UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

Commission file number 0-21392

AMARIN CORPORATION PLC

(Exact name of Registrant as Specified in its Charter)

ENGLAND
(Jurisdiction of Incorporation or organization of Issuer)

7 CURZON STREET
LONDON W1J 5HG
ENGLAND
(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each Class	Name of each Exchange On Which Registered
None	None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

American Depositary Shares Representing Ordinary Shares
Ordinary Shares (10p par value per Share)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each issuer's classes of capital or common stock as of the period covered by the annual report.

76,743,893 Ordinary Shares (10p par value per Share)
4,129,819 Preference Shares (£1 par value Share)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 [ ] Item 18 [x]

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes [ ] No [ ]

Cross Reference Guide to Form 20-F

The information in this document that is referenced in the following table constitutes the Company's annual report on Form 20-F for the year ended December 31, 2001. Only information in this document actually cross-referenced to Form-20F shall be deemed to be filed with the Securities and Exchange Commission.

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INTRODUCTION

This report comprises the Annual Report to Shareholders of Amarin Corporation plc and its Annual Report on Form 20-F in accordance with the requirements of the United States Securities and Exchange Commission ("SEC") for the year ended December 31, 2001. See the cross reference guide on page (iii) which sets forth the information in this report that corresponds to the Form 20-F.

As used in this annual report, unless the context otherwise indicates, the terms "Company", "Amarin", "we", "us" and "our" refer to Amarin Corporation plc and its wholly owned subsidiary companies. The term "Ordinary Shares" refers to the Company's Ordinary Shares, par value 10p per share, and the term "Preference Shares" refers to the Company's 3% cumulative convertible preference shares, par value £1 each.

Some of the statements made in this annual report are forward-looking in nature. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and you should not place too much reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The occurrence of the events described, and the achievement of the intended results, are subject to many factors, some or all of which are not predictable or within the Company's control; therefore actual results or outcomes may differ materially from those anticipated in any forward-looking statement. These factors include those identified under the heading "Risk Factors" and elsewhere in this annual report.

COMPANY OVERVIEW

Amarin Corporation plc (NASDAQ: AMRN) is a specialty pharmaceutical company focused on neurology and pain management with headquarters in the United Kingdom and commercial operations located in both the United States of America, for our pharmaceutical development and marketing business, and Sweden, for our drug delivery business.

Amarin is committed to becoming a recognized leader in the field of neurology and pain management with a quality reputation for meeting the needs of healthcare professionals by the provision of innovative medicines.

Amarin's principal activities are the marketing and sale of pharmaceutical products which it conducts through its US subsidiary, Amarin Pharmaceuticals Inc. ("API"), and the development of pharmaceutical products utilizing its proprietary drug delivery technologies which is carried out by its Swedish subsidiary, Amarin Development AB. The Company has a portfolio of 11 marketable pharmaceutical products which are sold exclusively in the US.

During 2001, Amarin made two significant product acquisitions that we believe will enable us to establish a strategic franchise in Parkinson's disease in the US.

In May 2001, the Company obtained exclusive US marketing and distribution rights to Permax (pergolide mesylate) from Elan Pharmaceuticals, Inc. (together with Elan Corporation plc and its subsidiaries, "Elan"), a related party, for a period extending through May 16, 2002. Elan is the exclusive licensee from Eli Lilly and Company ("Lilly") of the US rights to Permax, which is approved by the Food and Drug Administration ("FDA") as an adjunctive treatment for Parkinson's disease. We also acquired an option to obtain all of Elan's remaining rights to Permax in the US, in return for making specified option payments. On March 11 2002, the Board of Directors of the Company approved the exercise of such option, which will be consummated upon obtaining Lilly's consent to our acquisition of Elan's rights.

We have established a team of 24 sales representatives dedicated to the promotion of neurology products in the US. This specialty sales force is currently deployed in promoting Permax. We anticipate that we will also utilize the sales force to promote our marketed pain relief products and, subject to FDA approval, our development products.

Also in May 2001, the Company entered into an option agreement with Elan to acquire Elan's exclusive rights as licensee to promote, sell and distribute Zelapar™ (Zydis® selegiline orally dissolving tablets) in the US. Zelapar uses the proprietary Zydis technology of R.P. Scherer, Inc. ("Scherer"), Elan's licensor, to produce a unique and proprietary fast-dissolving formulation of selegiline, which is indicated for the treatment of Parkinson's disease. If approved by the FDA and acquired by Amarin, Zelapar would be complementary to Permax and would allow Amarin to leverage its 24-person specialty neurology sales force established to market and sell Permax in the US. It is anticipated that a New Drug Application ("NDA") will be filed for Zelapar with the FDA before the end of the first half of 2002.

Previously Amarin has, as part of its strategic vision, acquired the US marketing and distribution rights to each of LAX–101 for Huntington's disease and Moraxen for chronic severe pain, two additional, proprietary late-stage development compounds with applications in our primary target therapeutic categories of neurology and pain management, respectively.

LAX-101 is a novel and proprietary treatment for Huntington's disease, a progressive, fatal neuro-degenerative disease for which there is currently no approved treatment in the US. Amarin acquired a license to the US marketing and distribution rights for LAX-101 in Huntington's disease and certain other niche neurodegenerative diseases from UK-based Laxdale Ltd. Amarin announced positive results for two separate Phase II studies for LAX-101 that were published in the January 21, 2002 issue of NeuroReport, a peer-reviewed neurology journal. If these results are confirmed in the ongoing Phase III study, Amarin believes that LAX-101 will represent a breakthrough in the treatment of Huntington's disease. Subject to positive Phase III results, it is anticipated that an NDA will be filed with the FDA during the first half of 2003.

Moraxen is a novel, proprietary formulation of morphine for the treatment of chronic moderate to severe pain. Moraxen has been developed by CeNeS Pharmaceuticals plc, a UK-based drug development company ("CeNeS"). This new therapy has already been launched in several countries in Europe and Amarin and CeNeS are currently assessing all pre-clinical, clinical, marketing and manufacturing issues prior to initiating phase III trials in the US. CeNeS has recently experienced financial difficulties which could result in Amarin absorbing certain costs of continued development. However, Amarin is under no obligation to do so and there is no assurance that Amarin would assume any of the additional funding burden for continued development of this product if CeNeS fails to fulfill its obligations. See "Risk Factors-Our ability to generate revenues under our in-licensing agreements depends in part upon the financial condition of our licensors."

Our branded products portfolio, initially acquired in 1999, provided the foundation of our growth as a specialty pharmaceutical company. That portfolio includes our Phrenelin® line of tension headache products, and others. To promote these products, we have built an efficient direct sales and marketing infrastructure based in Warren, New Jersey in order to market the products directly to the physicians who originate the prescriptions. We also have a co-promotion agreement with TEAMM Pharmaceuticals, Inc., a marketing company who call on general practitioners and specialists for Motofen® and Bontril®, our anti-diarrheal and weight loss products, respectively.

Amarin Development AB is our wholly-owned Swedish subsidiary, dedicated to the research and development of advanced controlled-release and site-specific technology solutions, and to creating improved formulations of both new and existing drugs. Our oral proprietary technologies can be used with a variety of drugs covering a range of therapeutic areas. Amarin's activities in this area primarily involve collaborative arrangements whereby it seeks to incorporate its drug delivery technology into compounds developed or marketed by other pharmaceutical companies. Amarin also performs research and development projects for third parties on a contract "fee for service" basis.

Amarin's revenues are derived from four principal sources. For the year ended December 31, 2001, sales of our products through our own sales and marketing operations accounted for approximately 86% of total revenues; licensing and development fees accounted for approximately 4% of total revenues; contract manufacturing fees accounted for approximately 1% of total revenues; and royalties on third party product sales accounted for approximately 9% of total revenues. Although some of the products marketed in the US can show seasonal market trends, there has not been material revenue seasonality for the Amarin consolidated group.

Broken down by geographic markets, for the year ended December 31, 2001 approximately 83% of total revenues were generated in the US, representing sales of our pharmaceutical products; approximately 2% of total revenues were generated in the UK, representing our royalty income; and approximately 14% of total revenues were generated in the European market, representing our drug delivery and contract manufacture business. The remaining 1% of total revenues were generated as export sale in markets outside the EU and US.

Our strategy is to seek higher financial returns by continuing to acquire and in-license marketable pharmaceutical products, which will help pay the development obligations for our pipeline products, and to continue to generate revenues from the licensing of our proprietary drug delivery technologies.

HISTORY AND DEVELOPMENT OF THE COMPANY

Amarin Corporation plc (formerly Ethical Holdings plc) was incorporated in England as a private limited company on March 1, 1989 under the Companies Act 1985 and re-registered in England as a public limited company on March 19, 1993.

Until late 1999, the Company's principal activity was the development of drug delivery technologies, and it generated revenue by licensing its technologies to other companies. In September 1999, the strategic acquisition of a portfolio of FDA approved products from Elan for US$25.2 million provided the foundation for the Company's restructuring of its business and growth as a specialty pharmaceutical company with a focus in the US. The acquisition of this product portfolio was also the first step towards building a sales and marketing capability in the US. The US represents the largest single market for pharmaceutical products in the world.

In December 1999 Amarin sold to Elan, at a sale price of US$20.25 million, its transdermal patch technology business which developed products designed to release medication through patches worn on the skin. This transaction, together with the acquisition of the product portfolio from Elan, shifted Amarin's primary therapeutic focus from hormone replacement therapy to, inter alia, the areas of neurology and pain management. In conjunction with the restructuring of its business focus the Company changed its name from Ethical Holdings plc to Amarin Corporation plc.

Following the above-referenced events, Amarin's in-house research and development functions were concentrated in its Swedish subsidiary, Amarin Development AB, which retained its operations and is primarily involved in product development with oral controlled-release and site-specific technologies.

Amarin entered into two license agreements in late 2000 and early 2001, which provided the Company with pipeline products that began the Company's strategic focus in neurology and pain management. Upon FDA approval, these products would complement the current marketed line of neurological and pain management products. The first license agreement was signed in November 2000, giving the Company exclusive US rights to market and distribute LAX-101 for Huntington's disease and certain other neuro-degenerative diseases. The Company obtained a license from CeNeS in January 2001 for the exclusive US marketing rights to Moraxen for chronic moderate to severe pain. In May 2001, we acquired an option to the US marketing and distribution rights to each of Permax and Zelapar which, when exercised, we believe will enable us to establish a strategic franchise in Parkinson's disease. All of these transactions give Amarin exclusive US rights to specialty products that are suited to the Company's focused marketing strategy.

We have built our US infrastructure to support these marketed and development products by establishing our West Coast operations in Mill Valley, California. We have hired key personnel for the development and marketing of our products and pipeline, and are well positioned for future growth.

On November 30, 2001, in furtherance of our strategic focus, we sold our entire equity interest in each of our South American subsidiaries, Beta Pharmaceuticals Corporation and Amarin Technologies South America, S.A. This sale was made to the local management team of these subsidiaries at a purchase price of US$262,000 in cash plus the assumption of approximately US$188,000 in indebtedness. This transaction completed our planned divestiture of the transdermal patch research and development business.

Organizational Structure

The Company conducts its pharmaceutical sales activities through its wholly owned subsidiary, Amarin Pharmaceuticals, Inc., and its drug delivery activities through its wholly owned group subsidiary, Amarin Development AB.

The Company's principal executive offices are located at 7 Curzon Street, London W1J 5HG, England, and its telephone number is +44-20-7499-9009.

Details of all significant subsidiaries are summarised below:

Subsidiary Name	**Country of Incorporation or Registration**	**Proportion of Ownership Interest and Voting Power Held**
Amarin Development (Sweden) AB	Sweden	100%
Amarin Pharmaceuticals, Inc.	US (Delaware)	100%

BUSINESS OF THE COMPANY

Amarin Pharmaceuticals, Inc.

General

Amarin Pharmaceuticals, Inc. ("API") expanded significantly in 2001 in pursuit of its goal to become a leader in neurology and pain management. Revenues attributable to this subsidiary more than doubled, due in part to the advent of the Permax product rights, in addition to growth from our branded products. API also monitors and manages certain development activities relating to products that have been in-licensed from third parties. We increased our development pipeline by adding the US rights to Zelapar, a product in late stage development for Parkinson's disease which is a strategic complement to Permax. We added talented management personnel in several key areas, and expanded our infrastructure to keep pace with growth by launching our 24-person specialty sales force. These experienced sales representatives call upon neurologists and other specialists in the US to expand awareness and promote Permax. We also intend to use this sales force to supplement our marketing efforts for the Phrenilin line of products. Moreover, the neurology sales force will be well-positioned to provide promotion for our other late stage development products, when approved.

The Company believes that through the aggressive management of its current portfolio, targeted acquisition or in-licensing of complementary marketed or late-stage development products and the maintenance of a lean infrastructure, API has established a growing and profitable platform from which it can expand its presence. API's position in the emerging specialty pharmaceutical market in the US is expected to enhance the Company's product acquisition efforts and accelerate its overall growth.

The Company relies on third party manufacturers for supply of its pharmaceutical products. These manufacturers are either the Company's licensors (for example, Permax is manufactured by Lilly) or contract manufacturers dedicated to production of pharmaceutical products.

API has an agreement with a third party industry leader to facilitate its distribution services. This service company assists API in all areas of distribution including product distribution, warehousing, customer service, accounts receivable collection and returns processing. The Company believes that this arrangement gives it a cost-effective ability to provide a high level of customer service and satisfaction. The Company intends to continue to evaluate distribution activities and will make appropriate cost-effective decisions on bringing some or all of those activities in-house.

Management and Infrastructure

As a part of expanding its management team and infrastructure to keep pace with product growth and expansion, API has successfully added key management and personnel in a number of areas which are crucial for the development and marketing of pharmaceutical products. In addition to locating, leasing and building out office space in northern California suitable for our development and marketing activities, we were able to identify and retain people whom we believe to be highly experienced and qualified in the following areas: sales, marketing, clinical, medical and scientific affairs, safety and medical information, finance, legal, commercial development, information technology, sales training, managed care/government purchasing, and trade relations, among others. All are experienced in the pharmaceutical business, many with specific experience in neurology or pain management. We have also been able to identify valued consultants who assist in these and other areas. We intend to continue with a mix of consultants and full-time employees who are dedicated to our future success.

Key Products and Development Pipeline

Our Parkinson's Disease Strategy

Effective in May, 2001, the Company entered into agreements which form a basis for building a strategic franchise in products for the treatment of Parkinson's disease. Approximately 500,000 people in the US are thought to be treated for Parkinson's, with an equal number or more going undiagnosed and untreated. Under these agreements, Amarin obtained immediate marketing and distribution rights in the US for Permax through May 16, 2002, along with a purchase option for all the remaining US rights of Elan, the current licensee. At the same time, the Company obtained an exclusive option from Elan to the US marketing rights for Zelapar (Zydis fast-dissolving formulation of selegiline), a late-stage product in development also for treatment of Parkinson's disease. Both are discussed in more detail below.

Permax (pergolide mesylate) tablets

Permax has been approved for marketing in the US as an adjunctive treatment for Parkinson's disease, a neurological disease characterized by a deficiency of dopamine, a neurotransmitter, in the brain. Permax is one of a class of drugs known as dopamine agonists, which mimic the action of dopamine at certain receptor sites in the brain. Stimulating these receptor sites can reduce the symptoms of Parkinson's disease, such as tremor, rigidity and shuffling gait. Other competing pharmaceutical products, including dopamine agonists and products having different mechanisms of action, have also been approved for treatment of the symptoms of Parkinson's disease. Permax had US revenues of approximately US$40 million in fiscal 2001 of which the Company accounted for approximately US$30 million following the acquisition of the marketing and distribution rights for Permax on May 17, 2001.

Our agreement for Permax, as amended and restated on September 28, 2001, gives us the exclusive US marketing, distribution and purchase option rights to this product. These rights were obtained from Elan which holds an exclusive license from Lilly, the holder of the NDA for Permax, to market and distribute this product in the US.

Under this agreement, we were appointed exclusive US distributor for Permax for a one-year period ending May 16, 2002, with an option to acquire outright Elan's entire rights in the product as Lilly's exclusive US licensee. Upon exercise, the option would extend our marketing and distribution rights for the duration of Elan's original license agreement with Lilly, which continues through April 1, 2008. As a part of the amended and restated marketing and distribution arrangement, we have made payments of approximately US$47.5 million to Elan in consideration for the purchase option. We have also agreed to pay Elan royalties on sales, with approximately US$3.2 million of royalty payments having been made from May 17, 2001 through March 31, 2002. The acquisition of the Permax option was partially funded by a loan from an affiliate of Elan in the amount of US$45 million which is due in full, with accrued interest, on September 30, 2002. As set out in "Liquidity and Capital Resources" management intends to finance the exercise of the Permax option partially with internally generated funds as well as with outside financing.

On March 11, 2002, the Board of Directors of the Company approved the exercise of the Permax option, which will be consummated upon obtaining Lilly's consent to our acquisition of Elan's rights. In return, we will pay Elan ongoing royalties from our sales of Permax and additional fixed payments totalling US$37.5 million. Our first payment of US$7.5 million will be made to Elan upon Lilly's consent to the transfer of these rights and subsequent payments will be made in twelve successive quarterly installments of US$2.5 million each. Our agreement provides that if net sales of Permax in 2003 and 2004 exceed specified dollar amounts, we will be required to pay Elan a percentage of the amount by which net sales exceed such levels. Conversely, if net sales in 2003

and 2004 fall below the specified levels, we will be entitled to credit against future royalties payable to Elan a percentage of the amount by which net sales fall short of such levels.

