Evotec OAI AG, Third Quarter Report 2002

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Dear shareholders,

we achieved a solid performance with 20% revenue growth for the first nine months. However, Q3 has been challenging for Evotec OAI. Our growth rates slowed in Q3 due to increasingly difficult capital as well as life science markets affecting our customers. While this situation can be seen as temporary, we on October 23, 2002 announced that we are reducing our financial targets for the year and that we are taking action to significantly bring down our SG&A and R&D expenses to reflect the current environment. Those expenses will be reduced by approximately 20% in 2003. As we began implementing these measures in Q3, they will start to have an impact in Q4 and will help to maintain our cash position at Q3 levels of EUR 14-15 million.

Our market position is strong. We continue to show excellent performance on customer projects and our ongoing R&D investment in future value drivers yields good results. We expanded our corporate library of high-quality drug-like compounds by adding more compounds and diversity. We were successful in broadening our assay portfolio and in integrating ADME/T and computational chemistry functionality into our service offering. Our EVOscreen® Mark III uHTS screening system passed site acceptance at Novartis with great success. Our most recent and one of Evotec OAI's most significant highlights was the signing of an expansion of our collaboration with Pfizer with a potential value of more than US-Dollar 25 million. We believe that this is a strong validation of the fundamental strength of our company. In this context we also achieved one important first milestone in finding partners for our technology group: Pfizer, in addition, will acquire a 10 % stake in Evotec Technologies GmbH and will continue to fund future technology programs. In summary, despite a challenging environment we have done well in many respects. We laid the foundation for larger creative outcome-based deal structures in long-term customer relationships and have promising negotiations in progress with pharma and biotech companies. We see continuing interest and demand for programs which support our customers in becoming more efficient in the process from target to IND. This is leading to new deals which capitalise on our strong process expertise and allow us to receive more of the upside in drug discovery. We believe that the current difficult environment also presents a lot of new opportunities: Pharma companies are changing the way they look at collaborations with biotechs. They are increasingly focusing on maximising the effectiveness of their research and development units. And, genomics/proteomics companies are increasingly concentrating on what they excel in and partner in areas where they believe to find an excellent and established partner - our process from target to IND. As Evotec OAI is considered a clear leader in this field, we are playing an exciting and valuable role. Our strong deal pipeline makes us confident to deliver continued positive news flow.

Highlights of the period

Excellent performance on customer projects

Excellent progress has been achieved on many of our pharma and biotech collaborations. Discovery chemistry programmes with companies like **Amgen, Vertex, Pharmacia, Roche and Solvay** developed successfully on target and on time. In our **Merck & Co.** collaboration several libraries synthesised have been approved and are currently in production for delivery to Merck. We achieved the first milestone to develop assays for **Taisho** and made good progress with reagent production and assay development for various targets from **Infinity Pharmaceuticals**. In our collaboration with **SiREEN** the first screening campaigns have been successfully finalised and hit to lead programmes were started. Upon completion of its first financing round, SiREEN can now continue their drug discovery projects with us. In our development laboratories we have successfully worked on projects for **Amgen, Pfizer, Serono, UBC and GlaxoSmithKline**. We have developed clinical trial material for customers including **Celgene** and **GlaxoSmithKline.**

Milestone achieved in ALTANA Pharma collaboration

In our project with **ALTANA Pharma** we have contributed innovative tools to our partner's drug discovery efforts which help to further reduce assay development times significantly. We have successfully completed a new and complex assay programme using our novel confocal imaging reader for fast high-content cell analysis (Opera). The second milestone for optimising assays has been achieved. ALTANA Pharma will receive an Opera cell-analyser by the end of the year and will integrate it into their discovery unit.

Medicinal chemistry agreement with British Biotech

In Q3 our operational efforts concentrated on customer projects and final negotiations with Pfizer to close the assay development and technology development contract extension. In addition, we added **British Biotech** to our customer list and started a medicinal chemistry programme with them. The agreement focuses on British Biotech's antibiotic metalloenzyme inhibitor research programme. Evotec OAI chemists will design and synthesise chemical compounds which British Biotech will then use in screening in its search for novel anti-infective drug candidates.

