
Money purchase schemes	2	2
	2	2

7. TAXATION

No liability to U.K. corporation tax arose on ordinary activities for the year ended 31 December 2001 nor for the year ended 31 December 2000.

8. EARNINGS PER SHARE

	<u>2001</u>	<u>2000</u>
Earnings per ordinary share (pence)	(16.4)	(18.3)
	(16.4)	(18.3)

Earnings per share have been calculated on the net basis on the loss on ordinary activities after taxation of £2,130,828 (2000 - 1,950,460) using the weighted average number of ordinary shares in issue of 12,922,510 (2000 - 10,641,434).

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

9. INTANGIBLE FIXED ASSETS - GROUP AND COMPANY

	<u>Licences and trademarks</u>
	£
Cost	
At 1 January 2001	42,337
Additions	47,053

At 31 December 2001	89,390
	=====
 Amortisation	
At 1 January 2001	10,263
Charge for the year	8,939

At 31 December 2001	19,202
	=====
 Net book value	
At 31 December 2001	70,188
	=====
 Net book value	
At 31 December 2000	32,074
	=====

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

10. GOODWILL - GROUP

	<u>Positive goodwill</u>	<u>Negative goodwill</u>	<u>Net goodwill</u>
	£	£	£
Cost			
At 1 January 2001	1,790,742	(26,465)	1,764,277
	-----	-----	-----
At 31 December 2001	<u>1,790,742</u>	<u>(26,465)</u>	<u>1,764,277</u>
 Amortisation			
At 1 January 2001	405,783	(6,615)	399,168
Charge/write back for the year	178,789	(2,646)	176,143
	-----	-----	-----
At 31 December 2001	<u>584,572</u>	<u>(9,261)</u>	<u>575,311</u>
 Net book value			
At 31 December 2001	<u>1,206,170</u>	<u>(17,204)</u>	<u>1,188,966</u>
 Net book value			
At 31 December 2000	<u>1,384,959</u>	<u>(19,850)</u>	<u>1,365,109</u>

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

11. TANGIBLE FIXED ASSETS - GROUP

	<u>Leasehold improvements</u>	<u>Plant and equipment</u>	<u>Furniture, fixtures and fittings</u>	<u>Computer and office equipment</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1 January 2001	73,661	606,487	64,855	13,294	758,297
Additions	-	5,916	-	6,190	12,106
Disposals	-	(220,000)	(3,500)	(950)	(224,450)
	<hr/>				
At 31 December 2001	73,661	392,403	61,355	18,534	545,953
	<hr/> <hr/>				
Depreciation					
At 1 January 2001	28,514	291,602	39,007	11,342	370,465
Provided in the year	45,147	191,291	23,623	3,698	263,759
On disposals	-	(105,654)	(1,275)	-	(106,929)
	<hr/>				
At 31 December 2001	73,661	377,239	61,355	15,040	527,295
	<hr/> <hr/>				
Net book value					
At 31 December 2001	-	15,164	-	3,494	18,658
	<hr/> <hr/>				
Net book value					
At 31 December 2000	45,147	314,885	25,848	1,952	387,832
	<hr/> <hr/>				

The net book value of £15,164 (2000 - £314,885) for plant and equipment includes £Nil (2000 - £166,809) in respect of assets held under finance leases. The amount of depreciation in respect of such assets amounted to £Nil (2000 - £41,702).

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

11. TANGIBLE FIXED ASSETS - COMPANY

	Furniture, fixtures and fittings	Computer and office equipment	Total
	£	£	£
Cost			
At 1 January 2001	12,691	13,294	25,985
Additions	-	6,190	6,190
Disposals	-	(950)	(950)
At 31 December 2001	12,691	18,534	31,225
Depreciation			
At 1 January 2001	10,237	11,342	21,579
Provided in the year	2,454	3,698	6,152
At 31 December 2001	12,691	15,040	27,731
Net book value			
At 31 December 2001	-	3,494	3,494
Net book value			
At 31 December 2000	2,454	1,952	4,406

12. FIXED ASSET INVESTMENTS - COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
Shares in subsidiary undertakings at cost:-		
Balance at 1 January 2001	721,911	1,409,918
Additions in the year	-	550,143
Provision in the year	(171,768)	(1,238,150)
Balance at 31 December 2001	£550,143	£721,911

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

12. FIXED ASSET INVESTMENTS - COMPANY (continued)

The investment in subsidiary companies at book value comprises the following:-

	<u>2001</u>	<u>2000</u>
	£	£
Phylogenics Limited	-	165,000
BioClinical Services Limited	-	6,666
Reductogen Limited	-	100
Profemme Limited	550,143	550,143
Energiser Limited	-	2
	£550,143	£721,911
	£550,143	£721,911

As all the shareholders apart from Profemme are no longer trading, the investment in them has been written off.