Because the primary patent relating to the composition of Permax has expired, competitors have the right to seek FDA approval to manufacture generic versions of this product. The Company is aware of two manufacturers who have given Lilly notice of their intent to market a generic pergolide, said to be bioequivalent to Permax, and have filed Abbreviated New Drug Applications (ANDAs) for approval of such a product. In addition to the primary composition patent, Lilly holds two patents applicable to certain formulations of Permax which have been listed in the Orange Book, the FDA's listing of formulation and composition patents for NDA-approved products. Elan has initiated and we will join, upon consummation of our purchase option rights, a patent enforcement action against one of these manufacturers alleging infringement under Lilly's remaining unexpired patents covering the Permax formulation. The Hatch-Waxman Act provides an automatic stay of up to thirty months from the filing of such a lawsuit alleging infringement of Orange Book listed patents, unless it is resolved earlier than the expiration of that thirty-month period. The effect of the stay is to preclude the marketing by the defendant of the product which is the subject of the lawsuit, even if tentatively approved by the FDA. There can be no assurances that any such action will ultimately be successful. We are also reviewing other actions which might be appropriate to protect the Permax product and to ensure that all appropriate regulatory actions are taken in connection with the potential approval of any ANDA for a generic pergolide product.

While Permax has benefited from years of patient experience in the US, in recent years, competitors have obtained approval for two new entrants in the dopamine agonist class, which have reduced Permax's market share. In view of this increased competition, we have recruited a 24-person neurology sales force that has been deployed nationally to provide information and services to neurologists, focusing on the high prescriber base.

Zelapar (selegiline HCl orally dissolving tablets)

At the same time as we entered into our Permax transaction with Elan, we entered into an agreement with Elan giving us the option to acquire exclusive rights to promote, sell and distribute Zelapar in the US. Elan is the exclusive licensee for Zelapar in the US under a license agreement with Scherer.

Zelapar is a novel and proprietary formulation of selegiline which uses Scherer's patented Zydis technology to provide a fast-dissolving product for treatment of the symptoms of Parkinson's disease. Selegiline reduces dopamine deficiency in certain areas of the brain by inhibiting the activity of the MAO-B enzyme that breaks down dopamine. Selegiline is generally used as an adjunct to synthetic forms of dopamine such as levodopa. The Zydis formulation allows selegiline to be administered in flash-dissolving tablet form, which is dispersed in the mouth in less than 10 seconds and absorbed without swallowing.

The US rights to Zelapar are currently licensed to Elan by Scherer. In consideration of the granting of the option to acquire these rights, we paid a non-refundable option fee of US$100,000. Our option is exercisable at any time up to 30 days after FDA approval of the NDA for Zelapar. The exercise of the option would require us to make four milestone payments plus running royalties to Elan based on a percentage of net sales of Zelapar in the US for the first eight years following exercise. The first milestone of US$10 million would be payable upon the closing of the exercise of the option. The second and third milestones would be in the aggregate amount of US$27.5 million, and each is contingent on certain revenue levels being achieved. The final milestone of US$15 million would be payable eight years from exercise of the option for Zelapar, subject to certain extension rights. This final payment will be reduced by the amount of all royalty payments made by us to Elan in the intervening period. Elan will pay all research and development costs including those of filing an NDA with and obtaining approval of the NDA by the FDA. It is anticipated that the NDA for Zelapar will be accepted for filing by the FDA in the first half of 2002.

Our exercise of the purchase option could be subject to approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we would pursue and have no reason to believe would not be approved.

Should we exercise the purchase option, our strategy would be to launch Zelapar upon FDA approval using existing clinical data that demonstrate significant improvement in the symptoms of Parkinson's disease. We believe that, in addition to other advantages, the convenience of the Zydis fast-dissolving tablet and oromucosal absorption make it a more convenient product for Parkinson's disease patients (many of whom have difficulty swallowing) than traditional capsules and tablets.

Zelapar is complementary to Permax and, if approved by the FDA and acquired by us, could allow us to leverage on the cost of establishing a specialist neurology sales organization and to continue to build upon our Parkinson's disease product sales base. However, there can be no assurance that any NDA filed for Zelapar will be approved by the FDA. We participate with but are reliant upon the efforts of Elan in obtaining FDA approval, as they have exclusive control over the application process. Additionally, even if an NDA is approved, the product may not gain acceptance in the marketplace or generate sufficient revenues to offset our acquisition and other ongoing costs.

Huntington's Disease

LAX-101

In November 2000 we entered into a license agreement giving Amarin the exclusive US rights to market and distribute LAX-101 within a defined field of use including Huntington's disease and other neurological conditions. LAX-101 is a proprietary compound being developed by Laxdale Limited primarily for the treatment of Huntington's disease. Laxdale is responsible for obtaining all regulatory approvals required for the use of this product in the US, and has agreed to source all raw materials needed for the manufacture of finished product. Upon the commercialization of LAX-101, we must meet and maintain specified levels of US product sales in order to retain our exclusive rights. The license fees to Laxdale consist of both up-front and contingent payments of cash and stock. The initial fee included a cash payment of US$1,000,000 and the issuance of 6,507,971 Ordinary Shares (equivalent to 650,797 ADSs), representing 5% of our fully diluted issued share capital at that time. Further stock issuances and royalty payments on future sales of LAX-101 are contingent on the achievement of specified milestones in accordance with the license agreement.

Following positive results in two separate Phase II studies for LAX-101, Laxdale began a Phase III pivotal double-blind placebo-controlled study in 2001 which has enrolled over 100 patients at four centers in the US, Canada and the UK. Full recruitment for the study was achieved in July, 2001 and patient treatment is currently scheduled to be completed in July, 2002. Assuming the results of the clinical trial demonstrate LAX-101 to be safe and effective in treating Huntington's disease, it is anticipated that an NDA will be submitted to the FDA in the first half of 2003.

LAX-101 has been granted orphan drug designation by the FDA. In the US, orphan drug status provides market exclusivity for the active molecule in the product for a period of seven years from the date the product is approved for marketing. However, orphan drug exclusivity does not bar competitors from developing other active molecules; and even the same molecule can be separately developed and approved within that seven-year period for the same indication if shown to be clinically superior, or under other circumstances. Orphan drug status does not confer patent rights upon the holder, nor does it provide an exemption from claims of infringement of patents which may be held by third parties. Laxdale is pursuing a patent strategy for LAX-101 which it believes will provide significant protection for the product. There can however, be no assurances that a competitive product will not be approved by the FDA, or that any patents granted will ultimately be upheld if challenged.

Pain Management

Moraxen™

In January, 2001, the Company obtained a license from CeNeS, for the exclusive US marketing rights to Moraxen™. Moraxen, a novel and proprietary suppository formulation of morphine using patented Hydrogel® technology, is currently approved and marketed in the UK and Ireland by Schwarz Pharma. Under the terms of the agreement, Amarin paid an up-front license fee and will pay a royalty on all future sales.

Moraxen is intended for the treatment of chronic moderate to severe pain. Its principal advantages over other forms of morphine include its rapid onset of action, 24-hour duration of effect and lower incidence of constipation than often experienced with other morphine formulations. Phase II studies have been completed for Moraxen. However, CeNeS has recently experienced financial difficulties which could result in Amarin absorbing certain costs of continued development. We are presently discussing the ongoing development program for Moraxen in light of the financial condition of CeNeS as well as the possible impact of recent findings, following a meeting in the first quarter of 2002, of an advisory group to the FDA in connection with the development of opioid pain products such as Moraxen. See "Risk Factors — Our ability to generate revenues under our in-licensing agreements depends in part upon the financial condition of our licensors."

Branded Products Portfolio

Throughout 2001, Amarin continued its efforts to re-establish the branded identity of its three principal branded products, the Phrenilin® line for headache, Bontril® for obesity, and Motofen® for diarrhea. These three products account for approximately 80% of the revenues generated by our branded products portfolio. We have entered into a Co-Promotion Agreement with TEAMM Pharmaceuticals pursuant to which they promote Motofen and Bontril by direct calls on physicians and by telemarketing and other cost-effective non-personal promotion techniques.

Phrenilin® Line

Phrenilin is indicated for the relief of the symptom complex of tension headache, which is caused by muscle contraction. Headache is one of the most prevalent conditions in the US. Other more severe forms of headache include migraine, chronic daily headache, cluster headache, and medication rebound headache. Headaches are for the most part under-recognized and therefore under-treated. The US market for all headache products including migraine is estimated to be in excess of US$1 billion. Phrenilin competes primarily against Esgic®, Fiorcet®, and Fiorinal®, as well as numerous over-the-counter headache remedies. We provide Phrenilin in three formulations: Phrenilin, Phrenilin Forte (a higher strength formulation) and Phrenilin CC (with caffeine and codeine). Phrenilin CC was successfully launched in December, 2001.

Bontril®

Bontril is indicated in the management of exogenous obesity, which is defined as general obesity not attributable to any disease or other specific cause. Bontril is generally used over a period of several weeks as a short-term adjunct in a weight reduction regimen based on caloric restrictions. The most recent National Health and Nutrition Examination Survey reports that obesity affects approximately 26% of the US adult population. The percentage of overweight and obese people in the US has increased dramatically in recent years and is expected to continue rising. The incidence of obesity is particularly pronounced in minority populations, especially among women, and is prevalent among low-income ethnic populations. The US market for obesity is estimated to be in excess of US$200 million. The two major drugs included in this category are Meridia®, produced by Knoll Pharmaceuticals Ltd., and Xenical®, produced by F. Hoffman – La Roche.

Motofen®

Motofen is indicated as an adjunctive therapy in the management of severe diarrhea and severe recurring or temporary diarrhea. Normal bowel frequency ranges from three times a week to three times a day. Factors that influence stool weight, consistency, and frequency include the fiber content of the diet, gender, ingested medications, and possibly exercise and stress. Diarrhea is formally defined as an increase in daily stool weight above 200g. Typically, the patient also may describe an abnormal increase in stool liquidity and frequency. Motofen competes primarily against Imodium®, produced by Janssen Pharmaceutica, and Lomotil®, produced by the Searle division of Pharmacia.

Amarin Development AB

Overview

The Company's oral product development work is performed by Amarin Development AB at its state of the art development facility in Malmö, Sweden.

Amarin develops its products both independently and in collaboration with established pharmaceutical and biotechnology companies worldwide.

Amarin's Core Drug Delivery Technologies

The Company owns nine distinct patented oral controlled-release and site-specific technologies. Amarin has internally developed six oral controlled-release drug delivery technologies, which regulate drug concentrations in the blood over extended periods of time by controlling the rate of release of active compounds into the body. These technologies have been utilized by the Company to develop a range of proprietary products. Four products using two of these technologies are currently being marketed. In addition, Amarin has acquired rights to three further proprietary oral drug delivery technologies for which it is seeking to develop products. The Company believes that no single technology is entirely appropriate to the requirements and characteristics of all drugs. The Company therefore has several oral technologies that can potentially be applied to a diverse range of drugs, including New Chemical Entities (NCEs) developed by other pharmaceutical companies. The Company continues to seek to refine, develop and acquire technologies with broader applications and improved performance with a view to obtaining further patent coverage.

Oral Controlled-Release and Site-Specific Tablet Technologies

The Company owns nine distinct patented oral controlled-release and site-specific technologies.

DCV™ Oral Controlled-Release Technology

The Company has developed three distinct patented systems based on the principle of diffusion of drug through a water insoluble membrane. These technologies are now marketed under the trade name Diffusion Controlled Vesicle or DCV,™ having previously been marketed under the trademark Multipor. The original DCV technology is used in tablet form for the controlled release of water soluble drugs. The second DCV patented system applies the DCV tablet principle to pellets, granules or minitablets, all of which are particularly useful for drugs having relatively low solubility.

The third DCV patented system permits the incorporation of one or two drug substances into the DCV coating, giving an immediate release (loading dose), followed by the controlled release of either the same or another drug from the tablet core. The DCV system has been successfully used in marketed products including the Company's leading oral controlled-release product, its twice-daily diltiazem tablet and in the development more recently of the Company's once daily morphine formulation in Japan.

Galacto-Mannan Matrix (Gamma™) Technologies

On March 21, 2001 Amarin strengthened its controlled-release and site-specific technology portfolio with the acquisition of three non-synthetic polymer matrix oral technologies. Referred to as the GAMMA™ technologies, they are based on naturally occurring galacto-mannan polymer derived from the Guar plant. Each of the three matrices has specific applications. The GAMMA Extended Release Matrix (ERM) can be made into tablets and granules for the controlled release of drugs. The Colon Specific Matrix (COSM) is a site-specific technology designed to delay the onset of release until the drug delivery system reaches the ascending colon. Finally, the Gastro Protective Matrix (GAP) is designed to potentially help reduce mucosal irritation associated with certain drugs such as non-steroidal anti-inflammatory drugs (NSAIDs). Each of these technologies require further development prior to final application towards projects.

After further assessment of the data relating to GAMMA technologies, Amarin decided to prioritize resources towards other technology development projects and to progress these technologies only if and when a suitable partner and/or project is identified.

Triglas® Oral Controlled-Release Technologies

The Company has developed two distinct patented Triglas® technologies to accommodate nifedipine and potentially other drugs that display poor solubility characteristics.

The original or "first generation" Triglas oral controlled-release system incorporates the drug into a solid single matrix, which allows for enhanced solubility to help ensure uniform absorption.

This technology has now been superseded by the "second generation" Triglas oral controlled-release system. This uses a polymer-based matrix which tailors the rate of drug release, thereby controlling absorption characteristics. No further development is anticipated to take place with regard to this technology, which has only been used in a limited number of products.

Rhotard® Oral Controlled-Release Technology

The Company's double-matrix Rhotard® technology involves two granulation stages during the tablet manufacturing process, which creates tablet products that control the rate at which active ingredient is released. This extends the period of time over which the drug is made available for absorption by the body. The Rhotard technology is currently used in one product and no further development is anticipated for this system.

Principal Oral Controlled-Release Products

The Company's first oral controlled-release product was approved in 1988. As at March 31, 2002, the Company has independently developed, or is in the process of developing, 6 key pharmaceutical products incorporating its oral controlled-release technologies. Of these, 4 products have received regulatory approval in at least one country and are currently being marketed. The remaining products that are either (i) currently not being marketed; or (ii) are in various stages of development. The following tables set out the Company's primary oral controlled-release products by category.

Oral Controlled-Release Products for Cardiovascular Disease

The Company has developed or is developing the following key products for the treatment of cardiovascular disease:

PRODUCT	TECHNOLOGY	DEVELOPMENT/ APPROVAL STATUS	LICENSING STATUS
Twice daily diltiazem tablet	DCV	Regulatory approval received in 33 countries	Licensed worldwide (except the US). Marketed in 31 countries
Once daily diltiazem capsule (intended to be AB-rated to Cardizem CD)	DCV	Completion of Abbreviated New Drug Application for US is contingent on finding licensee	Unlicensed
Once daily diltiazem tablet	DCV	Regulatory approval received in six countries	Licensed in 7 countries (other than the US). Marketed in five countries.
Once-daily undisclosed tablet	DCV	Phase I	Licensed exclusively in Japan and South East Asia. Non-exclusive elsewhere.

The Company has developed or is developing the following products for the treatment of moderate to-severe pain:

PRODUCT	TECHNOLOGY	DEVELOPMENT/ APPROVAL STATUS	LICENSING STATUS
Morphine twice daily tablet	Rhotard	Regulatory approval received in 31 countries.	Licensed worldwide (except US). Marketed in 15 countries.
Morphine once daily tablet	DCV	Pre-submission in Japan.	Licensed in Japan and available for license in US and Europe.

Other Products under Development Pursuant to Multi-Product Agreements

The Company is developing an undisclosed number of products under separate multi-product licensing and development agreements. An agreement was signed in August 1994 with Schein Pharmaceutical, Inc. ("Schein"), which has since been merged into Watson Pharmaceuticals, Inc. ("Watson"). Since the commencement of this agreement, products have been developed in several therapeutic areas including endocrine and metabolic disease, and central nervous system disorders. However, Schein elected not to commercialize certain of these products, and the parties have now renegotiated the terms of this agreement. As a result of such renegotiation the Company is continuing the development of one product and the Company and Watson are evaluating potential replacement development projects.

A multi-product license and development agreement was entered into with Elan in August 1995. This agreement provides for the development of certain categories of nominated products utilizing Amarin's DCV oral controlled release technology. However, no products are currently under development pursuant to this agreement.

Products under Development on a Contract Research Basis

In addition to developing products based on its proprietary oral controlled-release technologies, Amarin also assists third parties in developing controlled-release and immediate-release products using non-proprietary technology. Such projects are undertaken on a fee for service basis whereby the Company receives an hourly fee and, in some cases, is reimbursed for specific project-related costs, but is not entitled to any royalty payments once the product is commercialized.

Amarin's development collaboration with a Finnish drug discovery company, Hormos Medical Ltd, was extended in September 2001, such that Amarin is now undertaking work associated with the development of two immediate-release formulations of undisclosed NCEs.

Amarin continues to work with a Swiss-based company, Microdrug AG, to assist with the development of a novel technology for pulmonary drug delivery. Amarin Development AB is acting as Microdrug's primary pharmaceutical resource providing support in many aspects of the project including stability, analytical, technical and clinical supply. Amarin will also provide Microdrug the appropriate GMP pilot manufacturing facilities necessary for the various stages of future development that are expected to take place.

On February 11, 2002, Amarin signed a development agreement with Danish biopharmaceutical company, Neurosearch A/S, for the development to clinical Phase III of an immediate release formulation of an undisclosed NCE.