Building on strong fundamentals

Evotec OAI continued to build its drug discovery process excellence during the third quarter of 2002. Activities continued to focus on the expansion of our assay portfolio and the integration of our computational chemistry and ADME/T programmes into our drug discovery offering. In the field of kinase assays we have significantly broadened our expertise. We developed a new assay principle for Ser/Thr-assays in collaboration with Pfizer based on a patent both companies jointly filed in August 2000. As a result Pfizer commissioned Evotec OAI to work on several of Pfizer's kinase assays. In ion channels, Evotec OAI sets high quality laboratory standards. We are close to achieve GLP (Good Laboratory Practise) certification in safety pharmacology in Q4 for our activities in electrophysiological (patch-clamp) laboratories. Our ADME/T assay portfolio including HERG increased significantly and we now offer ADME/T also in conjunction with our integrated medicinal chemistry programmes on site in Abingdon. We have achieved a remarkable efficiency increase in our ADME/T process, including the miniaturisation of several assays to our miniaturised 1 microliter formats. The results were awarded with the “Best Poster Award” on the SBS Conference 2002 (Society for Biomolecular Screening). To enhance our capabilities in computational chemistry we have acquired Entropia’s PC grid computing infrastructure solution. It provides high performance computing capabilities by aggregating the unused processing cycles of networks of existing Windows-based PCs. The grid increases throughput in our lead optimisation and focused library programmes 20-fold. Our corporate library, an excellent source to identify new drug candidates, has been increased to 280,000 compounds on stock. It includes focused subsets against GPCRs, kinases, proteases and protein-protein interactions in addition to very diverse compound groups (‘islands of similarity’). In Evotec Neurosciences (ENS) we continue to run a discovery programme to maximise long-term value creation using our powerful platform and our growing expertise in drug discovery.

New deal structures to build long-term customer relationships

Many biotech companies are looking at partnering the whole process from to target to IND with us. They are often willing to engage into a new type of agreement: By contributing technology, process know-how and services for their discovery efforts they allow us to become an equity partner in them while at the same time giving Evotec OAI a cash-based cost compensation. In August we co-founded a new venture company called **Vmax** together with UK-based Microscience Ltd. Vmax is focussing on drug discovery for the identification and development of antimicrobial small molecule drugs. We also became a partner to MediGene, and shortly after the end of the third quarter signed a letter of intent to become a co-founder of **Genovation,** a new company emerging from the planned spin-off of MediGene’s cardiological drug discovery programme. We will add expertise in drug discovery to the company and conclude an exclusive service agreement including more than 70 full-time equivalent employee years (FTEs) to carry out screening and chemical optimisation. In return, we will earn into the venture to eventually hold a share of up to 15% in Genovation in addition to a cash-based cost compensation.
In case of successful financings, these partnerships are an excellent way to create additional long-term customer relations.

Successful launch of Evotec Technologies’ benchtop devices

The Evotec Technologies (ET) business is doing very well. As of October 1, 2002, Evotec OAI has assigned the entire EVOscreen® consortium business - assets, R&D staff and know how - to ET. Now the instrumentation business and the technology development business are concentrated in one legal entity, allowing Evotec OAI to increase its focus on drug discovery. In this context we streamlined the operations of the technology and instrument business, reduced R&D and overall headcount declined by some 20%.

The market introduction of ET's benchtop devices Opera as well as MF 10 and MF 20 readers have been successful. On the Annual Conference of the Japanese Biochemical Society in October ET supported Olympus in launching the research reader (MF 10) and the detector for SNP analysis (MF 20). Milestones in the development of related applications have been met and assay kits are now available for sale. ET's cell-analyser Opera was publicly presented for the first time at the SBS Conference 2002 in September. It represents a breakthrough for cellular testing by combining the high resolution of confocal laser scanning microscopy with the speed of ultra high-throughput performance (>200,000 images per day). We are delighted to experience strong customer interest and are looking forward to sound business prospects.

Important events after the end of the third quarter

Long-term partnership with Pfizer expanded

In October, we announced the extension of our long-term partnership with **Pfizer**. A potential value in excess of US-Dollar 25 million makes this deal extension significantly larger than the original agreement signed in 1999. We are proud to expand our relationship with Pfizer for another three years and consider Pfizer's commitment to our technologies to be a strong validation for our scientific concepts and technological platforms.

Under the terms of the agreement, we will transfer our newly developed Mark III platform as well as assay development devices (including the new cell-analyser Opera) to Pfizer's research sites. In addition, we will dedicate over 20 man years to extend the capabilities of the EVOscreen® platform as well as to develop fluorescence-based biochemical and cellular assays as a service to Pfizer's internal drug discovery programmes.

Successfully establishing Evotec Technologies' standalone strategy

As part of this transaction, Pfizer will make an equity investment into Evotec Technologies GmbH (ET). This investment is an important first step in establishing ET as a standalone business.