The activities of the company's subsidiary undertakings are as follows:-

Phylogenics Limited

Management, development and marketing of nutraceuticals – no longer trading.

BioClinical Services Limited

- Contract research and development – no longer trading.

Reductogen Limited

- Development and licensing of pharmaceutical products – no longer trading.

Profemme Limited

- Research and development of pharmaceutical products.

Energiser Limited

- Dormant

All the subsidiary undertakings are wholly owned except for Profemme Limited which is 99.7% owned. All the subsidiary undertakings are incorporated in Great Britain. The results of all the subsidiary undertakings are included in the consolidated accounts.

The minority interest in Profemme is considered immaterial to the presentation of the group's results and is therefore not shown on the profit and loss account and consolidated balance sheet.

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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13. STOCK - GROUP

	<u>2001</u>	<u>2000</u>
	£	£
Raw materials	-	9,440
Goods for resale	-	48,701
	-	£58,141
	-	£58,141

14. DEBTORS - GROUP

	<u>2001</u>	<u>2000</u>
	£	£
Amounts falling due within one year:-		
Trade debtors	12,645	82,812
Other debtors	25,341	274,196
Prepayments and accrued income	1,667	31,931
VAT recoverable	24,276	54,558
	£63,929	£443,497
	£63,929	£443,497

DEBTORS - COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
Amounts falling due within one year:-		
Trade debtors	2,291	80,000
Other debtors	122	273,856
Prepayments and accrued income	1,667	27,397
VAT recoverable	25,240	22,500
Amounts due from Group undertakings	36,429	1,568,097
	£65,749	£1,971,850
	£65,749	£1,971,850

All the intercompany debt apart from that due from Profemme has been written off as irrecoverable.

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR - GROUP

	<u>2001</u>	<u>2000</u>
	£	£
Bank overdraft	40,339	18,063
Trade creditors	371,682	166,254
Other taxes and social security costs	33,090	27,212
Other creditors	794,886	62,344
Accruals and deferred income	10,000	94,443
Obligations under finance leases and hire purchase contracts	-	57,813
	£1,249,997	£426,129
	£1,249,997	£426,129

CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR - COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
Bank overdraft	18,024	-
Trade creditors	273,825	90,073
Other taxes and social security costs	-	15,578
Other creditors	777,754	61,451
Accruals and deferred income	10,000	64,735
Amounts due to Group undertakings	-	2
	£1,079,603	£231,839
	£1,079,603	£231,839

16. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - GROUP

	<u>2001</u>	<u>2000</u>
Obligations under finance leases and hire purchase contracts	-	-
	-	-
Debt due after more than 1 year		
- repayable within the second to fifth years by instalments	-	-
	-	-

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

... continued ...

17. CALLED UP SHARE CAPITAL

	<u>2001</u>	<u>2000</u>
Authorised 100,000,000 ordinary shares of £0.01 each (1999 : 30,000,000)	£1,000,000	£1,000,000
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Allotted and called up 12,949,593 ordinary shares of £0.01 each (2000 - 12,895,426)	£129,496	£ 128,954
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Share options

Directors' share options are disclosed in the Directors' report.

18. SHARE PREMIUM ACCOUNT - GROUP AND COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
At 1 January 2001	5,290,912	2,998,642
Premium on shares issued in the year	49,741	2,292,270
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
At 31 December 2001	£5,340,653	£5,290,912
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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19. MERGER RESERVE - GROUP AND COMPANY

	<u>2001</u>	<u>2000</u>
At 1 January 2001	1,778,225	1,231,750
On acquisition of Profemme Limited	-	546,475
	-----	-----
At 31 December 2001	£1,778,225	£1,778,225

The merger reserve was created on the acquisition of Reductogen Limited on 20 February 1998 and the acquisition of Profemme Limited on 11 January 2000.