Internal Development

With the establishment of its sales and marketing operations in the US, Amarin intends to pursue an internal development strategy to identify and develop a broad pipeline of "improved outcome" formulations. Amarin will seek to identify off-patent products that could potentially be improved through the use of new delivery technologies. Once suitable products are identified, it is Amarin's intent to develop new products by incorporating its proprietary oral drug delivery technologies into existing compounds. If approved, such new products could be marketed and sold by Amarin and/or out-licensed to partners worldwide. However, Amarin has not begun to seek potential improved outcome products, and there is no assurance that Amarin will be successful in identifying suitable products, obtaining approval for new delivery technologies that may be developed for such products, or otherwise implementing this strategy.

License Agreements

Following the disposal of the UK transdermal business the majority of our remaining out-licensing agreements relate to the Company's controlled oral release technologies. The principal disclosed licensing partners are as follows:

- Nycomed
- Pharmacia Corporation
- Watson (formerly Schein)
- Sanofi-Synthelabo
- Tanabe
- Sigma Tau

The Company's license agreements generally grant the licensee the right to manufacture, use and sell a product within a specified territory and the right to grant sub-licenses to other parties to do the same.

New Oral Technology Advances

Amarin intends to continue its strategy of enhancing its established technology portfolio in order to further broaden the range and type of molecules that Amarin can potentially deliver for its clients. This expansion is taking place through either acquisition and in-house development of new platform technologies and/or establishing strategic collaborations with other technology companies.

Further developments continue to be made with the DCV System to enhance its applicability to an even wider selection of molecules. The first such development was DCV "Food Protection" – a coating system that minimizes or eliminates the potential of certain negative food effects. Patent applications have been made in Europe and Japan. The Company's development of an aqueous DCV technology for soluble drugs has progressed to its final phase. Patent Cooperation Treaty (PCT) and US patent applications have been submitted. Given the aqueous nature of the system it is anticipated that the technology will be attractive to the US market, as the manufacturing process will present fewer environmental issues than solvent based systems.

A patent application was made in February 2002 for DCV–Nano, a recent ongoing development allowing for the delivery of nano-particles through a membrane, which aims to expand the applicable range of the DCV System to all bioavailable drugs. Later in 2002, we plan to file a patent application for DCV ZOES, a second new development for the zero order delivery of extremely soluble drugs, designed to ensure a predictable rate of release for such compounds. For drugs with low solubility Amarin has developed a new matrix system referred to as ZOEM (Zero Order Eroding Matrix). Patent applications for this system were made both in Sweden and the US in late 2000 and early 2001, respectively.

On February 5, 2002, Amarin entered into a strategic technology collaboration with NanoCarrier Co. Ltd. of Japan. This collaboration will focus on combining Amarin's DCV-Nano delivery mechanism with NanoCarrier's polymeric molecule technology to develop a novel system for the delivery of insoluble drug substances. In the first instance the Company will carry out a proof of concept study.

Government Regulation

The Company's product development activities are subject to extensive regulation by various government authorities, including the FDA and comparable regulatory authorities in other countries, which regulate the design, development, testing, manufacturing and marketing of pharmaceutical products and devices. Generally, before a new drug can be sold, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific to each regulatory authority and submitted for review. The data is generated in two distinct development stages: pre-clinical and clinical. For new chemical entities, the pre-clinical development stage involves synthesizing the active component, developing the formulation and determining the manufacturing process, as well as carrying out toxicology, pharmacology and drug metabolism studies which support subsequent clinical testing. For

established molecules this stage can be limited to formulation and manufacturing process development and in vitro studies to support subsequent clinical evaluation.

The clinical stage of development can be divided into phase I, phase II and phase III clinical trials. In phase I, a small number of healthy human volunteers are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these studies is to assess the pharmacokinetic profile, tolerability and safety of the drug. Large volunteer studies are also undertaken to define the pharmacokinetic performance (the way in which the body deals with the compound from absorption, to distribution in tissues, to elimination) as an integral part of the pivotal regulatory program. Phase II trials involve the first studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacodynamic information is collected. Phase III trials involve large numbers of patients from a number of different sites, which may be in one country or in several different countries or continents. Such trials provide information on the safety as well as the efficacy of a new product and include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing.

In the US, FDA approval of an NDA must be obtained before marketing a developed product. The NDA must contain proof of safety, purity, potency and efficacy, which entails extensive preclinical and clinical testing. Before any clinical testing, including tests on human volunteers, can take place in the US, a company must submit an IND (Investigational New Drug) application. A thirty day waiting period after the filing of each IND application is required by the FDA prior to the commencement of initial (Phase I) clinical testing in healthy subjects. If the FDA has not commented on or questioned the IND application within such thirty day period, initial clinical studies may begin. The FDA appears to be imposing clinical holds with increasing frequency over the past few years. The amount of data that must be supplied in the IND application depends on the phase of the study, earlier investigations such as Phase I studies requiring less data than the larger and longer-term studies in Phase III. A clinical plan must be submitted to the FDA prior to commencement of a clinical trial and the FDA may order the temporary or permanent discontinuation of the trial at any time if evidence of safety problems arise. Regular reporting of progress is required in annual reports submitted during the clinical testing phase and any adverse effects reported to the Company must be notified to the authority. During the testing procedure, meetings can be held with the FDA to discuss progress and future requirements for the NDA.

Although the type of testing and studies required by the FDA do not differ significantly from those of other countries, the amount of detail required by the FDA can be more extensive. In addition, it is likely the FDA will re-analyze the clinical data, which could result in extensive discussions between the applicant and the licensing authority during the review process. The processing of the applications by the FDA is extensive and time consuming and may take several years to complete. There is no assurance that the FDA will act favorably or quickly in making such reviews and significant difficulties or costs may be encountered by an applicant in its efforts to obtain FDA approvals. The FDA may also require post-marketing testing and surveillance to monitor the effects of approved products or they may place conditions on approvals that could restrict the commercial application of products. Product approvals may be withdrawn if compliance with regulatory standards is not maintained or if problems occur following initial marketing.

The manufacturers of Amarin's products are also subject to intense regulatory controls, including the requirement to comply with current Good Manufacturing Practices ("cGMP's") and regulations promulgated by the FDA, the Drug Enforcement Administration, and the Consumer Product Safety Commission. Pharmaceutical products are also regulated by numerous state agencies with the intent to assure the safety and efficacy of products that are sold. State laws regulate the manufacture, storage, shipping and sale of product and product samples. The FDA, Federal Trade Commission, and state authorities also regulate the advertising, sampling and promotion of pharmaceutical products. An enforcement action resulting from non-compliance with any governmental regulations could have a material adverse effect on our business.

The Company knows of no material violations by the Company or any of its contractors of these regulations as of the date of this annual report.

The Company believes that it and its vendors have the proper FDA approvals for drugs being distributed. The failure to comply with regulatory requirements subjects firms to possible legal or regulatory action, such as suspension of distribution, seizure of product or the voluntary recall of a product. The federal government has extensive enforcement powers over pharmaceutical companies, including the authority to withdraw approvals, institute operations to seize or prohibit the distribution of non-complying product, to impose injunctions, voluntary recalls, and civil monetary and criminal penalties. Prohibitions or restrictions on sales or withdrawal of products marketed by us could materially affect the Company's business in an adverse way.

Modifications or enhancements to the products or changes of site of manufacture are often subject to the approval of the FDA, which may or may not be received or may result in a lengthy review process. The Company's contract manufacturers are subject to inspections at any time that could interrupt the manufacturing operation if any facilities are found to be operating in an unsatisfactory manner.

The distribution of pharmaceutical products is subject to the Prescription Drug Marketing Act ("PDMA") as a part of the Food, Drug and Cosmetics Act. Under the PDMA and its implemented regulations, states are permitted to require registration of distributors who provide products within their state despite having no place of business within the state. The PDMA also imposes extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products and other drug diversions.

Changes in regulations or statutes or the interpretation of existing regulations could impact the Company's business in the future. Changes could, for example, require changes to the manufacturing activities, additions or modifications to product labeling, the recall or discontinuation of products, or additional record-keeping. If any such changes were to be imposed, they could adversely affect the operation of the Company's business.

Some of the Company's pharmaceutical products are sold over-the-counter ("OTC"). These products are subject to FDA regulations known as OTC monographs, which specify allowed active ingredients and labeling wording. These monographs are subject to revision and changes in these monographs could impact the Company's marketing efforts or render its products unlawful for commercial sale, cause their removal from the marketplace or the spending of substantial funds for reformulation activities.

Manufacturing and Supply

The Company does not currently have a US manufacturing facility and, accordingly, it is dependent upon maintaining existing relationships with contract manufacturers and other vendors, or establishing new vendors, to supply inventory for its US sales and marketing business. There is no assurance that if any existing relationships were to terminate the Company would be able to replace its current vendors without disruption to operations.

The Company and, in turn, its vendors often rely on third parties to supply the raw materials needed to manufacture its products. In most cases the Company's contract manufacturers are responsible for obtaining raw materials, although the Company has assumed responsibility for sourcing difenoxin, a critical component of Motofen. The Company and its manufacturers use approximately ten to fifteen suppliers worldwide to meet raw materials requirements. The Company currently relies on a single source of supply for some of its products. In the case of Permax, our primary current marketed product, we are reliant upon Elan's exclusive supply arrangement with Lilly, as sole supplier, which manufactures Permax for us as well as for its other markets outside the US. Through our distribution and marketing agreement we have undertaken direct sourcing of product from Lilly and have established effective communication and ordering procedures. That arrangement will continue upon our consummation of acquiring Elan's rights in Permax, as described above. There can be no assurance, however, that all of our Permax orders will be fulfilled in a timely fashion by Lilly.

While we take prudent steps to maintain safety stocks of inventory, a product shortage or interruption could have a material impact on our revenues. In many cases we have identified and qualified an alternate or back-up supplier of product.

The manufacturing processes and operations of manufacturing facilities for pharmaceutical products are subject to rigorous regulation, including the need to comply with regulations promulgated by the FDA and cGMPs. All pharmaceutical products are subject to rigorous regulation by the FDA and state authorities (as well as comparable agencies in foreign countries), primarily under the Federal Food Drug and Cosmetic Act and the regulations promulgated thereunder (along with comparable state laws). These laws regulate the manufacture, shipping, storage, sale and use of pharmaceutical products and product samples, including the cGMPs and Standard Operating Procedures. The FDA, Federal Trade Commission and state authorities also regulate the advertising of prescription and over-the-counter products. The Company has not been made aware of any violation of any such applicable regulatory standards existing through the date of this annual report.

Certain of the Company's currently marketed oral controlled-release products are manufactured and supplied to its licensees by the Company's two contract manufacturers, one of which is located in the UK and one in Sweden. Production transfer to licensees has been made to companies in France, Italy, Denmark, Republic of Ireland, South Korea, India and China. Ongoing transfer projects include companies in the US and Japan.

The Company has concentrated pilot manufacturing of oral drugs at Amarin Development AB's GMP facilities in Malmö, Sweden. The facility in Malmö is fully approved for the pilot scale manufacture of products suitable for clinical usage. The cGMP pilot manufacturing facility (4,090 sq ft) is utilized for formulation and development activities associated with Amarin's external and internal projects together with contract manufacture of clinical supplies for third party companies.

Full-scale production is available through an arrangement with QPharma AB in Malmö, which we believe will be able to supply capacity for the production of oral formulations for the foreseeable future.

The Company obtains supply of its primary marketed product, Permax, from Lilly as the manufacturer. Elan has and, upon consummation of our purchase option rights, will transfer to Amarin, a supply contract by which Lilly is obligated to supply its licensee's requirements of Permax at stated prices. Through our distribution and marketing agreement we have undertaken direct sourcing of product through Lilly and have established effective communication and ordering procedures. There can be no assurance, however, that all of our Permax orders will be timely fulfilled by Lilly. While we take prudent steps to maintain safety stocks of inventory, a product shortage or interruption could have a material impact on our revenues.

Patents and Proprietary Technology

The Company firmly believes that patent protection of its technologies, processes and products is important to its future operations. The success of the Company's products may depend, in part, upon the Company's ability to obtain strong patent protection. To date, patents covering a number of the Company's products and processes have been granted in various countries in favor of the Company or its licensors. There can be no assurance, however, that these patents, or any additional patents, will prevent other companies from developing similar or functionally equivalent dosage forms of products. Furthermore, there can be no assurance that (i) any additional patents will be issued in any or all appropriate jurisdictions, (ii) the Company's existing patents will not be successfully challenged in the future, (iii) the Company's technologies, processes or products do not infringe upon the patents of third parties, or (iv) the scope and validity of the Company's patents will prevent third parties from developing similar products. When deemed appropriate, the Company intends to vigorously enforce its patent protection and intellectual property rights.

The Company's strategy is to file patent applications where appropriate to protect and preserve its proprietary technology and inventions considered significant to its business. The Company also relies upon trade secrets and know-how to retain its competitive position. Patent applications are made by the Company either on a country-by-country basis or by using the European or international Patent Cooperation Treaty systems. The existence of a patent in a country may provide competitive advantages to the Company when seeking licensees in that country. In addition, patents are important to the Company since, under a number of the Company's license agreements with third parties, failure to obtain or maintain patents will reduce the royalty rate to which the Company is entitled. In general, patents granted in most European countries have a twenty year term, although in certain circumstances the term can be extended by supplementary protection certificates. The Company is dependent in some cases upon its third party licensors to pursue filing, prosecution and maintenance of patent rights or applications owned or controlled by those parties. While the Company will be actively involved, we may not control the actual filing, prosecution or maintenance of patent rights or applications by these licensors. As of March 31, 2002 the Company maintained 144 patents and had 19 additional patent applications pending.

The Company holds patents for each of its primary oral controlled-release delivery technologies. The Company has developed three distinct patented systems under the Multipor trademark, now marketed under the trade name DCV. Patents have been granted for the original DCV tablet technology in 28 countries worldwide including the US. Patents have been granted for the DCV pellet technology in 29 countries including the US, and an application is pending in one additional country. Patents have been granted and maintained for the DCV biphasic tablet in 25 countries including the US. The Company's once daily morphine DCV formulation has been granted patent protection in 26 countries worldwide, and applications in 4 countries are currently pending.

Patents have been granted for the Company's double-matrix Rhotard technology in 22 countries including the US, and an application is pending in one additional country.

A number of patents have been granted for Amarin's first generation Triglas technology. These are being allowed to lapse as the technology has been superceded by the Company's second generation Triglas technology, for which patents have been granted and maintained in 3 countries including the US. Patent applications are pending in 2 additional countries.

Amarin's Gamma technologies have been granted 7 patents in 2 countries including the US, with 4 applications pending in a further 2 countries, including Europe.

It is possible that third parties will obtain patents or other proprietary rights that might be necessary or useful to the Company. In cases where third parties are first to invent a particular product or technology, it is possible that those parties will obtain patents that will be sufficiently broad so as to prevent the Company from utilizing such technology. In addition, the Company uses unpatented proprietary technology. There can be no assurance that others will not develop similar technology.

Competition

In its US sales and marketing business, the Company competes with other pharmaceutical companies for product and product line acquisitions, and more broadly for the distribution and marketing of pharmaceutical and consumer products. These competitors include companies which also seek to acquire branded pharmaceutical products and product lines from other pharmaceutical companies. Most of the Company's competitors possess substantially greater financial, technical, marketing and other resources. In addition, the Company competes for supplier manufacturing capacity with other companies, including those whose products are competitive with the Company's. Additionally, since the Company's products are generally established and commonly sold, they are subject to competition from products with similar qualities. The Company's pharmaceutical products may be subject to competition from alternate therapies during the period of patent protection, if applicable, and thereafter from generic equivalents. The manufacturers of generic products typically do not bear the related research and development costs or the invested capital in acquired brands and consequently are able to offer such products at considerably lower price. There are, however, a number of factors that enable products to remain profitable once patent protection has ceased. These include the establishment of a strong brand image with the prescriber or the consumer, supported by the development of a broader range of alternative formulations than the manufacturers of generic products typically supply.

The drug delivery, pharmaceutical and biotechnology industries are highly competitive and rapidly evolving, with significant developments expected to continue at a rapid pace. The success of the Company's oral drug delivery business will depend upon maintaining a competitive position and developing products and technologies for efficient and cost-effective drug delivery. Amarin's drug delivery competition comes from three main sources: traditional formulations of established drugs and NCEs; other drug delivery technologies, including injectable or implantable drug delivery systems, electrotransport systems, oral transmucosal systems, topical and inhalation systems; and other controlled release products both on the market and under development.

Further details of the Company's principal competitors are set forth under "Risk Factors – Our products may not be able to compete effectively against those of our competitors."

Employees

The average number of employees employed by the Company during the past three financial years are detailed below:

Employment activity	12/31/2001	12/31/2000	12/31/1999
Marketing and Administration	30	16	22
Clinical and Regulation	7	6	9
Research and Development	29	27	53
Computing	2	2	2
Laboratory	16	14	24
Total	84	65	110

The average number of employees by geographical region for the financial year ended December 31, 2001 is set forth below:

Country	Number of Employees
UK	5
Sweden	43
US	22
South America	14
Total	84

Property, Plant and Equipment

The following table lists the location, use and ownership interest of Amarin's principal properties as of March 31, 2002:

Location	Use	Ownership	Size (sq.ft.)
Ely, Cambridgeshire, England			
Ground Floor	Vacant	Leased	7,135
First Floor	Offices	Leased and sub-let	2,800
Godmanchester, Cambridgeshire, England	Offices	Leased and sub-let	7,000
Warren, New Jersey, US	Offices	Leased	5,521
Malmö, Sweden	Offices, laboratory and manufacturing	Leased	44,000
Mill Valley, California, US	Offices	Leased	5,850
London, UK	Offices	Leased	2,830

The premises in Ely, Cambridgeshire were vacated in July 2001 and the Company is seeking to assign or sub-let the lease for this space.