Financial Report

Revenue

Evotec OAI achieved revenues of EUR 47.5 million in the first nine months of 2002. This corresponds to an increase of 20% over the same period of the previous year (2001: EUR 39.6 million). While the growth rate for the whole period was still in line with our target of 20 to 30% per year, the market environment has deteriorated in Q3 with certain customers now delaying orders for reasons of their cash conservation. Earnings pressure drives pharmaceutical companies to more carefully manage their R&D expenses and many biotech companies are reducing their activity due to capital markets being closed for additional fund raising. Although Evotec OAI has fundamentally progressed well, the environment has led growth to slow down in Q3. We recorded revenue growth of 8% over the comparable period last year.

The **Discovery Services Division** revenues grew by 19% to EUR 41.2 million (2001: EUR 34.7 million). In line with our plans, our core business, discovery chemistry and biology services, continued to perform strongly. They have reached revenues of EUR 27.7 million, 23% more than in 2001 (EUR 22.5 million). Our strong basis through long-term partnerships with customers like Merck, Pharmacia, Amgen, Vertex and our strong business development pipeline make us confident to continue to grow in 2003.
At the same time development chemistry services experienced a down turn in new orders during Q3 and a decline in visibility for new orders. For the full year 2002, we expect development revenues to remain flat when compared to last year.

For the nine months to September 30, 2002, the **Discovery Tools and Technologies Division** grew by 30% to EUR 6.2 million (2001: EUR 4.8 million). Revenues from Evotec Technologies' bench-top and applications business amounted to EUR 3.5 million (2001: EUR 2.9 million). This is an excellent performance as last year's sales included the exceptional stock-building delivery of 15 analysers to Olympus, Japan, and the general trend in instrumentation sales in the industry pointed downwards with many competitors reporting reduced revenues when compared to last year.

50% of total group revenues were recorded in Europe, 48% in the United States, and 2% in Japan.

Research and development and other cost

As planned, **R&D** expenses for the first nine months increased only slightly over the same period of the previous year. They amounted to EUR 17.5 million, up 4% (2001: EUR 16.9 million). Following the successful completion of our EVOscreen® platform we have now cut headcount in the area of technology research. This will be reflected in a decline of R&D expenses in 2003. Our cuts in R&D are not in areas which are considered core to Evotec OAI's business plan.

Cost of revenues were EUR 26.5 million (2001: EUR 20.2 million). This increase of cost led to a decline in margins primarily due to a change in our revenue mix:

1. Our development chemistry plants in Abingdon are currently under-utilised. The comparatively high proportion of fixed cost has an impact on the margins of this service line.
2. In discovery chemistry the mix of projects was weighted towards library contracts which typically have lower margins than medicinal chemistry projects.
3. Last year's margins were positively influenced by milestone and up front payments from our EVOscreen® consortium contracts.

In summary, the change in the revenue mix contributed to a lower gross profit of 44%.

SG&A cost increased by 13% to EUR 16.3 million (2001: EUR 14.4 million). This is mainly a consequence of expanding our corporate and business development resources in the middle of 2001. We have initiated measures to reduce SG&A cost for 2003.

Result

Operating loss for the first nine months amounted to EUR (23.5) million, an improvement of 80% over the comparable period for the previous year (2001: EUR (114.9) million). This reduction is a consequence of lower regular amortisation of goodwill and other intangible assets under new US-GAAP accounting rules.
Excluding amortisation charges, loss from operations for the first nine months amounted to EUR (14.4) million (2001: EUR (11.9) million). The increase is primarily a result of lower gross margins as well as the planned under-utilisation in development chemistry following the start of our new pilot plant.
During the first nine months of 2002 **net loss** improved by 82% to EUR (20.6) million (2001: EUR (114.8) million), again, primarily as a consequence of reduced regular amortisation charges. In addition, non-operating income in the amount of EUR 1.6 million as well as tax treatment contributed to a reduction of net loss. Deferred tax expenses in the UK (EUR (0.9) million) and current taxes worldwide (EUR (0.2) million) were offset against deferred tax benefits from the amortisation of merger-related non-goodwill intangible assets (EUR 2.4 million).
Net income per share amounted to EUR (0.58) (2001: EUR (3.24)).

Earnings before interest and taxes, depreciation and amortisation (**EBITDA**) amounted to EUR (5.0) million (2001: EUR (4.1) million). EBITDA per share was EUR (0.14) (2001: EUR (0.12)).

