

Highlights of 2002

- > Total sales increased by 10% to reach €118 million, the sixteenth consecutive year of double-digit growth
- > Sales growth was led by Movicol®, which saw sales increasing by 25% to reach €43 million
- > Sales representative numbers grew to over 300, with a total staff headcount worldwide of 720
- > The licensing out of Movicol® and NRL994 to Prometheus Laboratories for the North American market
- > Increased investment in both R&D and at the UK and French manufacturing plants

Major R&D milestones achieved in 2002

- > **NRL994**
A phase II study was completed successfully. Two phase III trials were initiated in Germany and France, with results from both studies expected mid-2003
- > **NRL972**
A study of this novel quantitative liver function test in patients with stable non-cholestatic liver cirrhosis was completed successfully. Two phase IIb trials were initiated
- > **NRL991**
A phase II clinical study on the treatment of anal fissures was successfully completed
- > **NRL001**
In vitro and *in vivo* studies were completed for this treatment for faecal incontinence. Phase II studies are scheduled to start early 2003
- > **NRL011**
Norgine acquired intellectual property owned by Klinge Pharma (Fujisawa) for the treatment of opiate-induced constipation and post-operative ileus. A development project has been initiated on the basis of this work
- > **New research office**
The continuing collaboration between Norgine International and the Birmingham Queen Elizabeth Hospital resulted in an expansion of our activities and investment. To accommodate the additional staff, a research office was established within the ICT Centre, on the Birmingham University campus

Annual Report 2002



Chairman's Report

2002 was another good year for Norgine as product sales increased by 10% over 2001 to reach €118 million, the 16th consecutive year of double-digit sales growth. Once again, the growth was led by Movicol®, which had another outstanding year, with sales increasing by 25% to reach €43 million. The continued success of Movicol® demonstrates the increasing capability of Norgine's pan-European sales and marketing infrastructure to exploit the sales potential of innovative products throughout Europe.

Norgine continues to expand its field forces across Europe and sales representative numbers have grown to over 300. An increased emphasis has also been placed on hospital sales with additional specialist representatives being appointed in many markets. Norgine continues to advocate the policy of thinking pan-European but executing plans locally and believes that this approach has

made a major contribution to the success of the company in recent years.

During the year, a major corporate milestone was reached with the licensing out of Movicol® and NRL994 for the North American market. We are delighted to be partnering in this territory with Prometheus Laboratories, a successful San Diego based speciality pharmaceutical company with a focus on gastroenterology.

In addition to NRL994, which is in the final stages of its clinical development, Norgine R&D has continued to expand and develop its pipeline of innovative products. This should provide future product opportunities for Norgine's own sales and marketing teams and the opportunity to expand the business through partnering in North America and Japan.

Norgine's commitment to its manufacturing base has also been

maintained, with further investment being made at both the Dreux and Hengoed plants. Following the Prometheus agreement, the Hengoed plant is being upgraded to enable it to supply products to the US. 2002 also saw a further strengthening in the central support functions within Norgine. In particular, this covered the areas of IT and Business Development & Licensing. Norgine looks forward to 2003 with confidence and the expectation of continued success for its pan-European structure.

This structure will continue to be increased as will the investment in R&D and manufacturing.

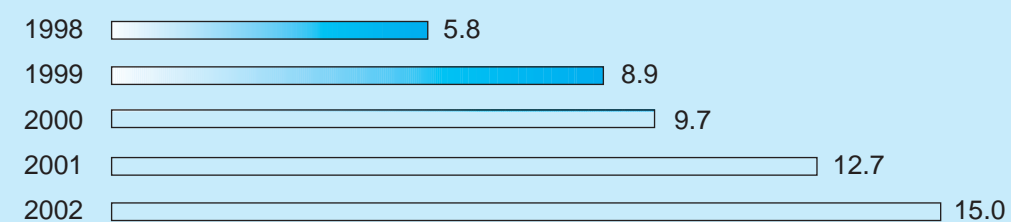
This ongoing success will only be achieved through the continued efforts of our 720 staff worldwide. Their quality and dedication has been the key to past success and remains the core element of our future growth.

Peter Stein
Chairman

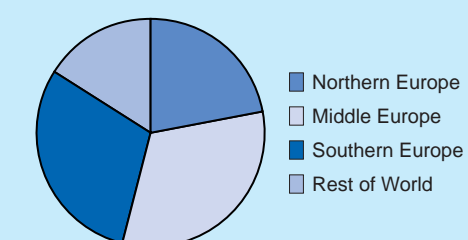
Income statement

	2002 € 000	2001 € 000	
Net Revenue	118,386	107,716	+10%
Cost of Sales	44,964	41,884	+7%
Gross Margin	73,422	65,831	+12%
Sales, General & Admin. Costs	55,703	51,499	+8%
Research & Development Costs	7,533	5,856	+29%
Earnings Before Interest & Taxes	10,187	8,476	+20%
Net Financing Cost	1,583	1,764	-10%
Ordinary Earnings Before Taxes	8,604	6,712	+28%
Tax Expense	3,438	2,701	+27%
Net Income	5,167	4,011	+29%

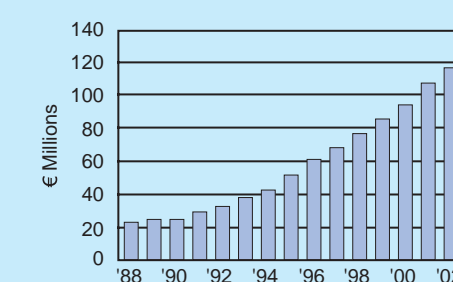
EBITDA (€ Millions)



Sales Distribution



Sales Growth



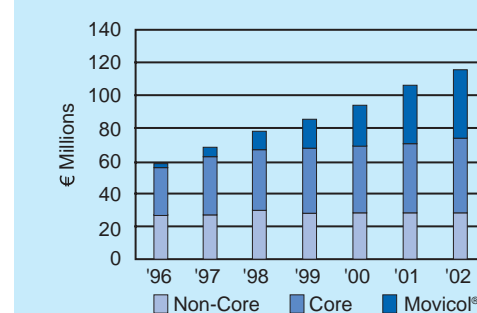
Balance sheet

	2002 € 000	2001 € 000
ASSETS		
Current Assets		
Cash & Equivalents	6,074	4,312
Stocks	13,311	12,489
Receivables	19,789	18,701
Total Current Assets	39,174	35,503
Fixed Assets		
Tangible Fixed Assets	27,559	24,710
Intangible Fixed Assets	3,627	4,612
Financial Fixed Assets	1,151	775
Total Fixed Assets	32,337	30,097
Total Assets	71,510	65,600

LIABILITIES AND EQUITY

Current Liabilities	27,387	22,805
Long-Term Liabilities and Provisions	14,935	17,822
Shareholders' Equity	29,188	24,973
Total Liabilities & Equity	71,510	65,600

Sales Performance



Product Sales