The Company signed a lease covering 2,830 square feet of office space located at 7 Curzon Street, London, Mayfair, W1J 5HG, England, to serve as its corporate home office, and all UK personnel will, in principle, be based at these premises. This lease expires in March 2010. The Company also has an agreement in principle to take additional space at its Mill Valley premises, approximately 3,735 additional square feet, for occupancy no earlier than the third quarter of 2002.

The Company believes that its facilities and equipment are sufficient to meet its current and immediate future requirements.

The Company has no manufacturing capacity at any of the above properties except for a pilot scale up manufacturing plant in Malmö, Sweden. This plant is used for development purposes only and does not manufacture product for commercialization. This facility is utilised at a rate of approximately 50% of capacity on an annual basis.

Capital expenditure on tangible fixed assets was £1,027,000 for the year ended December 31, 2001, £457,000 for the year ended December 31, 2000 and £224,000 for the period ended December 31, 1999.

FINANCIAL REVIEW

Selected Consolidated Financial Data

The selected consolidated statement of operations data presented below are for each of the fiscal years ended August 31, 1997 and 1998, the four months ended December 31, 1997 and 1998, and the fiscal years ended December 31, 1998, 1999, 2000 and 2001. The consolidated balance sheet data at December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001, and the consolidated statement of operations data for the years then ended, are derived from the Consolidated Financial Statements included elsewhere in this annual report, which have been audited by PricewaterhouseCoopers, independent auditors and chartered accountants.

The consolidated statement of operations data for the four months ended December 31, 1997 and December 31, 1998, and the consolidated balance sheet data as at December 31, 1997 have not been audited, but have been presented below in order to facilitate comparisons of data during the transition in 1998 from an August 31 fiscal year end to December 31.

The Company prepares its Consolidated Financial Statements in accordance with UK GAAP, which differs in certain significant aspects from US GAAP. These differences have a material effect on net income/(loss) and the composition of shareholders' equity. A detailed analysis of these differences can be found in Note 27 to the Consolidated Financial Statements included elsewhere in this annual report.

The Consolidated Financial Statements for the fiscal year ended December 31, 2000 have been restated to adjust shareholders' equity for the year then ended by reversing the accrued preferred dividend liability in US shareholders' equity. The Company has also restated net income under UK GAAP for 2000 to exclude the preferred dividend expense. The selected consolidated financial data set forth below reflect these adjustments, as does Note 27 to the Consolidated Financial Statements for the year ended December 31, 2001, included elsewhere in this annual report.

(In thousands, except for per share and other data)

	Fiscal year ended August 31 1997 £'000	Fiscal year ended August 31 1998 £'000	4 months ended December 31 1997 £'000	4 months ended December 31 1998 £'000	Fiscal years ended December 31 1998 £'000	1999 £'000	2000 £'000	2001 £'000
Amounts in accordance with UK GAAP								
Licensing and development fees	2,748	1,003	338	0	665	103	817	1,472
Product Sales	2,474	2,766	702	970	3,216	3,329	8,166	33,792
Royalties	2,249	2,071	612	594	1,871	1,481	1,467	1,559
Services	89	133	0	0	133	80	76	104
Total Revenues	7,560	5,973	1,652	1,564	5,885	4,993	10,526	36,927
Operating expenses	12,213	12,169	3,370	2,253	11,052	9,407	12,295	40,414
Operating income/(loss)	(4,653)	(6,196)	(1,718)	(689)	(5,167)	(4,414)	(1,769)	(3,487)
Income/(loss) from continuing operations	(6,962)	(9,595)	(1,826)	(968)	(8,737)	(5,405)	(1,647)	(3,519)
Income/(loss) from discontinued operations	2,232	(7,605)	(874)	(188)	(6,919)	8,110	3,347	300
Net income/(loss)	(4,730)	(17,200)	(2,700)	(1,156)	(15,656)	2,705	1,700	(3,269)
Income/(loss) from continuing operations per Ordinary Share (basic)	(0.47)	(0.64)	(0.12)	(0.07)	(0.59)	(0.36)	(0.04)	(0.05)
Net income/(loss) per								

Ordinary Share (basic)								
	(0.32)	(1.15)	(0.18)	(0.08)	(1.05)	0.18	0.04	(0.05)
Amounts in accordance with US GAAP								
Operating income/(loss)	(4,762)	(6,577)	(1,574)	(709)	(5,532)	(4,403)	(1,003)	(2,225)
Net income/(loss)	(4,839)	(17,581)	(2,736)	(1,176)	(16,021)	2,516	(3,241)	(3,725)
Net income/(loss) per Ordinary Share (basic)	(0.33)	(1.18)	(0.18)	(0.08)	(1.07)	0.17	(0.08)	(0.05)
Net income per ordinary share (assuming dilution)	—	—	—	—	—	0.14	—	—
Weighted average shares per share amounts (basic)	14,291	14,931	14,910	14,972	14,953	15,014	39,531	71,247
Weighted average shares (assuming dilution)	14,291	14,931	14,910	14,972	14,953	17,544	86,089	120,353
Consolidated Balance Sheet Data								
Amounts in accordance with UK GAAP								
Working capital	(511)	(12,775)	(2,500)	(3,373)	(3,373)	(4,942)	13,386	(8,324)
Total assets	24,791	9,826	18,485	10,612	10,612	20,889	35,502	62,486
Long term obligations	1,485	1,321	1,654	11,569	11,569	939	8,619	5,212
Total shareholders' equity/(deficit)	9,063	(8,038)	6,418	(9,191)	(9,191)	7,539	20,846	20,372
Amounts in accordance with US GAAP								
Working capital	(511)	(12,775)	(2,500)	(3,373)	(3,373)	(4,942)	13,386	(8,324)
Total assets	31,604	10,148	20,171	10,843	10,843	20,889	28,642	59,034
Long term obligations	1,485	1,321	1,654	11,569	11,569	939	6,458	4,519
Total shareholders' equity/(deficit)	15,876	(7,716)	8,104	(8,960)	(8,960)	7,539	17,384	17,589

Exchange Rates

The rate of exchange between pounds sterling and the US dollar is determined by supply and demand in the foreign exchange markets, which are affected by numerous factors. Fluctuations in the exchange rate between the US dollar and the pound sterling may affect any earnings or losses reported by the Company and the book value of shareholders' equity of the Company as expressed in US dollars and pounds sterling, and consequently may affect the market price for the American Depositary Shares ("ADSs" or "American Depositary Shares").

The following table sets forth, for the periods indicated, certain information concerning the Noon Buying Rate announced by the Federal Reserve Bank of New York for pounds sterling expressed in US dollars per pound sterling.

Fiscal Period	Average (1)	High	Low
12 months ended December 31, 1997	1.6369	N/A	N/A
12 months ended December 31, 1998	1.6550	N/A	N/A
4 months ended December 31, 1998	1.6556	N/A	N/A
12 months ended December 31, 1999	1.6010	N/A	N/A
12 months ended December 31, 2000	1.5170	N/A	N/A
12 months ended December 31, 2001	1.4543	N/A	N/A
October 2001	N/A	1.4795	1.4214
November 2001	N/A	1.4650	1.4095
December 2001	N/A	1.4588	1.4164
January 2002	N/A	1.4482	1.4074
February 2002	N/A	1.4322	1.4085
March 2002	N/A	1.4287	1.4146
April 2002	N/A	1.4592	1.4310

(1) Represents the average of the Noon Buying Rates on the last day of each month during the relevant period.

US Dollar Presentation

The Company publishes its consolidated financial statements in sterling. In this annual report, references to "sterling" or "£" are to UK currency and references to "US dollars" or "US$" are to US currency. Solely for informational purposes, this annual report contains translations of certain sterling amounts in, to or from US dollars at a specified rate. These translations should not be construed as representations that the sterling amounts actually represent the US dollar amounts indicated or could be converted into or from US dollars at the rate indicated. Unless otherwise stated herein, the translations of sterling into and from US dollars have been made at £1.00 to US$1.4554, the closing midpoint rate on December 31, 2001 as quoted in the UK Financial Times. The Noon Buying Rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") at December 31, 2001 was £1.00 to US$1.4543. The Company does not believe this difference to be material. The Noon Buying Rate on May 6, 2002 was £1.00 to US$1.4676.

Operating Results

The following discussion of operating results should be read in conjunction with the selected financial information of Amarin and the Consolidated Financial Statements and notes thereto included elsewhere in this annual report.

Comparison of Fiscal Years ended December 31, 2001 and December 31, 2000

Overview. On May 17, 2001 the Company entered into an agreement, which was amended and restated on September 28, 2001, for the exclusive US marketing, distribution and purchase option rights to Permax. These rights were obtained from Elan, a related party. Elan holds an exclusive license from Lilly, the holder of the NDA for Permax, to market and distribute this product in the US.

Under this agreement, we have been appointed exclusive US distributor for Permax, with an option to acquire outright Elan's other rights in the product, exercisable on or before May 16, 2002. Our distribution arrangement extends until the exercise or expiration of the option. Pursuant to the distribution agreement, we have made payments of approximately US$47.5 million to Elan in consideration for the purchase option. We have also agreed to pay Elan royalties on sales, with approximately US$3.2 million of royalty payments having been made from May 17, 2001 through March 31, 2002. The Company received a loan from an affiliate of Elan in the amount of US$45 million as part of this transaction. On March 11, 2002, the Board of Directors of the Company approved the exercise of the Permax option, which will be consummated upon obtaining Lilly's consent to our acquisition of Elan's rights. In return, we will pay Elan ongoing royalties from our sales of Permax and additional fixed payments totaling US$37.5 million.

Revenue. Revenues for the continuing business for fiscal 2001 were £36.9 million, an increase of £26.4 million from 2000. Royalty and product sales increased £25.7 million, due to the inclusion of 7 months Permax revenues, for which a marketing, distribution and purchase option was entered into on May 17, 2001. For 2001, the Company accounted for £18.6 million of Permax revenues, and sales from the branded product portfolio performed well with revenues of £11.6 million for 2001, compared to £6.8 million in 2000. This increase was driven by strong growth in Bontril and Phrenilin sales as well as the launch of Phrenilin Caffeine and Codeine in fourth quarter of 2001. Overall the increase in revenues from the branded products portfolio was attributable both to greater volumes being shipped and to price increases during 2001. Royalty revenues were £1.6 million for fiscal year 2001 (2000: £1.5 million). Licensing and development fees were £1.5 million for the year compared to £0.8 million in 2000. Increases in licensing and development fees were entirely due to new fees for service contracts which were performed by our development company in Malmö. The principal contracts completed in 2001 were with Hormos Medical Ltd. and Microdrug AG.

The gross margin for 2001 decreased to 60% compared to 70% for 2000. This decrease was largely due to the introduction in 2001 of Permax sales which had a margin of 55% and made up 50% of continuing revenues. The branded product portfolio made up 31% of total continuing revenues in 2001 and had a combined average gross margin of 72% (2000: 70%). Permax has a lower margin compared to our branded product portfolio margins due to Permax having a comparatively higher cost of goods, which costs are determined under a contractual arrangement for the manufacture of Permax with Lilly, the NDA holder.

Operating Expenses. Total operating expenses for the continuing business increased by 180% (£16.6 million) to £25.8 million. Included in selling, general and administrative expenses was an amortization charge of £12.5 million relating to the sales and marketing portion of the Permax intangible. In 2001, £32.6 million was paid towards acquiring rights in Permax, which amount was split into two distinct portions at December 31, 2001 based on their respective fair values:

- an initial sales and marketing right

- an exclusive option to acquire continuing sales and marketing rights.

The initial sales and marketing right gives the Company the exclusive right to market, sell and distribute Permax from May 17, 2001 to May 16, 2002. The exclusive option to acquire continuing rights in Permax expires on May 16, 2002 and is exercisable at any time prior to that date. On March 11, 2002, the Board of Directors of the Company authorized the exercise of the option, which will be consummated upon Lilly's consent to the transfer of such rights. The amortization charge at December 31, 2001 relates to 7 months amortisation of the initial sales and marketing right. Excluding this charge total operating expenses increased by 45% (£4.1 million). This increase was largely due to the establishment of a sales and marketing office in Mill Valley, California and the recruitment of a 24 person sales force. This sales force actively markets Permax.

Research and development expenditure decreased 16% in 2001 to £2.8 million. This was largely driven by the continued focus on fee for service contracts at the Company's development facility in Malmö, Sweden.

Interest Income and Interest Expense. Interest income of £0.5 million was entirely earned from cash balances held on deposit. Interest expense of £0.3 million was accrued on the US$45 million loan from Elan, which is explained in more detail in "Liquidity and Capital Resources."

Discontinued Operations. The profit on discontinued operations (£1.2 million) relates to royalties, manufacturing income and costs from transdermal contracts that were not assigned to Elan at December 31, 2000. This profit from discontinued operations also includes the release of a provision (£0.7 million) created at December 31, 2001 for the anticipated costs associated with the termination or assignment of these transdermal contracts.

The loss on disposal of discontinued activities relates to the sale of the South American transdermal business which was disposed of on November 28, 2001. The sale was made to the local management team at a purchase price of £0.3 million. The loss relates to the write-off of the intellectual property rights associated with the South American business.

Comparison of Fiscal Years ended December 31, 2000 and December 31,1999

Overview. On December 30, 1999 the Company and its subsidiary, Ethical Pharmaceuticals (UK) Limited, concluded an asset sale and purchase agreement for the disposal of certain transdermal patch business assets and liabilities. As part of the sale agreement Elan, as the acquirer, had the right to assume all or any of the licensing and development agreements relating to the transdermal patch business. As of December 11, 2000 Elan elected not to assume any of these licensing and development agreements. The net income of the discontinued business for the year ended December 31, 2000 was £2.5 million (US$3.7 million). This includes a provision of £2.1 million (US$3.2 million) to reflect certain expenses related to the termination of those transdermal contracts.

Revenue. Revenues for the continuing business for fiscal 2000 were £11.7 million, an increase of 69% (£4.8 million) from 1999. Royalty and product sales increased by 62% (£4.1 million), due to the recognition of 12 months of sales from the branded products portfolio that was acquired in the fourth quarter of 1999. Royalty revenues were £1.5 million in fiscal years 2000 (1999: £1.5 million). Licensing and development fees were £0.9 million for the year compared to £0.2 million in 1999.

The gross margin for 2000 increased to 70% compared to 53% for the same period in 1999. This is due to our branded product portfolio sales making up 58% of total continuing revenues compared to 37% in 1999. The branded product portfolio of have a combined average gross margin of 72%. Direct costs for the year ended 1999 also included direct transdermal research and development costs which were not incurred in 2000 due to the assets and liabilities being divested at the end of 1999.

Operating Expenses. Total operating expenses for the continuing business increased by 21% (£2.3 million) to £13.4 million. This is largely due to the establishment of a US sales and marketing infrastructure throughout 2000 and the inclusion of a stock option compensation charge of £1.1 million for the year ended December 31, 2000. Selling, general and administrative expenses increased 87% to £6.1 million in 2000 compared to £3.3 million in 1999. This reflects the Company's emphasis on sales and marketing activities compared to the research and development activities of prior years. Research and development expenditure decreased 16% (£0.8 million) to £3.8 million in 2000, reflecting the discontinuance of the transdermal research and development activities following the sale of transdermal assets and liabilities in December 1999.

On November 6, 2000, the FDA issued a warning regarding all decongestant products containing the active ingredient phenylpropanolamine ("PPA"), and initiated steps to remove these products from the marketplace. The Company voluntarily removed four of its products that contained this ingredient and accepted returns totaling £893,000 (US$1,299,000) through December 31, 2001. A decision was taken in early 2001 to accept returns in certain circumstances even where customers did not have legal right of return. The Company accounts for these returns as part of operating expense. Elan made a contribution to the Company of US$500,000 to cover PPA returns during the year ended December 31, 2001.

Interest Income and Interest Expense. Interest income of £0.4 million in 2000 was largely earned from cash balances held on deposit following the raising of US$11.5 million from the private placement commenced in June 2000. This compares to interest expense in 1999 of £1.1 million.

Discontinued Operations. Profit from discontinued operations (£2.5 million) relates to royalties, manufacturing income, a license and development fee and costs from transdermal contracts not assigned by Elan at 31 December 2000. This profit from discontinued operations also includes a provision of £2.1 million to reflect anticipated costs related to these transdermal contracts.

Trends Since the Year End

Revenues remain strong for the first quarter of 2002 with product sales in the US maintaining their growth. Sales of Bontril, Phrenilin and Motofen continue to perform ahead of prior years. Permax sales are in line with budget and prescription trends remain positive. The Company continues to pursue new products to market in the US.

Impact of Inflation

Although the Company's operations are influenced by general economic trends, the Company does not believe that inflation had a material impact on its operations for the periods presented.

Governmental Policies

There are no governmental, economic, fiscal, monetary or political policies that have materially affected or could materially affect, directly or indirectly, the Company's operations or investments by US shareholders.

Liquidity and Capital Resources

We have financed our operations primarily through cash generated from operations as well as the issuance of debt and equity securities. Over the previous three years we have received £9.1 million in cash from the issuance of shares as well as an additional £36.4 million in loans, £35.3 million of which has been provided by our related party Elan.

Cash

As of December 31, 2001, we had £20.7 million in cash. This cash has been invested primarily in U.S. dollar denominated money market and checking accounts with financial institutions in the UK having a high credit standing.

Cash flows from operations provided £11.7 million of cash for year ended December 31, 2001 as compared to £3.5 million for the year ended December 31, 2000 and a use of funds of £5.8 million for the year ended December 31, 1999. As a result, although we incurred a net loss of £3.3 million we were net cash generative in 2001, primarily due to the positive impact of sales of Permax from May 17, 2001 as well as increased contribution from the branded products portfolio and the exclusion of non-cash charges such as goodwill amortization associated with our Permax distribution rights.