Capital expenditure

Investments in fixed assets amounted to EUR 6.9 million. Capital expenditures included a new system for medium throughput screening, our own cell-analyser Opera and software for computational chemistry, all intended to expand our drug discovery platform capabilities. In addition, investments supported the required capacity increase in discovery chemistry with leasehold improvements and related laboratory and analytical equipment.

Cash flow and cash equivalents

Cash flow from operating activities for the first nine months of 2002 amounted to EUR (11.2) million (2001: EUR (8.5) million). The decrease over last year is a result of lower than anticipated revenues, an increased operating loss and build up of customer dedicated inventories. Net cash flow from financing activities was EUR 4.9 million (2001: EUR (0.3) million). We have drawn down bank loans totalling EUR 5.3 million for the financing of capital expenditures.

Evotec OAI's liquidity position is healthy. At the end of the third quarter cash and marketable securities amounted to EUR 14.9 million. Cash consumption in the third quarter was driven by the build up of inventories amounting to EUR 5.1 million to expand our corporate compound library and to prepare for upcoming instrument deliveries to our long-term partners including Novartis, Pfizer and chemical libraries in our contract with Merck & Co.

Employees and management

Evotec OAI employed 642 people at the end of September 2002. We increased capacity in discovery services to deliver on customer projects and increased headcount in our Alzheimer drug discovery programme. In light of the difficult market environment, however, and following the successful delivery of the EVOscreen® platform we decided on and are actively managing the transition of about 30 employees into other companies outside the Evotec OAI group.

Management changes have been implemented as described in our Q2 report 2002.

Stock option programme

In Q3 stock options were neither granted nor exercised. While no options were granted during the first nine months of the year, 3,083 were exercised in June. As of September 30, 2002, the total number of options that are available for future exercise amounts to 1,567,402.

Order book, cash situation and outlook

Our performance in the first nine months was still in line with our longer term trend guidance. However, as a consequence of depressed capital markets and earnings pressures certain customers have started to delay projects. Even though we believe we are fundamentally well positioned, we could not avoid a down turn in growth in Q3. We therefore announced changed forecasts for 2002 revenue with growth now being expected to be 8-14% (see press release of October 23, 2002). Based on these revenues, Evotec OAI anticipates to reach EBITDA break-even in 2003. EBITDA for 2002 is now expected to be between EUR –3 and –6 million.

In light of these developments in the financial and customer markets we decided to perform an impairment review later this year. Our market capitalisation is below book value, which suggests to carefully analyse any impairment write off requirements. In the past we took a conservative approach to goodwill accounting pushing for a – non-cash - linear write down of goodwill over three years. New SEC regulation required to change from this policy to regular impairment reviews in 2002. The review which is not finalised suggests that we are likely to take an additional, non-cash write-off charge on goodwill created in the merger with OAI amounting to EUR 110 to 130 million in Q4. This is less than the goodwill amortisation which we would have accounted for following the rules prior to the changes of US-GAAP rules, when we incurred annual amortisation of approximately EUR 140 million including the regular EUR 12.4 million amortisation charge. We deem this procedure to be prudent and conservative. It does not materially change the fundamental strength of our company and does not have an effect on our cash position.

Our order situation is healthy. As of mid November, secured revenues for this year amounted to EUR 69 million (guidance 2002: EUR 68-72 million). Following the signature of the multi year contract with Pfizer, our 2003 order book already amounts to EUR 35 million. The difficult conditions of capital markets and the resulting uncertainties regarding timing of new contracts, however, do make us cautious. For the purpose of our forecast given today we assume a continued weakness in spending in the pharmaceutical and biotechnology industries throughout 2003. While we still believe in the longer term trend of 20 to 30 % revenue growth, we expect revenues to grow only by 10 to 15% in 2003, but possibly faster again in 2004. On the basis of our business forecast and our efforts to reduce cost year-end cash will remain at about the level of the end of Q3. Based on this cash position and our strong pipeline of new contracts we remain confident that we can deliver on our business plan without requiring a capital increase through the stock exchange.