20. PROFIT AND LOSS ACCOUNT RESERVE - GROUP

	<u>2001</u>	<u>2000</u>
	£	£
At 1 January 2001	(4,977,234)	(3,026,774)
Retained loss for the year	(2,130,828)	(1,950,460)
	-----	-----
At 31 December 2001	£(7,108,062)	£(4,977,234)

PROFIT AND LOSS ACCOUNT RESERVE - COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
At 1 January 2001	(4,339,876)	(1,804,075)
Retained loss for the year	(1,127,748)	(2,535,801)
	-----	-----
At 31 December 2001	£(5,467,624)	£(4,339,876)

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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21. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS - GROUP

	<u>2001</u>	<u>2000</u>
	£	£
Loss for the financial year after taxation	(2,130,828)	(1,950,460)
New equity share capital issued (nominal value and rounding)	543	34,493
Net premium on new share capital subscribed	49,741	2,292,270
Merger reserve arising on acquisition of Profemme Limited	-	546,475
Opening shareholders funds at 1 January 2001	2,220,857	1,298,079
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 2001	£140,313	£2,220,857
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS – COMPANY

	<u>2001</u>	<u>2000</u>
	£	£
Loss for the financial year after taxation	(3,250,484)	(2,535,801)
New equity share capital issued (nominal value)	542	34,493
Net premium on new share capital subscribed	49,741	2,292,270
Merger reserve arising on acquisition of Profemme Limited	-	546,475
Opening shareholders funds at 1 January 2001	2,858,215	2,520,778
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 2001	£(341,986)	£2,858,215
	<hr/> <hr/>	<hr/> <hr/>

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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22. COMMITMENTS

Lease commitments

At 31 December 2001 the Group had annual commitments under non-cancellable operating leases as follows:-

	<u>2001</u>		<u>2000</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating leases which expire:-				
- within one year		27,239	25,501	27,239
- between two and five years	-	-	15,156	26,335

Capital commitments

	<u>2001</u>	<u>2000</u>
Contracted but not provided for in the financial statements	-	-

23. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 31 December 2000.

24. PENSIONS

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

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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25. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemptions in Financial Report Standard 8 with regard to disclosure of transactions with other Group undertakings.

The Group has traded during the year with Innovative Care Limited, a Company of which Professor D E Young was a director until 30 November 2000. Innovative Care Limited leased computer and office equipment to the Group and provided contract personnel. The balances were as follows:-

	<u>2001</u>	<u>2000</u>
	£	£
Sales	-	225
Trade debtors	-	-
Contract personnel and leased equipment	140	276,689
Trade creditors	-	7,050
	<u> </u>	<u> </u>

During the year the Group traded with BrookStreet Des Roches, a firm of solicitors in which K W Brooks is a partner, as follows:-

	<u>2001</u>	<u>2000</u>
	£	£
Provision of legal services	25,229	25,000
Trade creditors and accruals	-	25,000
	<u> </u>	<u> </u>

The Group has also traded with Internet Assist Limited, Oxford Commercial Services Limited and Oxford Corporate Services Limited, companies in which K W Brooks is a director. The transactions in aggregate were as follows:-

	<u>2001</u>	<u>2000</u>
	£	£
Provision of management and statutory secretarial services	36,324	50,840
Trade creditors	26,489	-
	<u> </u>	<u> </u>

During the year the Group paid £26,500 (2000 - £Nil) to A B Baldry for consultancy services of and directors fees.

The directors regard all the transactions disclosed above as being on an arms' length basis and in the normal course of business.

XiMED GROUP PLC
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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26. POST BALANCE SHEET EVENTS

After the year end the company raised £286,380 by a placing of 774,000 shares at 37pence on 26 March 2002. In addition loan debt was converted to shares post year end.

On 27 March the company acquired Arista Limited for a consideration of 4.45million shares at 37pence - £1,646,500. Arista owns a terpene based intellectual property bank.

Also on 27 March £627,000 of debt as at 31 December 2001 was capitalised into shares at 37pence per share.