Cash flows from investing activities used £33.5 million in cash in 2001 as compared to providing £0.4 million and £1.2 million in cash for 2000 and 1999, respectively. Our principal investing activities have consisted of the purchase of Permax from Elan in 2001 for £32.3 million, LAX 101 in 2000 for £3.9 million and the branded product portfolio for £11.6 million in 1999. The use of cash from this last transaction was partially offset by the sale of our transdermal business to Elan for £12.6 million in 1999.

Cash flows from financing activities provided £3.1 million, £6.3 million and £4.4 million in cash for the years ended December 31, 2001, 2000 and 1999, respectively. Net cash provided by financing activities in 2001 was largely due to the US$45 million loan provided by Elan. Cash inflows from the issuance of ordinary shares in 2000 were largely offset by loan and lease repayments.

Contractual Commitments

Our major outstanding contractual commitments relate to our loan to Elan in connection with our acquisition of the Permax purchase option and marketing rights. We have also recently undertaken a further obligation to Elan of an additional $37.5 million in connection with our March 11, 2002 decision to exercise our Permax purchase option (subject to obtaining Lilly's concurrence to the exercise).

We will not incur any capital commitments relating to Zelapar unless and until we exercise our option relating to this product. The option becomes exercisable when this product receives FDA approval, which is expected to occur in the first half of 2003. There are no capital commitments relating to the LAX-101 development project, however the Company will be required to issue additional equity to Laxdale upon the successful outcome of various milestones.

The following table summarizes our payment obligations as of March 31, 2002:

	Payments due by period £ (000's)				
	Total	Less than 1 year	2-3 years	4-5 years	Thereafter
Long term debt	4,466	—	4,466	—	—
Capital lease obligations	97	97	—	—	—
Operating leases	4,722	780	1,572	1,409	961
Unconditional purchase obligations	84,032	42,806	22,331	18,895	—
Other long-term obligations	746	746	—	—	—
Total contractual cash obligations	94,063	44,429	28,369	20,304	961

General

We have a number of significant cash commitments maturing in the next few months. With the anticipated acquisition of Permax and the continued performance of the branded portfolio we expect to continue to generate positive cash flow; however, this is dependent upon numerous factors including the impact of competition.

Even if we maintain positive cash flow, we will require significant additional capital in the near term to repay our US$45 million loan to Elan, which falls due on September 30, 2002, as well as to pay the $7.5 million initial installment due upon the exercise of our Permax purchase option. We are currently investigating our financing options and we may seek to raise additional capital through further public or private equity offerings and/or additional debt financing. No assurance can be given that additional financing will be available when needed, or that if available, will be obtained on favorable terms.

If adequate funds are not available when needed, or if we are unable to enter into new revenue-generating commercial agreements, we may be forced to seek renegotiation of the payment terms of our related party debt or the terms of our option payments relating to Permax. Should we be unsuccessful in doing so and, should we as a consequence lose our rights to Permax, this would have a material adverse impact on our financial condition and results of operations.

Research and development

The Company has a program budget of expenditure on research and development activities based upon revenue producing activity. In general, the level of expenditure is a function of the projected revenue stream for a given project. Research and development costs are written off as they are incurred, except as indicated in Note 1 to the Consolidated Financial Statements included elsewhere in this annual report.

Research and development expenditure can be summarized as follows:

Year	Expenditure (£'000)
2001	2,841
2000	3,846
1999	4,602
1998 (4 months (1 September-31 December))	509
1998 (1 September - 31 August 1998)	5,104

Legal Proceedings

The Company is not a party to any legal or arbitration proceedings that may have, or have had in the recent past, significant effects on the Company's financial position or profitability. No governmental proceedings are pending or, to the Company's knowledge, contemplated against the Company. The Company is not a party to any material proceeding in which any director, member of senior management or affiliate of the Company is either a party adverse to the Company or its subsidiaries or has a material interest adverse to the Company or its subsidiaries.

Policy on Dividend Distributions

The Company has never paid dividends on its Ordinary Shares and does not anticipate paying any cash dividends on its Ordinary Shares in the foreseeable future. Any payment of dividends would be subject, under English law, to the UK Companies Act 1985, which requires that all dividends must be approved by the Company's Board of Directors and, in some cases, the shareholders, and may only be paid from the Company's distributable profits and only to the extent the Company has retained earnings, both determined on an unconsolidated basis.

Critical Accounting Policies

Our significant accounting policies are described in Note 1 to the consolidated financial statements included in this annual report. We believe our most critical accounting policies include:

Intangible Assets

Generally accepted accounting principles require that we periodically evaluate acquired assets for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on legal factors, market conditions, operational performance and expected cashflows from the assets. Since indications or impairments can result from events outside of our control, it can be difficult to predict when an impairment loss may occur. However, should an impairment occur, we would be required to write down the carrying value of the affected asset to its fair value and to recognize a corresponding charge to the income statement. Any such impairment may have a material adverse impact on our financial condition and results of operations.

When the Company makes an investment in a development product amounts paid are capitalized and amortised immediately over the estimated life of that asset. If the intangible asset is a marketed product the amount capitalized is reviewed for impairment by comparing the net present value of future cash flows to the carrying value of the asset.

Long-lived assets chiefly relate to amounts capitalized in connection with acquired intangible assets. These assets are amortised over their estimated useful lives, which generally range from 10 to 15 years. Management periodically reviews the appropriateness of the remaining useful lives of its long-lived assets in the context of current and expected future market conditions. In the event that we are required to reduce our estimate of the useful lives of any of our long-lived assets, it would shorten the period over which we depreciate the affected asset and may result in a material increase of depreciation expense prospectively from the date of the change in estimate.

Revenue Recognition

We derive a significant majority of our revenues from the sale of pharmaceutical products. We recognize revenue for the invoiced value of products delivered to the customer, less applicable discounts. Our normal sales terms allow for product returns under certain conditions. We accrue for estimated sales returns and allowances and offset these amounts against revenue. We regularly review our estimates against actual returns and also factor in other variables such as planned product discontinuances and market and regulatory considerations. The Company records estimated sales returns as a reduction to sales, cost of sales and accounts receivable and an increase to inventory. Actual returns, as well as realized values on returned products, may differ significantly, either favorably or unfavourably, from our estimates.

Income under license and development agreements is recognized using the lesser of non-refundable cash received or the result achieved using percentage-of-completion accounting. Milestone payments represent contingent fees due to us upon satisfaction of contractually agreed criteria. Milestone revenue is recognized when we have fulfilled our obligations under the contract, and the amounts are non-refundable, and collectability is probable.

MANAGEMENT

Shares owned by Directors and Officers

The beneficial interests of those persons who were directors or officers of the Company at March 31, 2002, including their spouses and children under eighteen years of age, in the Ordinary Shares of the Company were as follows:

Director/Officer	Ordinary Shares: Par Value 10 pence each	% of outstanding share capital
M D Coffee	0	-
J C Gale	2,850,464 (1)	2.9%
J Groom	1,700,000 (2)	1.4%
H E Huckel	*	*
A J Lele	2,517,130 (3)	2.56%
T G Lynch	0	-
A Russell-Roberts	*	*
R A B Stewart	0	-
S Lee(4)	*	*
D R Joseph	*	*

N Bell	0	-
J S Lamb(5)	0	-

* Less than one percent

(1) Includes 2,517,130 shares held by Corporate Opportunities Fund, L.P. and Corporate Opportunities Fund (Institutional), L.P., entities in which Mr. Gale has a controlling interest.

(2) Represents shares issued upon exercise of stock options issued during 2001. The grant of these options will be submitted for shareholder ratification at the Company's next Annual General Meeting.

(3) Represents 2,517,130 shares held by EGS Private Healthcare Partners, L.P. and EGS Private Healthcare Counterpart, L.P., entities in which Mr. Lele has a controlling interest.

(4) Resigned his position with the Company effective as of April 30, 2002.

(5) Commenced employment with the Company effective as of February 18, 2002.

Directors' and Officers' options

At March 31, 2002 the Directors and officers of the Company held the following options covering Ordinary Shares:

Director/Officer	Note	Options Outstanding	Exercise Price per Ordinary Share of 10 pence each in £
M D Coffee	1	2,000,000	0.69
	2	660,000	1.21
J C Gale	—	0	—
J Groom	—	0	—
H E Huckel	3	100,000	0.42
A J Lele	—	0	—
T G Lynch	—	0*	—
A Russell-Roberts	4	200,000	0.20 to 0.41
R A B Stewart	5	3,500,000	0.33
	2	1,500,000	1.21
N Bell	3	900,000	0.20
	2	330,000	1.21
J Lamb	2	800,000	0.91
S Lee	1	150,000	0.27
	3	470,000	1.15

D R Joseph			2	3,000,000	0.29

Notes

* Mr. Lynch has waived his rights with respect to all of the options that had been granted to him during 2001.

1. These options became exercisable as to one third on each of the date of grant, the first anniversary and the second anniversary of the date of grant and remain exercisable for a period of ten years from date of grant.

2. These options are exercisable as to one third on each of the first, second and third anniversaries of the date of grant and remain exercisable for a period ended on the tenth anniversary of the date of grant.

3. These options are currently exercisable and remain exercisable until ten years from the date of grant.

4. 100,000 of these options can be exercised after three years but before ten years from the date of grant, and the balance is exercisable immediately.

5. When granted these options were to become exercisable in tranches upon the Company's share price achieving certain pre-determined levels. By Board resolution of January 21 ,2000, 1,000,000 of these options became exercisable immediately at an exercise price of US$0.50 per share and remain exercisable until 54 months from the date of grant. On February 9, 2000, the Company's Remuneration Committee approved the repricing of the remaining 2,500,000 options to an exercise price of US$0.50 per share, exercisable immediately and lapsing ten years from the date of grant.

Directors and senior management of the Company

The Directors of the Company are as follows:

Name	Age	Position
Thomas G Lynch	45	Chairman and Director
Richard A B Stewart	44	Chief Executive Officer and Director
Michael D Coffee	56	President, Chief Operating Officer and Director
John Groom	63	Director
Anthony Russell-Roberts	58	Director
James C Gale	52	Director
Abhijeet J Lele	36	Director
Hubert Huckel	71	Director

Mr. Thomas Lynch joined the Company on January 21, 2000 as Chairman and Director. Mr. Lynch is currently Executive Vice President, Chief Financial Officer and Director of Elan Corporation plc. Prior thereto, Mr. Lynch was a partner in the international accounting firm of KPMG, where he specialized in

the provision of international corporate financial services. Mr. Lynch is also a director of IDA Ireland (an Irish governmental agency), and Icon plc.

Mr. Richard Stewart joined the Company in November 1998 as President and Chief Operating Officer of Amarin Corporation plc. Prior to joining the Company, Mr. Stewart was responsible for corporate strategy as Corporate Development Director of SkyePharma plc, having previously been Finance Director. He holds a B.S. in Business Administration from the University of Bath, School of Management.

Mr. Michael Coffee, an employee of Elan Pharmaceuticals North America, was assigned by Elan Pharmaceuticals Inc. in January 2001 to serve as Chief Operating Officer and President of Amarin Corporation plc and became an employee of the Company on January 1, 2002. Prior to working for the Company Mr. Coffee held the position of President and Chief Operating Officer of Elan Pharmaceuticals North America since August 1998. Formerly, he was President and Chief Operating Officer of Athena Neurosciences, Inc. He joined Athena in 1991 as Vice President of Marketing and Sales. Mr. Coffee is a board member of Salu, Inc. and the California Healthcare Institute.

Mr. John Groom joined the Company as a Non-Executive Director on May 29, 2001. Mr. Groom served as President and Chief Operating Officer of Elan Corporation plc from July 1996 until his retirement in January 2001. Mr. Groom continues to serve Elan in an advisory capacity. Mr. Groom was President, Chief Executive Officer and Director of Athena Neurosciences, Inc. prior to its acquisition by Elan in 1996. Mr. Groom serves on the board of directors of Ribozyme Pharmaceuticals, Inc., CV Therapeutics Inc and Ligand Pharmaceuticals Incorporated.

Mr. Anthony Russell-Roberts joined the Company as a Non-Executive Director on April 7, 2000. He has held the position of Administrative Director of The Royal Ballet at the Royal Opera House since 1983. Prior to that, he was Artistic Administrator of the Paris Opera from 1981 after five years of work in the lyric arts in various theaters. Mr. Russell-Roberts' earlier business career started as a general management trainee with Watney Mann, which was followed by eight years with Lane Fox and Partners, as a partner specializing in commercial property development. He holds an M.A. degree in Politics, Philosophy, and Economics from Oxford University.

Mr. James Gale joined the Company as a Non-Executive Director on June 16, 2000. Mr. Gale is currently a Managing Director of Sanders Morris Harris and was appointed as Chief Investment Officer of Corporate Opportunities Fund, L.P. and Corporate Opportunities Fund (Institutional), L.P. both of which participated in the private placement in June 2000. Prior to joining Sanders Morris Harris in September 1998, Mr. Gale was head of investment banking for Gruntal & Co., LLC. Mr. Gale received an MBA from the University of Chicago and serves on the board of directors of Latshaw Enterprises Inc., Relm Wireless Corporation and eresearch Technologies, Inc.

Mr. Abhijeet Lele joined the Company as a Non-Executive Director on June 16, 2000. Mr. Lele is currently a Managing Director of EGS Private Healthcare Management, L.L.C. Prior to joining EGS, Mr. Lele was a consultant in the healthcare practice of McKinsey & Company where he advised pharmaceutical, medical device and health insurance companies on strategy, corporate development and marketing. Mr. Lele holds an MA in molecular biology from Cambridge University and an MBA, with distinction, from Cornell University. Mr. Lele currently serves on the Board of Directors of Genesis Pharmaceutical, CryoCath Technologies, InfiMed Therapeutics, EP MedSystems, OptiScan Biomedical and Ekos Corporation.

Dr. Hubert Huckel joined the Company as a Non-Executive Director on June 16, 2000. From 1964 until his retirement in December 1992, Dr. Huckel served in various positions with the Hoechst Group. At the time of his retirement, he was Chairman of the Board of Hoechst-Roussel Pharmaceuticals, Inc., Chairman and President of Hoechst-Roussel Agri-Vet Company and a member of the Executive Committee of Hoechst Celanese Corporation. He currently serves on the Board of Directors of Titan Pharmaceuticals Inc., Thermogenesis Corporation and Hydromed Sciences Inc.

There is no family relationship between any director or executive officer and any other director or executive officer.

No director or officer has a service contract providing for benefits upon the termination of service or employment.

EGS Private Healthcare Partnership, L.P. and EGS Private Healthcare Counterpart, L.P. (collectively, "EGS"), and Corporate Opportunities Fund, L.P. and Corporate Opportunities Fund (Institutional), L.P. (collectively, "COF"), which comprised the two principal investor groups in the Company's June 2000 private placement, each had a contractual right to appoint a designee to the Company's Board of Directors. These rights have now lapsed, as the number of shares held by each of EGS and COF has fallen below certain required levels. Before such designation rights lapsed, Abhijeet Lele and James Gale were appointed as the designees of EGS and COF, respectively, and each of them presently continues to serve on the Board of Directors.

The Company's Articles of Association stipulate that the minimum number of directors shall be two and the maximum number shall be fifteen. The Company presently has eight directors. Directors may be elected by the shareholders at a general meeting or appointed by the Board of Directors. At each Annual General Meeting, one-third of the directors elected by the shareholders and all directors appointed by the Board in the preceding year come up for re-election. At the Annual General Meeting for 2002, Messrs. Stewart, Lynch and Russell-Roberts will retire by rotation, and each is expected to offer himself for re-election. Messrs. Gale, Lele and Huckel are due to retire by rotation in 2003, and Messrs. Groom and Coffee are due to retire by rotation in 2004. Executive officers are appointed by the Board of Directors to serve at its pleasure in general or for the term specified in their respective employment agreements, if applicable.

Certain information concerning senior management of the Company and its subsidiaries is set forth below:

Name	Age	Position
Nigel Bell	32	Chief Financial Officer of Amarin Corporation plc
Donald Joseph	48	Executive Vice President, Legal and Commercial Development of Amarin Pharmaceuticals Inc.

Jonathan Lamb	34	General Counsel and Company Secretary of Amarin Corporation plc

Mr. Nigel Bell joined the Company in February 2000 as Chief Financial Officer although he had previously worked with the Company on a secondment basis from Elan since February 1999. Prior to joining the Company Mr. Bell worked with Elan in their Corporate Finance department. Mr. Bell is a member of the Institute of Chartered Accountants (Ireland) and has earned a B.Sc. (Hons) degree in Biochemistry and Biology from University College Dublin in 1992.

Mr. Donald Joseph joined the Company in July 2001 as Executive Vice President, Legal and Commercial Development of Amarin Pharmaceuticals, Inc. Prior to joining Amarin Mr. Joseph served as Senior Vice President, Commercial and Legal Affairs for North America at Elan Pharmaceuticals, Inc. Mr. Joseph joined Elan in 1994 having previously been a partner in the San Francisco office of Baker & McKenzie, an international law firm, where he specialized in corporate and business law.

Mr. Jonathan Lamb joined the Company in February 2002 as General Counsel and Company Secretary. Mr. Lamb joined the Company from Shire Pharmaceuticals Group plc, where he served in Shire's legal division. Prior to his position in Shire, Mr. Lamb was a partner at Gosschalks, an English firm of solicitors, where he specialized in corporate and business law. In this capacity he provided advice and legal services to several clients in the pharmaceutical and biotechnology sectors.