Shareholdings of the Boards of Evotec OAI AG

	Number of shares	Share options
Management Board		
Joern Aldag	281,000	72,600
Dr Dirk H. Ehlers	0	30,000
Dr Timm-H. Jessen	136,172	53,232
Sean Marett	0	10,000
Supervisory Board		
Prof Dr Heinz Riesenhuber	110,000	0
Peer Schatz	3,892	0
Dr Pol Bamelis	0	0
Dr Karsten Henco	1,306,356	26,732
Dr Edwin Moses	313,058	15,000
Michael Redmond	1,000	0

September 30, 2002

Segment reporting according to US GAAP

Evotec OAI AG and Subsidiaries

Euro in thousands except share data	Discovery services	Discovery tools and technologies
Revenues:		
– Drug discovery products & development of technologies	413	6,212
– Drug discovery services	40,826	-
Total revenues	**41,239**	**6,212**
– Cost of revenues	24,120	2,379
Gross Profit	**17,119**	**3,833**
– Selling, general and administrative expenses	14,132	2,121
– Research and development expense	9,326	8,217
– Other operating expense	1,544	-
– Amortisation (and impairment) of goodwill amongst other things	8,628	477
Operating income (loss)	**(16,511)**	**(6,982)**

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Condensed consolidated statements of operations according to US GAAP

Evotec OAI AG and Subsidiaries

Euro in thousands except share data	01-09/2002	01-09/2001	Δ in %	07-09/2002	07-09/2001	Δ in %
Revenues:						
– Drug discovery products & development of technologies	6,625	4,836	37.0	1,848	1,359	36.0
– Drug discovery services	40,826	34,740	17.5	12,402	11,893	4.3
Total revenues	**47,451**	**39,576**	**19.9**	**14,250**	**13,252**	**7.5**
– Cost of revenues	26,499	20,207	31.1	8,009	6,180	29.6
Gross profit	**20,952**	**19,369**	**8.2**	**6,241**	**7,072**	**(11.8)**
– Selling, general and administrative expenses	16,253	14,407	12.8	5,458	4,935	10.6
– Research and development expense	17,543	16,908	3.8	5,413	5,026	7.7
– Other operating expenses	1,544	-	100.0	547	-	100.0
– Amortisation (and impairment) of goodwill amongst other things	9,105	102,997	(91.1)	2,999	34,318	(91.3)
Operating income (loss)	**(23,493)**	**(114,943)**	**79.6**	**(8,176)**	**(37,207)**	**78.0**
– Interest income (expense)	361	1,326	(72.8)	36	378	(90.5)
– Income from investments and participations	-	-	-	-	-	-
– Income (expense) from associated companies	-	(189)	100.0	-	(28)	100.0
– Foreign currency exchange gain (loss)	245	(114)	-	101	(50)	-
– Other income (expense)	996	895	11.3	494	610	(19.0)
Result before income taxes and minority interest	**(21,891)**	**(113,025)**	**80.6**	**(7,545)**	**(36,297)**	**79.2**
Income tax	1,307	(1,806)	172.4	716	(915)	178.3
Extraordinary income (expenses)	-	-	-	-	-	-
Result before minority interest	**(20,584)**	**(114,831)**	**82.1**	**(6,829)**	**(37,212)**	**81.7**
Minority interest	(40)	10	-	(62)	(7)	-
Net income / loss	**(20,624)**	**(114,821)**	**82.0**	**(6,891)**	**(37,219)**	**81.5**
Net income per share (basic)	(0.58)	(3.24)		(0.19)	(1.05)	
Net income per share (diluted)	-	-		-	-	
Weighted average common share outstanding (basic)	35,509,001	35,452,148		35,509,001	35,452,148	
Weighted average common share outstanding (diluted)	-	-		-	-	
Depreciation of property, plant and equipment included in total operating expense	8,149	7,251	12.4	2,715	2,599	4.5

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Condensed consolidated balance sheets according to US GAAP
Evotec OAI AG and Subsidiaries

Euro in thousands	30/09/2002	31/12/2001	Δ in %
Assets			
Current assets:			
– Cash and cash equivalents	14,937	18,651	(19.9)
– Marketable securities, at fair value	-	9,182	(100.0)
– Trade accounts receivable	9,605	11,890	(19.2)
– Accounts receivable due from related parties	375	676	(44.5)
– Inventories, at cost	12,103	6,524	85.5
– Deferred tax assets	91	104	(12.5)
– Prepaid expenses and other current assets	7,069	6,100	15.9
Total current assets	**44,180**	**53,127**	**(16.8)**
Property, plant and equipment, net	64,952	67,847	(4.3)
Intangible assets, excluding goodwill, net	34,298	44,519	(23.0)
Notes receivable / loans	-	-	-
Investments	3	463	(99.4)
Goodwill, net	222,102	228,612	(2.9)
Deferred taxes	-	-	-
Other non-current assets	49	49	-
Total assets	**365,584**	**394,617**	**(7.4)**