Mr. Simon Lee held the position of Managing Director of Amarin Development AB from March 1998 until his resignation on April 30, 2002. This position is currently vacant and the Company is seeking a suitable candidate to replace Mr. Lee.

Number of Share Options Outstanding

At March 31, 2002, unexercised options have been granted over Ordinary Shares as follows:

Number of Share Options Outstanding	Note	Date Option Granted	Exercise Price per Ordinary Share £	Exercise Price per Ordinary Share US$	Number of Which Repriced at US$0.50 per share (Note 13)
41,500	1, 13	22 June 1994	4.21	6.13	41,500
3,000	1	22 December 1994	4.81	7.00	-
11,250	1, 13	30 November 1995	5.93	8.63	10,250
32,750	1, 13	30 November 1996	3.95	5.75	32,000
125,000	2, 13	9 May 1997	0.34	0.50	125,000
15,000	3, 13	10 July 1997	4.12	6.00	15,000
55,000	3, 13	10 July 1997	3.44	5.00	55,000
1,000,000	4, 12	23 November 1998	1.72	2.50	1,000,000
4,500,000	5	23 November 1998	0.34	0.50	-
218,000	6	23 November 1998	0.10	0.15	-
92,500	7	31 December 1998	0.34	0.50	-
50,000	6	2 March 1999	0.50	0.72	-
55,000	8	7 September 1999	0.21	0.30	-

300,000	8	9 February 2000	0.21	0.30	-
100,000	8	9 February 2000	0.46	0.66	-
900,000	8	1 March 2000	0.21	0.30	-
375,000	8	1 April 2000	0.21	0.30	-
100,000	6	7 April 2000	0.21	0.30	-
62,500	6	18 May 2000	0.21	0.30	-
50,000	8	23 May 2000	0.21	0.30	-
100,000	8	29 May 2000	0.21	0.30	-
32,933	8	26 September 2000	0.21	0.30	-
346,820	9	24 October 2000	0.27	0.39	-
300,000	9	11 December 2000	0.37	0.54	-
300,000	8	19 February 2001	0.42	0.61	-
100,000	9	12 March 2001	0.41	0.60	-
1,700,000	8	3 April 2001	0.45	0.65	-
20,000	9	4 April 2001	0.46	0.66	-
23,340	9	1 May 2001	0.60	0.87	-
450,000	9	4 June 2001	0.59	0.87	-
3,950,000	9	2 July 2001	0.69	1.00	-
60,000	9	27 July 2001	0.88	1.29	-
350,000	9	10 August 2001	1.53	2.23	-
100,000	9	14 August 2001	1.31	1.90	-
470,000	10	20 August 2001	1.15	1.67	-
150,000	9	31 August 2001	1.17	1.70	-
100,000	9	7 September 2001	1.22	1.77	-
40,000	9	27 September 2001	1.20	1.74	-
50,000	10	12 December 2001	1.10	1.60	-
100,000	10	12 December 2001	1.10	1.60	-
2,280,000	11	12 December 2001	1.10	1.60	-
40,000	12	02 January 2002	1.17	1.71	-
3,676,000	11	23 January 2002	1.21	1.77	-
800,000	11	18 February 2002	0.91	1.33	-
23,805,593					1,287,750

Notes:

(1) These options can be exercised after four years but before ten years from the date of grant. Certain options held by ex-directors and ex-employees are exercisable immediately and expire at dates up to 54 months from the date of grant.

(2) These options became exercisable in tranches of 20% each on the first, second, third, fourth and fifth anniversaries of the date of grant and remain exercisable for a period of ten years from date of grant.

(3) 15,000 of these options are now exercisable and remain exercisable until 9 July 2007. 25,000 of these options held by an ex-director are exercisable immediately and remain so until 9 January 2002.

(4) 55,000 of these options are now exercisable and remain exercisable until 9 July 2007. 45,000 of these options held by ex-directors and ex-employees are exercisable immediately and remain so until 9 January 2002.

(5) When granted these options were to become exercisable in tranches upon the Company's share price achieving certain pre-determined levels. On 9 February 2000, the Company's remuneration committee approved the repricing of the remaining 1,000,000 options to an exercise price of US$0.50 per share, exercisable immediately and lapsing ten years from the date of grant.

(6) Of these options 80% became exercisable immediately and 20% after six months from date of grant. 1,000,000 of the options remain exercisable until 54 months from date of grant and 2,500,000 until ten years from date of grant.

(7) These options can be exercised after three years but before ten years from the date the option is granted.

(8) These options are exercisable immediately and remain exercisable until 30 June 2003.

(9) These options are exercisable now and remain exercisable until ten years from date of grant.

(10) These options became exercisable in tranches of 33% each on the date of grant, the first anniversary and the second anniversary of the date of grant and remain exercisable for a period of ten years from date of grant.

(11) These options become exercisable on 20 February 2003, and remain exercisable for ten years from date of grant.

(12) 648,770 options were granted on 8 December 1999, in order to effect the repricing mentioned in Note 13 above. The options vest and expire at the same dates as those attaching to the original grants except in the case of certain ex-employees where the options expired on 29 December 2000. It is a condition of the award of these options that, upon exercise, the awardee will surrender a like number of options from the original grant. Therefore the original grant has been shown as being repriced in the table above, and the replacement grant has been excluded.

(13) As disclosed in a Shareholders' Circular dated 30 October 1998, the Board decided that all existing share options held by current employees and current directors as at 21 October 1998, who were not serving notice would be repriced at US$0.50 per share. Other terms of the grants affected by this repricing were left unchanged. For certain options this change was effected at the directors' discretion, with the remainder being effected by grant described at Note 14 below (Note 5 applies to those options which were granted on 23 November 1998).

Warrants in shares of Amarin Corporation plc

At March 31, 2002, warrants have been granted over Ordinary Shares as follows:

Number of Warrants Outstanding	Note	Date Warrant Granted	Exercise Price per Ordinary Share
300,000	1	20 July, 1999	US$0.80 (£0.55)
50,000	2	13 September, 1999	US$0.53 (£0.36)
350,000			

Warrants granted to date are denominated in US dollars. For disclosure purposes these warrants have been re-translated into sterling at the year end rate of US$1.4554/£1.

Notes:

(1) The Company issued 300,000 warrants on 20 July 1999 as a retainer for financial advisory services from Petkevich & Partners for the period 20 July 1999 to 20 July 2000. On the date of grant the warrants were fully vested, nonforfeitable and exercisable from 20 July 1999 until 20 July 2004. No warrants were exercised at March 31, 2001.

(2) The Company issued 50,000 warrants on 13 September 1999 as compensation for advisory services from a scientific advisor. The warrants are fully vested, exercisable and nonforfeitable and expire on 13 September 2002. No warrants were exercised at March 31, 2001.

Compensation

For the year ended December 31, 2001 all directors and senior management of the Company as a group received total compensation of £808,461. In addition, directors and senior management were issued a total of 7,170,000 options to purchase Ordinary Shares, including options that were subsequently waived by Thomas Lynch. Please refer to "Management - Directors' and Officers' Options" for the specific terms of the options held by each director and officer.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

To the Company's best knowledge, Elan held an aggregate of 26,538,190 Ordinary Shares at March 31, 2002, representing approximately 23.8% of the aggregate of the issued and outstanding Ordinary Shares of the Company including Ordinary Shares issuable upon the exercise of current options held by the Directors and officers of the Company ("D & O Option Shares"). Elan currently own an aggregate of 2,000,000 Preference Shares of the Company which are convertible into an aggregate of 20,000,000 Ordinary Shares. On March 28, 2002, Elan converted 2,129,819 of the Preference Shares into 21,298,190 Ordinary Shares in the capital of Amarin. This conversion was in accordance with the terms of the subscription agreement entered into by Elan and Amarin in November 1999. Upon the conversion of the remaining Preference Shares held by Elan, Elan and its subsidiaries would hold an aggregate of 46,538,190 Ordinary Shares representing approximately 39.4% of the aggregate of the issued and outstanding Ordinary Shares and the D & O Option Shares.

Two independent groups of investment funds acquired equity positions in the Company as part of a private placement commenced in June 2000. COF subscribed for an aggregate of 8,639,136 Ordinary Shares representing 12.6% of the aggregate of the issued and outstanding Ordinary Shares at that time. At March 31, 2002 COF has advised us that it held 2,517,130 shares representing 2.56% of the aggregate of the issued and outstanding Ordinary Shares and the D & O Option Shares at that date. The second investment fund, EGS, also subscribed for an aggregate of 8,639,136 Ordinary Shares representing 12.6% of the outstanding shares at that time. At March 31, 2002 EGS has advised us that it held 2,517,130 shares representing 2.56% of the aggregate of the issued and outstanding Ordinary Shares and the D & O Option Shares at that date.

The following table sets forth certain information regarding the ownership of the Company's Ordinary Shares at March 31 2002 by each person who is known to the Company to be the owner of more than five percent of the outstanding Ordinary Shares (either directly or by virtue of ownership of American Depositary Shares) of the Company:

Name of Owner or Identity of Group (1)	No. of Shares	Percent of Class (2)
Elan	26,538,190	23.8%

(1) Unless otherwise noted, the persons referred to above have sole investment power.

(2) Based on 98,361,583 Ordinary Shares outstanding on March 31, 2002 (including the 21,298,190 shares issued to Elan upon its conversion of Preference Shares) together with the D&O Option Shares.

None of the above shareholders has voting rights that differ from those of other shareholders.

Record Holders

The approximate number of record holders of the American Depositary Shares on March 31, 2002 was 19, of which the largest registered holder was Cede & Co., the nominee for The Depository Trust Company within which, as of such date, 68 participants held American Depositary Shares. The approximate number of record holders of Ordinary Shares on March 31, 2002, was 110 and one registered holder of Preference Shares. The American Depositary Shares represented approximately 33% of the issued and outstanding Ordinary Shares as of such date. The American Depositary Shares are issued by Citibank, N.A., as depositary (the "Depositary"). Each American Depositary Share represents ten Ordinary Shares of the Company.

Termination of Contingent Obligation to Issue Additional Ordinary Shares for no Consideration

The Purchase Agreement completed in June 2000, pursuant to which the investors in the private placement acquired 38,333,334 Ordinary Shares provided that such investors may be entitled to receive additional Ordinary Shares in certain circumstances. Under the purchase agreement relating to the private placement, we had a contingent obligation to issue up to 38,333,334 additional Ordinary Shares to the private placement investors for no consideration if we should fail to meet specified cash flow targets for the period from July 1 2000 to June 30 2001. In the event of such issuance, Laxdale Limited would also have had the right to receive additional shares in an amount that would have enabled Laxdale to maintain its fully diluted percentage ownership interest. Based on operating results for the relevant period, Amarin exceeded the required cash flow targets and, accordingly, was not required to issue additional shares to the private placement investors or Laxdale.

Related party transactions

During the year ended December 31, 2001, the Company entered into certain contracts with Elan, which is a significant shareholder. The Directors consider that transactions with Elan have been entered into on an arms length basis. Details of transactions involving Elan are given below.

During the year ended December 31, 2001, we repaid to Elan an outstanding loan in the principal amount of £1,240,000 together with all interest accrued thereon. This loan was paid prior to the scheduled maturity date of April 6, 2003. No penalty or premium was paid in connection with such prepayment.

During the year ended December 31, 2001 the Company made sales to Elan companies amounting to £687,000 (approximately US$1 million) for goods, services and research and paid royalties totaling US$3.2 million.

Permax

On May 29, 2001 the Board of Directors approved a Distribution, Marketing and Purchase Option Agreement with Elan relating to the Parkinson's disease product, Permax (pergolide mesylate).

The agreement for Permax, as amended and restated on September 28, 2001, gives the Company the exclusive US marketing, distribution and purchase option rights to this product. These rights were acquired from Elan which holds a license from the owner of the patent for Permax granting exclusive US marketing and distribution rights to this product.

Under this agreement, the Company has been appointed exclusive US distributor for Permax until May 16, 2002, with an option to acquire Elan's continuing rights in the product. As a part of the modified distribution arrangement, the Company has made payments of US$47.5 million to Elan in consideration for the rights and purchase option. The Company has also agreed to pay Elan royalties on sales. As part of the Permax transaction, the Company received a loan from an affiliate of Elan for the amount of US$45 million, which matures in September 2002.

On March 11, 2002, the Company's Board of Directors authorized the exercise of the option to acquire Elan's full rights to Permax. This transaction will be consummated upon obtaining Lilly's consent to our acquisition of such rights, subject to paying Elan running royalties and additional fixed payments in the aggregate amount of US$37.5 million. The fixed payments consist of an initial installment of US$7.5 million upon exercise of the option, followed by twelve successive quarterly installments of US$2.5 million each.

Zelapar

The US rights to Zelapar are currently licensed to Elan by Scherer. In consideration of the granting of the option to acquire these rights, we paid a non-refundable option fee of US$100,000. Our option is exercisable at any time up to 30 days after FDA approval of the NDA for Zelapar. The exercise of the option would require us to make four milestone payments plus running royalties based on a percentage of net sales of Zelapar in the US for the first eight years following exercise. The first milestone of US$10 million would be payable upon the closing of the exercise of the option. The second and third milestones would be in the aggregate amount of US$27.5 million, and each is contingent on certain revenue levels being achieved. The final milestone of US$15 million would be payable eight years from exercise of the option for Zelapar, subject to certain extension rights. This final payment will be reduced by the amount of all royalty payments made by us to Elan in the intervening period. Elan will pay all research and development costs including filing costs for an NDA to and including approval of the NDA by the FDA. It is anticipated that the NDA for Zelapar will be accepted for filing by the FDA in the first half of 2002.

Approval of transactions with Elan

The agreements for Permax and Zelapar were approved in accordance with the Company's policy for related party transactions. The Company requires audit committee review of all transactions involving a potential conflict of interest, followed by the approval of a majority of the directors who do not have a material interest in the transaction. Since two of the Company's directors were also directors and/or employees of Elan at the time these transactions were entered into, the Permax and Zelapar agreements were reviewed by the audit committee and approved by all of the directors who are unaffiliated with Elan.

Sale of transdermal business

In November 2001 the Company sold its entire equity interest in each of its South American subsidiaries, Beta Pharmaceuticals Corporation and Amarin Technologies South America, S.A. This sale was made to the local management team of these subsidiaries at a purchase price of US$262,000 in cash plus the assumption of approximately US$188,000 in indebtedness.

CORPORATE GOVERNANCE

In 1998, the Hemple Committee on Corporate Governance reviewed and brought together the guidelines and codes which had been developed by the Cadbury and Greenbury Committees and produced "The Combined Code-Principles of Good Corporate Governance and Code of Best Practice" ("the Code"). The Code was adopted by the London Stock Exchange in June 1998. Although the Company is not listed in the UK, it follows a programme for compliance with the general principles of the Code.

The board meets on a regular basis and at each meeting reviews the progress of the Company towards meeting its objectives and maintains overall control over appropriate strategic issues. The board has established audit and remuneration committees.

Board of Directors

Board practices

The board meets on a regular basis and at each meeting review's the progress of the Company towards meeting its objectives and maintains overall control over appropriate strategic issues. At every Annual General Meeting one-third of the Directors retire from office. The Company by Ordinary Resolution can elect any person to be a Director up to a maximum of fifteen members.

The board has established audit and remuneration committees.

Audit committee

The terms of reference of the audit committee are that it comprises three non-executive directors of the Company; that it will meet, as required, to review the scope of the audit and audit procedures, the format and content of the audited financial statements and the accounting principles applied in preparing the financial statements; and that it will also review proposed changes in accounting policies, recommendations from the auditors regarding improving internal controls and the adequacy of resources within the accounting function.

The audit committee comprises the following directors:

J C Gale
A Russell-Roberts
A J Lele

Remuneration committee

The terms of reference of the remuneration committee are that it comprises three non-executive directors of the Company; that its main responsibility is to approve the level of remuneration for executive directors; and that it may also grant options under the Company's share option schemes to employees and executive directors and approves any service contracts for executive directors and key employees. Non-executive directors' remuneration is determined by the full board.

The remuneration committee comprises the following directors:

A Russell-Roberts
H E Huckel
T G Lynch

Statement of directors' responsibilities

English company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to material departures disclosed and explained in the financial statements.

Other Corporate Matters

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Donations

Charitable donations amounting to £14,000 were made in the year: £10,000 to the Princes Trust and £4,000 to the National Society for the Prevention of Cruelty to Children (year ended December 31, 2000: £3,000). No political donations were made during the year (year ended December 31, 2000: £Nil).

Taxation status

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

European Currency Unit (Euro)

A considerable number of the Company's suppliers, customers and collaborative partners are resident in countries which have adopted the Euro currency with effect from January 1, 1999. The Company considers that the need to accommodate transactions denominated in the Euro currency will not have a material impact on its operations or financial condition.

Creditor payment policy

The Company has no formal creditor payment policy. However, the Company endeavours to settle its terms of payment with suppliers when agreeing the terms of each transaction and to pay in accordance with its contractual and other legal obligations. Where possible UK subsidiaries follow the same policy and overseas subsidiaries are encouraged to adopt similar policies.

The number of days represented by trade creditors at December 31, 2001 was 48 (December 31, 2000: 67).

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the Company will be proposed at the Annual General Meeting.

NATURE OF TRADING MARKET

The Company's American Depositary Shares (evidenced by American Depositary Receipts) are traded on the NASDAQ National Market, the principal trading market for the Company's securities, under the symbol "AMRN". There is no public trading market for the Ordinary Shares.

Ordinary Share/ADR Ratio

Each American Depositary Share represents 10 Ordinary Shares.

The following table sets forth the range of high and low closing sale prices for the ADSs for the periods indicated, as reported by the NASDAQ National Market. These prices do not include retail markups, markdowns, or commissions but give effect to a change in the number of Ordinary Shares represented by each ADS, implemented in October 1998. Historical data in the table has been restated to take into account the ratio change mentioned above.

	$US	
	High	**Low**
Fiscal Year Ended		
August 31, 1997	10.50	5.70
August 31, 1998	30.00	1.00
December 31, 1999	12.75	1.00
December 31, 2000	8.50	3.75
December 31,2001	27.97	5.00
16 Months Ended December 31, 1999		
First Quarter (November 30, 1998)	3.13	1.00
Second Quarter (February 28)	11.95	2.75
Third Quarter (May 31)	12.75	6.00
Fourth Quarter (August 31)	9.38	4.03
Fifth Quarter (December 31,)	12.75	1.00
Fiscal Year Ended December 31, 2000		
First Quarter	8.50	4.38
Second Quarter	7.62	5.75
Third Quarter	6.88	4.75
Fourth Quarter	7.34	3.75

Fiscal Year Ended December 31, 2001	7.97	5.00
Second Quarter	10.46	6.50
Third Quarter	23.45	9.98
Fourth Quarter	27.97	15.85
November 2001	27.97	24.17
December 2001	25.49	16.00
January 2002	21.00	17.10
February 2002	20.59	12.18
March 2002	17.00	13.26
April 2002	13.67	11.00

On May 6, 2002 the closing price of the Company's American Depositary Shares as reported on the NASDAQ National Market was US$9.35 per American Depositary Share.

RISK FACTORS

You should carefully consider the risks and the information about our business described below, together with all of the other information included in this annual report. You should not interpret the order in which these considerations are presented as an indication of their relative importance to you.

We have a history of operating losses

We have only been profitable in two of the last five fiscal years. For the fiscal year ended December 31, 2001 we reported a loss of £3.4 million under UK GAAP. However this includes a one-off intangible asset amortization charge of £12.4 million. We reported a net profit under UK GAAP of approximately £1.6 million for the year ended December 31 2000. However, this included £2.5 million of revenues from discontinued operations, and our continuing operations reported a loss of approximately £1.7 million for this period. For the year ended December 31, 1999 we reported net income of approximately £2.7 million. Prior to that, we had a net loss of approximately £1.2 million for the 4-month period ended December 31, 1998, which was a transition period following the change of our fiscal year end from August 31 to December 31. We also reported a net loss of approximately £17.2 million for the fiscal year ended August 31, 1998. In future periods, we may not be able to continue growing our sales and we may not be able to return to profitability.

We may be unable to exercise our option relating to Permax if we cannot obtain the consent of the patent holder, and we may lose any future rights to Permax if we default on our option payments.

A substantial portion of our revenues in fiscal 2001 was generated by sales of Permax. Our current marketing and distribution rights in this product terminate on May 16, 2002. We can acquire continuing rights to Permax pursuant to a purchase option granted to us by Elan, which obtained the exclusive US marketing and distribution rights from Lilly, the holder of the patent for Permax. Our Board of Directors has authorized the exercise of this option; however, we cannot consummate such exercise or obtain any continuing rights to Permax without the consent of Lilly. If the option is successfully exercised, we will be required to make payments to Elan in the aggregate amount of US$37.5 million over a three-year period. If we default on any payment, we could forfeit our rights to Permax. In the event that we are unable to exercise the Permax option or subsequently forfeit our rights, this would likely result in a substantial loss of revenues. Moreover, if we should fail to successfully exercise the Permax option, we will not be able to recoup any portion of the US$47.5 million heretofore paid to Elan in consideration of the option.

If we cannot find additional resources, we may have difficulty paying our short term indebtedness and growing our business

We believe we have adequate funds for our current activities and estimate that we could continue to operate our business at current levels for a period of approximately five years, assuming that the maturity of our short-term debt can be extended or otherwise re-financed. However, if we are not successful in refinancing or obtaining an extension, we will need additional funding to pay our indebtedness of approximately US$45 million that comes due in September 2002. In addition, even if this obligation is extended, we will need additional capital to pursue our long-term strategy of acquiring additional products, expanding our sales and marketing capabilities and growing our business. Depending on market conditions and our ability to maintain financial stability, we may not have access to additional capital on reasonable terms or at all. Any inability to obtain additional financing when needed would adversely affect our ability to achieve growth and our future prospects.

We may incur potential liabilities relating to discontinued operations

In connection with the restructuring of our company, we decided to discontinue our UK-based transdermal patch business. In December 1999, we sold certain assets relating to this business to Elan. However, Elan did not assume the licensing and development agreements associated with the divested assets, and we remained obligated to perform all of these contracts. Since we no longer operate a transdermal patch business, Elan has agreed to assist us in seeking to terminate such agreements or transfer them to licensees. However, even with this assistance, we may not be able to terminate or transfer all contracts successfully, as we will require the consent of each counterparty to do so. To date, we have formally terminated or assigned two of these transdermal contracts and have reached agreements in principle with respect to the termination of all but one of the remaining fifteen contracts to which we are a party. We have also settled a claim relating to the terminated license agreement with Saitama Daiichi Pharmaceutical Co. by making a payment of US$1 million to Daiichi. If we do not successfully terminate or assign the remaining transdermal agreements, we could be found liable for breach of contract should we be unable to perform our continuing obligations. We established a reserve of £2.1 million during 2000 to cover the potential liabilities that in management's estimation would result from the termination or assignment of transdermal contracts. During 2001 upon the successful termination/assignment of all but one of such contracts we have reversed £1.4 million of this provision leaving a £700,000 provision for the one remaining contract.

Elan has agreed to partially indemnify us against liabilities that we may incur in relation to the nonassumed transdermal contracts. For purposes of this indemnity, the contracts have been classified into three designated groups. With respect to the first group of contracts, Elan will indemnify us for 50% of all liabilities in excess of an aggregate of US$1 million. With respect to the second group of contracts, Elan will indemnify us for all liabilities up to US$1 million and for 50% of all liabilities in excess of US$1 million. In each case the indemnification is available for a period beginning July 21, 2001 and ending December 21, 2002. Elan's indemnification obligation with respect to these two groups of contracts is subject to an aggregate limit of US$10 million. With respect to the third designated group of contracts, Elan has exercised an option not to provide us with any indemnification. It is our understanding that, for purposes of Elan's indemnification obligations, Elan grouped the contracts into three categories based on its assessment of potential exposure, the first group representing a low likelihood, the second group an intermediate likelihood, and the third group a high likelihood of liability. The second group includes the one transdermal contract for which we have not at present obtained the counterparty's agreement in principle with respect to a termination or assignment.

Our supply of products could be disrupted by problems affecting our manufacturers and key suppliers

The Company does not currently have a US manufacturing facility and, accordingly, it is dependent upon maintaining existing relationships with contract manufacturers and other vendors, or establishing new vendors, to supply inventory for its US sales and marketing business. There is no assurance that if any existing relationships were to terminate the Company would be able to replace its current vendors without disruption to operations.

The Company currently relies on a single source of supply for some of its products. In the case of Permax, our primary current marketed product, we are reliant upon Elan's exclusive supply arrangement with Lilly, as sole supplier, which manufactures Permax for us as well as for its other markets outside the US. Through our distribution and marketing agreement we have undertaken direct sourcing of product from Lilly and have established effective communication and ordering procedures. That arrangement will continue upon our consummation of acquiring Elan's rights in Permax, as described above. There can be no assurance, however, that all of our Permax orders will be fulfilled in a timely fashion by Lilly.

If in the future our manufacturers should cease doing business with us or experience delays, shortages of supply or excessive demands on their capacity, we may not be able to obtain adequate quantities of product in a timely manner, or at all. Furthermore, manufacturers are required to comply with current Good Manufacturing Practices regulations promulgated by the FDA. The failure by a manufacturer to comply with these regulations could affect its ability to provide us with product. While we take prudent steps to maintain safety stocks of inventory, the loss of a contract manufacturer or a product shortage or interruption could have a material impact on our revenues. In many cases we have identified and qualified an alternate or back-up supplier of product. However, we do not have insurance coverage against the risk of manufacturing failure or disruption.

Although we currently have sufficient supplies of products to meet our expected needs for at least four months, we may need additional capacity upon the acquisition of any new products. Our contract manufacturers have no obligation to meet such increased demand. Even if our manufacturers endeavor to meet our future needs, we cannot predict whether they will have sufficient capacity to do so. Accordingly, we may need to secure additional manufacturing capacity to accommodate any growth in our product portfolio. A failure to do so when needed could result in our inability to satisfy the requirements of our customers and could result in lost sales and diminished market share.

The Company and, in turn, its vendors often rely on third parties to supply the raw materials needed to manufacture its products. In most cases our contract manufacturers are responsible for obtaining raw materials, although we have assumed responsibility for sourcing difenoxin, a critical component of Motofen. The supplier for difenoxin is Johnson Matthey plc. In total, we and our manufacturers use approximately ten to fifteen suppliers worldwide to meet our raw materials requirements for the branded generic products. Since acquiring our product portfolio in late 1999, we have not experienced any problems with our supplier of difenoxin, and no other supplier has sought to terminate its relationship with our manufacturers. Our reliance on limited groups of suppliers involves several risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality. Any unanticipated disruption to contract manufacture caused by problems at suppliers could:

- delay shipment of our products;
- increase our cost of goods sold; and
- result in lost sales.

While there are alternative suppliers for many of the raw materials used in the manufacture of our products, we currently rely on a single source of supply for difenoxin, one of our key raw materials, which is the active ingredient in Motofen. Difenoxin is only available from a very limited number of suppliers worldwide. Our supplier allocates its output through a quota system, and lead times can be as long as one year, both of which limit our flexibility to increase or decrease production levels of Motofen. The failure or inability of such supplier to fulfill our requirements for difenoxin in a timely manner or otherwise would have a material adverse effect on our business.

We may not be able to grow our business unless we can acquire and market new products

We are pursuing a strategy of product acquisitions in order to generate growth. This strategy depends substantially upon our ability to continue acquiring products that we can effectively market in the US. Although we engage in proprietary research and development of new products, these activities are limited. We must therefore rely on our ability to identify other companies that are willing to sell or license product lines to us. We will be competing for these products with other parties, many of whom have substantially greater financial, marketing and sales resources. Even if suitable products are available, depending on competitive conditions we may not be able to acquire rights to additional products on acceptable terms, or at all. Our inability to acquire additional products or successfully introduce new products could have a material adverse effect on our business. Even if we are successful in acquiring or developing new products, they may have different distribution channels and may face different pricing pressures and levels of competition than our current products. Consequently, we may not be able to successfully integrate any new products or to compete favorably and attain market acceptance in any new product category. In addition, we may need to significantly increase our sales and marketing force and incur additional expenses in anticipation of a new product introduction. Our business could be adversely affected by an inability to successfully introduce and market new products, whether they be products that we acquire from third parties or develop internally.

In order to achieve growth, we will need to expand our limited sales and marketing capability

At present, we market and sell our products primarily through direct marketing programs in the US. Our US subsidiary conducts all selling activities and has established a small sales and marketing staff of approximately 33 persons including approximately 24 sales representatives to assist in the distribution of Permax and other potential neurology products. Although we currently have limited marketing, sales and distribution capability, we believe that our resources are sufficient to support our existing products. Our long term strategy, though, is to significantly expand our portfolio by acquiring additional marketable products. In order to market any new products, we will need to add marketing and sales personnel who have expertise in the pharmaceuticals business. We must also develop the necessary supporting distribution channels. Although we believe we can build the required infrastructure, we may not be successful in doing so if we cannot attract personnel or generate sufficient capital to fund these efforts. Failure to increase our sales force or to expand our distribution network in the US would have a material adverse effect on our ability to grow our business.

The planned expansion of our business may strain our resources

Our strategy for growth includes potential acquisitions of new products and the introduction of these products to the market. We intend to acquire products that have high growth potential. It is expected that any such new products will require substantially higher levels of support than our current portfolio. Since we currently operate with limited resources, the addition of such new products could require a significant expansion of our operations, including the recruitment, hiring and training of additional personnel. This could create a strain on our financial and management resources. Our failure to manage such growth effectively could result in lost sales and could have a material adverse effect on our business.

Our products may not be able to compete effectively against those of our competitors

Competition in the pharmaceutical industry is intense and is expected to increase. Our portfolio of marketable products compete with a variety of other products within the US, including established drugs and major brand names. The market for generic products is particularly competitive. Generic drugs can generally be introduced on the basis of bioequivalence to an existing product after the patent on such product has expired. Once a successful product is off patent, many companies often seek to market generic equivalents, thus saturating the market with a large number of similar products. Competitive factors could force us to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to our products. Products based on new technologies or new drugs could render our products obsolete or uneconomical.

With respect to our sales of Permax, competition is expected to increase significantly in the future. Two competitive products have recently been approved for marketing by the FDA, resulting in a reduction of Permax's market share. In addition, with the composition patent for Permax having expired, two manufacturers have given notice of their intent to produce generic equivalents to this product. Although we intend to challenge the entry of these generics based on the infringement of other patents relating to Permax, we may not be successful in fending off generic competition.

Our principal competitors both in the US and Europe include large, well-established pharmaceutical companies, specialty pharmaceutical sales and marketing companies, and specialized drug delivery companies. In addition, we compete with universities and other institutions involved in the development of technologies and products that may be competitive with ours. Many of our competitors have greater resources than us, including financial, product development, marketing, personnel and other resources. In the area of Parkinson's disease, our principal competitors include Pharmacia and GlaxoSmithKline, who market Mirapex® and Requip® respectively, dopamine agonists indicated as primary therapy for Parkinson's disease. In the area of headache medications, our principal competitors include Novartis and Elan. We also compete with numerous manufacturers of over-the-counter headache medications.

The success of our products also depends in large part on the willingness of physicians to prescribe these products to their patients. Many of our competitors' products have achieved broad recognition and acceptance among medical professionals. In order to achieve an acceptable level of subscriptions for our products, we must be able to meet the needs of both the medical community and end users with respect to cost, efficacy and other factors.

Our business depends on the ability of consumers to obtain reimbursement

The success of our products in the US may depend in part upon the ability of consumers to obtain reimbursement from third-party health care payors, such as government and private insurance plans. We estimate that not more than 20% of the revenues generated by our product portfolio are derived from third-party

payors. All of our products are currently authorized for reimbursement. However, third-party payors are increasingly attempting to contain health care costs by challenging the prices charged for medical products and services. Our Parkinson's disease product, Permax, is marketed primarily to seniors. There is additional increasing pressure to provide pricing discounts or benefits to seniors. If the regulatory environment changes, some or all of our products may not remain eligible for third-party reimbursement. In addition, even if reimbursement is available, the levels of reimbursement may not be sufficient to permit us to set prices at which we can realize an acceptable return on capital.

We may not be successful in developing new products or marketing existing products if we cannot meet extensive regulatory requirements for quality, safety and efficacy promulgated by the FDA and other regulatory agencies

Our product development activities generally involve the co-development of products with our strategic partners. The success of these efforts is dependent in part upon the ability of the products to meet and to continue to meet regulatory requirements in the jurisdictions where we and our development partners ultimately intend to sell such products. The development, manufacture and marketing of pharmaceutical products are subject to extensive regulation by governmental authorities in the US, the UK, Sweden, the European Union, Japan and elsewhere. In the US, the FDA generally requires pre-clinical testing and clinical trials of each drug to establish its safety and efficacy before its introduction into the market. Regulatory authorities in other jurisdictions impose similar requirements. The process of obtaining regulatory approvals is lengthy and expensive and the issuance of such approvals is uncertain. Even in circumstances where products are approved by a regulatory body for sale the regulatory or legal requirements may change over time, which may on occasions lead to the withdrawal of a product from the market due to concerns regarding matters such as safety. For example on November 6, 2000, the FDA issued a warning regarding all decongestant products containing the active ingredient PPA, and initiated steps to remove these products from the marketplace. The Company voluntarily removed four of its products that contained this ingredient and accepted returns totaling £893,000 (US$1,299,000) through December 31, 2001.

At present, four products containing our drug delivery technologies are in various stages of development. We expect that two of these products will be submitted for approval in the US and two will be submitted in Japan. Even if approvals are obtained, they may not be on the terms or have the scope or breadth necessary for the successful commercialization of such products. This could adversely affect our ability to receive future royalty payments from the sale of such products. Moreover, even after approval, a marketed drug and its manufacturer are subject to continual review. The discovery of previously unknown problems with a product or manufacturer may result in restrictions on such product or manufacturer, including withdrawal of the product from the market, which would have a negative impact on our potential royalty stream.

Our current research and development activities include the development of applications for our DCV coating technology. In order to fully exploit this technology, we intend to pursue opportunities to develop an application for the US market. However, we have not yet submitted any products containing the DCV technology for approval by the FDA. This technology includes two components that have been approved in Europe. Often, if specific components of a new product have been approved in other jurisdictions, the FDA accepts such components when supported by a compilation of relevant information. Such information would include confidential data from the manufacturer as well as data generated by us or available in the public domain. However, at such time as any products incorporating DCV are submitted for approval, the FDA may determine that new data must be generated, notwithstanding the existence of supporting information. This could involve significant expense and delay. There is no certainty that the DCV components will be accepted solely on the basis of existing information.

We may not realize profits from the licensing of our drug delivery technologies if our strategic partners fail to commercialize the products that incorporate these technologies

Our research and development activities in Sweden focus on joint product development projects with third parties, involving the incorporation of our drug delivery technologies into compounds belonging to the third parties. In many cases, we are entitled to future royalty payments based on anticipated commercial sales of the products being developed. Typically, after development work is completed, our co-development partners are responsible for obtaining regulatory approvals and are given a license to manufacture the product and bring it to market within designated territories. We may also use additional licensees to commercialize the product in other territories. Our ability to realize royalties thus depends upon numerous factors that are exclusively within the control of the licensee.