Liabilities and stockholders' equity			
Current liabilities:			
– Current portion of capital lease obligation	-	-	-
– Current portion of long-term debt	1,292	829	55.9
– Trade accounts payable	6,170	5,677	8.7
– Accounts payable to related parties	27	40	(32.5)
– Advanced payments received	1,223	70	-
– Accrued expenses	9,217	8,972	2.7
– Deferred revenues	782	3,983	(80.4)
– Income taxes payable	324	-	100.0
– Deferred taxes	-	-	-
– Other current liabilities	1,410	2,522	(44.1)
Total current liabilities	**20,445**	**22,093**	**(7.5)**
Long-term debt, less current portion	7,366	3,009	144.8
Capital lease obligations, less current portion	-	-	-
Deferred taxes	19.050	21,221	(10.2)
Other non-current liabilities	50	50	-
Minority interests	678	653	3.8

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Shareholders' equity:			
– Share capital	35,510	35,507	0.0
– Additional paid-in capital	536,875	536,857	0.0
– Treasury stock	-	-	-
– Retained earning/accumulated deficit	(238,000)	(217,376)	(9.5)
– Accumulated other comprehensive income/loss	(16,390)	(7,397)	(121.6)
Total liabilities and stockholders' equity	**365.584**	**394,617**	**(7.4)**

Condensed consolidated statements of cash flows according to US GAAP

Evotec OAI AG and Subsidiary

Euro in thousands	30/09/2002	30/09/2001
Cash flows from operating activities:		
Net loss	(20,624)	(114,821)
Adjustments to reconcile net loss to net cash used in operating activities	15,591	112,293
Change in assets and liabilities	(6,156)	(6,008)
Net cash (used in) provided by operating activities	**(11,189)**	**(8,536)**
Cash flows from investing activities:		
Purchase of marketable securities	(1,923)	(23,262)
Purchase of investment	(3)	-
Purchase of fixed assets	(6,882)	(11,945)
Purchase of intangible assets	(23)	(355)
Proceeds from sale of equipment	12	-
Proceeds from sale of investments	444	-
Proceeds from sale of marketable securities	11,095	27,913
Net cash (used in) provided by investing activities	**2,720**	**(7,649)**
Cash flows from financing activities:		
Net proceeds from capital increase	22	-
Net proceeds from increase of bank loan	4,838	-
Repayment of bank loan	-	(317)
Net cash flow (used in) provided by financing activities	**4,860**	**(317)**
Net increase in cash and cash equivalents	**(3,609)**	**(16,502)**
Exchange rate difference	(105)	356
Cash and cash equivalents at beginning of year	18,651	32,483
Cash and cash equivalents at end of the third quarter	**14,937**	**15,625**
Cash, cash equivalents and marketable securities at end of the third quarter	**14,937**	**27,414**

Consolidated statements of changes in stockholders’ equity

Evotec OAI AG and Subsidiaries

Euro in thousands except share data	Share capital Shares	Share capital Amount	Additional paid-in capital	Unearned compen-sation	Foreign currency translation adjustment	Unrealised gains (losses) on securities	Accumu-lated deficit	Total stock-holders' equity
Balance at December 31, 2000	35,452,148	35,452	539,179	(703)	(2,443)	636	(69,626)	502,495
Share capital increase	54,899	55	302	-	-	-	-	357
Stock option plan	-	-	204	68	-	-	-	272
Other adjustments to additional paid-in-capital	-	-	(2,828)	-	-	-	-	(2,828)
Comprehensive loss:								
- Foreign currency translation	-	-	-	-	(4,471)	-	-	(4,471)
- Unrealized holding gains on abailable-for-sale securities	-	-	-	-	-	(484)	-	(484)
- Net loss	-	-	-	-	-	-	(147,750)	(147,750)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(152,705)**
Balance at December 31, 2001	**35,507,047**	**35,507**	**536,857**	**(635)**	**(6,914)**	**152**	**(217,376)**	**347,591**
Share capital increase	3,083	3	18	-	-	-	-	21
Stock option plan	-	-	-	242	-	-	-	242
Comprehensive loss:								
– Foreign currency translation	-	-	-	-	(9,083)	-	-	(9,083)
– Unrealized holding gains on available-for-sale securities	-	-	-	-	-	(152)	-	(152)
– Net loss	-	-	-	-	-	-	(20,624)	(20,624)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29,859)**
Balance at Sept 30, 2002	**35,510,130**	**35,510**	**536,875**	**(393)**	**(15,997)**	**-**	**(238,000)**	**317,995**