These factors include:

- the availability of raw materials for these products;
- the ability to obtain regulatory approvals for the manufacture and sale of the products; and
- the successful manufacture and commercialization of the products.

In addition, licensees could decide to delay or discontinue the commercialization of products for financial or other business reasons. At present, three of our licensees have discontinued or significantly delayed marketing efforts for the products licensed to them. Aside from these inactive agreements, we currently have nine license agreements covering six products, with certain products being licensed to multiple parties in different territories. These agreements cover both development stage products and products currently on the market. We generate approximately 95% of our royalties from the licensing of the product diltiazem to three licensees. For the years ended December 31, 2001, 2000 and 1999, we received total diltiazem royalties of US$24,125, US$19,158 and US$20,828, respectively. If the companies to which we license our technologies fail to commercialize such products successfully, or if existing sales activities cease or materially decline, this could have an adverse affect on our future royalty payments.

For some products, we have also entered into distribution agreements under which we sell finished goods to distributors who are authorized to re-sell the product in a designated territory. Unlike our licensees, these distributors are not responsible for manufacturing the product. Therefore, risks relating to raw materials and successful manufacture are not applicable. However, the distributors do generally have responsibility for obtaining regulatory approvals and marketing the products within their territory. To this extent, our distribution arrangements are subject to the same risks that exist under our licensing agreements. In addition, we typically have no control over a distributor's decision to discontinue commercializing a product. If existing sales activities by our distributors cease or materially decline for any reason, this could adversely affect our future income stream. We currently have seven distribution agreements covering three products. Sales are taking place under six of these agreements, and the seventh is inactive due to the distributor's failure to obtain regulatory approval in the designated territory.

We may incur expenses under our ongoing product development contracts without receiving offsetting payments

In prior years, our revenues and profitability had been primarily dependent upon the fees that we received under license and development agreements with third parties. This dependency has diminished, as we have shifted our focus from product development to the marketing and sale of developed and approved products. However, our facility in Malmö (Sweden) continues to conduct research and development activities focused on oral delivery technologies. Currently, four oral delivery products are under development. In this area, we continue to rely upon periodic payments that are contingent on our attainment of regulatory approvals and/or achievement of technical and clinical milestones set forth in agreements with third parties. We may have to commit significant personnel and financial resources to meet these requirements. The failure to achieve, or delays in achieving, any required milestones or approvals can cause us to forfeit significant payments. Even if a milestone is achieved, the costs incurred may exceed the amount of the payment. We generally negotiate payments in advance based on estimates of how much work is required, and these estimates may prove to be too low. As a result, we may be unable to recoup our development expenses, which could adversely affect our profitability.

Our ability to generate revenues under our in-licensing agreements depends in part upon the financial condition of our licensors

Under our current in-licensing agreements, our ability to ultimately commercialize the licensed products is subject to the completion of the development programs for these compounds and the receipt of US regulatory approvals. In general, all or a substantial portion of the development costs are payable by our licensors, which include CeNeS and Laxdale Limited. The costs of developing and obtaining regulatory approvals for pharmaceutical products can be substantial. If our licensors are unable to maintain the financial and operational capability to complete their development efforts, we may not ever be able to generate revenues from the licensed products. We are aware that CeNeS currently has financial problems. In light of this, the Company and CeNeS are currently assessing the viability and funding of the development project with CeNeS.

Our ability to generate revenues under our in-licensing agreement with Laxdale Limited is contingent upon the development efforts of our licensor

We have entered into a license agreement with Laxdale Limited that gives us the U.S. marketing rights to LAX-101, a new molecular entity that is intended to treat Huntington's disease. This compound has achieved positive results in two separate Phase II studies and is currently undergoing Phase III clinical trials. Our ability to commercialize this product is dependent upon the success of Laxdale's further development efforts. Laxdale is responsible for conducting all tests and clinical trials needed in order to meet regulatory requirements, for obtaining applicable regulatory approvals, and for prosecuting the patent application with respect to this technology.

Our ability to derive any revenues under our licensing agreement is subject to all of the risks associated with obtaining regulatory approvals, and as a licensee we have limited ability to control the outcome of the development process. Even if Laxdale obtains the necessary approvals, the terms of the approvals may not have the scope or breadth needed for us to successfully commercialize products based on the technology.

We are dependent on patents, proprietary rights and confidentiality

Because of the significant time and expense involved in developing new products and obtaining regulatory approvals, it is very important to obtain patent and trade secret protection for new technologies, products and processes. The composition of matter patent for Permax having expired, two manufacturers have given notice of their intent to produce generic equivalents to this product. Although we intend to challenge the entry of these generics based on the infringement of other patents relating to Permax, we may not be successful in fending off generic competition. We currently own 144 issued patents and have 19 patent applications pending worldwide. Expiration dates of the issued patents range from 2002 to 2014. The patents expiring in 2002 are not considered to be material to our business. Our success depends in large part on our continued ability to:

- acquire patented products and technologies;
- obtain patents for our newly-developed products;
- maintain patent protection for both acquired and developed products;
- preserve our trade secrets; and
- operate without infringing the proprietary rights of third parties.

Although we believe that we make every effort to protect our intellectual property rights and ensure that our proprietary technology does not infringe the rights of other parties, we cannot ascertain the existence of all potentially conflicting claims. Therefore, there is a risk that third parties may make claims of

infringement against our products or technologies. In addition, third parties may be able to obtain patents that prevent the sale of our products or require us to obtain a license and pay significant fees or royalties in order to continue selling our products.

We may in the future discover the existence of products that infringe upon patents that we own or that have been licensed to us. Although we seek to protect our trade secrets and proprietary know-how through confidentiality agreements with our manufacturers, employees and consultants, we cannot prevent our competitors from breaching these agreements or independently developing or learning of our trade secrets.

Both the defense and prosecution of patent claims can be expensive and time-consuming. An adverse outcome could subject us to significant liabilities to third parties, requiring us to obtain licenses from third parties or cease our sales or research and development activities.

We anticipate that competitors may from time to time oppose our efforts to obtain patent protection for new technologies or to submit existing patented technologies for regulatory approvals. Competitors may seek to challenge patent applications or existing patents to delay the approval process, even if the challenge has little or no merit.

We may have to issue equity in the Company leading to shareholder dilution

To meet the Company's growth requirements new equity may have to be issued to raise the necessary finances or to fund new product acquisitions and/or development programs. We are already committed to issue equity to Laxdale upon the successful achievement of specified milestones for the LAX 101 development program. As part of our financing requirements new equity or convertible equity or debt instruments may be issued to new or existing shareholders. The creation of new shares would lead to dilution of the current shareholder base.

The loss of any key management or qualified personnel could disrupt our business

We are highly dependent upon the efforts of:

- our senior management;
- our US based sales and marketing team; and
- our Sweden-based scientific team.

The loss of the services of one or more members of senior management, the sales/marketing team or the scientific team could have a material adverse effect on us. As a small company with a streamlined management structure, the departure of any key person could have a significant impact and would be potentially disruptive to our business. In addition, because our operations are spread out geographically, it may not be practicable for existing management to take on responsibilities of any departing key employee. Furthermore, because of the specialized nature of our business, we are highly dependent upon our ability to attract and retain qualified sales, scientific, technical and key management personnel. There is intense competition for qualified personnel in the areas of our activities. In this environment we may not be able to continue to attract and retain the personnel necessary for the development of our business, particularly if we do not maintain profitability. Loss of the services of key sales, scientific and technical personnel, or the failure to recruit such personnel, would be detrimental to our marketing activities and development programs.

Simon Lee, formerly the Managing Director of Amarin Development AB, resigned his position as of April 30, 2002. We are actively seeking qualified candidates to fill this position. However, we may not be able to secure a suitable replacement on a timely basis, which could affect our ability to maintain progress on current development projects and to generate new opportunities in this area.

We have entered into an employment agreement with our Chief Executive Officer. The term of this agreement automatically renews on an annual basis, subject to each party's right to terminate upon six months' notice. Our officers and key employees in the US are employed on an at-will basis and are therefore not restricted from seeking employment elsewhere. Our officers and key employees in the UK, other than our CEO, are not employed for any specified period and are not restricted from seeking employment elsewhere, subject only to giving appropriate notice to the Company.

We are subject to continuing potential product liability

Risks relating to product liability claims are inherent in the manufacturing and marketing of our products. Any person who is injured as a result of using one of our products may have a product liability claim against us without having to prove that we were at fault. Since we distribute and sell our products to a wide number of end users, the risk of such claims could be material. Product liability claims could also be brought by persons who took part in clinical trials involving our products, including clinical trials of transdermal products carried out prior to the disposal of our transdermal business. We have obtained insurance against claims arising in the ordinary course of our business up to a limit of US$10 million. However, this may not adequately protect us if there is a high occurrence of claims in the future or if any future claims otherwise exceed the limits of our coverage. A successful claim brought against us in excess of our insurance coverage could have a material adverse effect on our business.

We may not be able to maintain product liability coverage on acceptable terms if our claims experience results in higher rates, or if product liability insurance otherwise becomes costlier because of general economic, market or industry conditions. If sales of our products increase materially, or if we add significant products to our portfolio, we will require increased coverage and may not be able to secure such coverage at reasonable rates.

The price of our ADSs may be volatile

The stock market has from time to time experienced significant price and volume fluctuations that may be unrelated to the operating performance of particular companies. In addition, the market prices of the securities of many pharmaceutical and medical technology companies have been especially volatile in the past, and this trend can be expected to continue in the future. Our ADSs are also subject to volatility as a result of the relatively limited size of their trading market. With approximately 6.7 million ADSs outstanding, there is a risk that there may not be sufficient liquidity in the market to accommodate significant increases in selling activity or the sale of a large block of securities, either of which could result in price volatility. Additionally, there is a potential for additional Ordinary Shares to be converted into ADSs in quantities that may be substantial in relation to our public float, which could have a material impact on market price and create volatility. These factors increase the risk that the market price may be affected by factors such as:

- the announcement of new products or technologies;
- innovation by us or our competitors;
- developments or disputes concerning patent or proprietary rights;
- actual or potential medical results relating to our products or our competitors' products;
- interim failures or setbacks in product development;

- regulatory developments in the US, the European Union or other countries;
- currency exchange rate fluctuations; and
- period-to-period variations in our results of operations.

The rights of our shareholders may differ from the rights typically afforded to shareholders of a US corporation

We are incorporated under English law. The rights of holders of Ordinary Shares and, therefore, certain of the rights of holders of ADSs, are governed by English law, including the Companies Act 1985, as amended by the Companies Act 1989, and by the Company's Memorandum and Articles of Association. These rights differ in certain respects from the rights of shareholders in typical US corporations. See "Share Capital - Description of Ordinary Shares." The principal differences include the following:

- Under English law, each shareholder present at a meeting has only one vote unless a valid demand is made for a vote on a poll, in which each holder gets one vote per share owned. Under US law, each shareholder typically is entitled to one vote per share at all meetings. You should be aware, however, that the voting of ADSs is further governed by the provisions of the deposit agreement with the depositary bank. See "Description of American Depositary Shares."
- Under English law, each shareholder generally has pre-emptive rights to subscribe on a proportionate basis to any issuance of shares. Under US law shareholders generally do not have pre-emptive rights unless specifically granted in the Certificate of Incorporation or otherwise.
- Under English law, certain significant transactions require the approval of 75% of the share holders, including amendments to the Memorandum and Articles of Association. This may make it more difficult for us to complete corporate transactions deemed advisable by the Board of Directors. Under US law, generally only majority shareholder approval is required to amend the Certificate of Incorporation or to approve other significant transactions.
- Under English law, shareholders may be required to disclose information regarding their equity interests upon our request, and the failure to provide the required information could result in forfeiture of a holder's shares, prohibitions on the transfer of the shares or restrictions on dividends and other payments. Comparable provisions generally do not exist under US law.

US shareholders may not be able to enforce civil liabilities against us

A number of our directors and executive officers are non-residents of the US, and all or a substantial portion of the assets of such persons are located outside the US. As a result, it may not be possible for investors to effect service of process within the US upon such persons or to enforce against them judgments obtained in US courts predicated up on the civil liability provisions of the federal securities laws of the US. We have been advised by our English solicitors, Nicholson, Graham & Jones, that there is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of US courts, of civil liabilities to the extent predicated upon the federal securities laws of the US.

Foreign currency fluctuations may affect our financial results or cause us to incur losses

We record our transactions and prepare our financial statements in pound sterling. However, the majority of our revenues and expenditures are denominated in other currencies, principally US dollars and Swedish kronor. We anticipate over time that certain of our costs will be denominated in Euro rather than Swedish kronor, as a result of vendors requiring payment in Euros and the possible adoption of the Euro by Sweden. For purposes of preparing our financial statements, we translate foreign currency transactions and balances into pound sterling. As a consequence, the results reported in our financial statements are subject to the impact of currency fluctuations between the US dollar, Swedish kronor, Euro and pound sterling. From a cash standpoint, our currency hedging activities have been limited to denominating our borrowings in US dollars in order to reduce the risk of fluctuations in the dollar to pound sterling exchange rate. We believe this provides sufficient protection, since at present both our revenues and expenses are denominated primarily in US dollars. However, if we should increase the number of transactions conducted in other currencies, changes in the relation of the US dollar, Swedish kronor or Euro to the pound

sterling may affect our revenues and operating margins. In general, we could incur losses if the currencies in which we receive revenues should become devalued relative to the currencies in which we incur expenses.

We cannot accurately predict the impact of future exchange rate fluctuations between the US dollar, Swedish kronor, Euro and the pound sterling on our financial statements or our revenues and operating margins. Additionally, fluctuations in the exchange rate between the pound sterling, Euro, Swedish kronor and the US dollar may also affect the book value of our assets and the amount of our shareholders' equity. Further, because our executive offices are located in the UK, economic and political conditions in the UK may directly affect our operations and therefore the market price of our ADSs.

ADDITIONAL INFORMATION

Memorandum and Articles of Association

The Company was formed as a private limited company under the Companies Act 1985 and reregistered as a public limited company on March 19, 1993. Under Article 4 of its Memorandum of Association, the Company's objects are to carry on the business of a holding company and to carry on any other business in connection therewith as determined by the Board of Directors. The Board of Directors may call General Meetings and General Meetings may also be called on the requisition of shareholders of the Company representing at least one tenth of the voting rights in General Meeting pursuant to section 368 of the Companies Act 1985.

Directors

At every Annual General Meeting, one-third of the directors must retire from office. The directors who shall retire shall include any director who wishes to retire, and any further directors who have been in office longest since their last election. A director who has elected to retire is not eligible for re-election. There is no age limit or requirement that directors retire at a specified age; however, if a director proposed for election or re-election has attained the age of 70, this fact must be disclosed in the notice of the meeting. Directors are not required to hold shares of the Company.

A director may serve as an officer or director of, or otherwise have an interest in, any company in which the Company has an interest. A director may not vote (or be counted in the quorum) on any resolution concerning his appointment to any office or any position from which he may profit, either with the Company or any other company in which the Company has an interest. A director is not prohibited from entering into transactions with the Company in which the director has an interest, provided that all material facts regarding the interest are disclosed to the board. Such director is not entitled to vote (or be counted in the quorum) on any resolution relating to the transaction in which he has an interest.

The Board of Directors has the authority to exercise all the powers of the Company to borrow money and issue debt securities. If at any time the Company's securities should be listed on the Official List of the London Stock Exchange, the Company's total indebtedness (on a consolidated basis) would be subject to a limitation of three times the total of paid up share capital and consolidated reserves.

Capital Stock

The Company's authorized capital stock is £55,000,000 divided into 500,000,000 Ordinary Shares of 10p each and 5,000,000 Preference Shares.

Ordinary Shares

In the following summary, a "shareholder" is the person registered in the Company's register of members as the holder of the relevant share(s). For those shares that have been deposited in the Company's American Depositary Receipt facility, Citibank N.A., as depositary or its nominee is deemed the shareholder.

Holders of Ordinary Shares are entitled to receive such dividends as may be declared by the board of directors. All dividends are declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid. To date there have been no dividends paid to holders of Ordinary Shares.

Holders of Ordinary Shares are entitled to participate in any distribution of assets upon a liquidation, subject to prior satisfaction of the claims of creditors and preferential payments to holders of outstanding Preference Shares.

Voting at any general meeting of shareholders is by a show of hands, unless a poll is demanded. A poll may be demanded by (i) the chairman of the meeting, (ii) at least two shareholders entitled to vote at the meeting, (iii) any shareholder or shareholders representing in the aggregate not less than one-tenth of the total voting rights of all shareholders entitled to vote at the meeting, or (iv) any shareholder or shareholders holding shares conferring a right to vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. In a vote by a show of hands, every shareholder who is present in person at a general meeting has one vote. In a vote on a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which they are registered as the holder. The quorum for a shareholders' meeting is a minimum of two persons, present in person or by proxy. To the extent the Articles provide for a vote by a show of hands in which each shareholder has one vote, this differs from US law, under which each shareholder typically is entitled to one vote per share at all meetings.

Unless otherwise required by law or the Articles, voting in a general meeting is by ordinary resolution. An ordinary resolution is approved by a majority vote of the shareholders present at a meeting at which there is a quorum. Examples of matters that can be approved by an ordinary resolution include the election of directors, the approval of financial statements, the declaration of final dividends, the appointment of auditors, the increase of authorized share capital, or the grant of authority to issue shares. A special resolution or an extraordinary resolution requires the affirmative vote of not less than three-fourths of the eligible votes. Examples of matters that must be approved by a special resolution include modifications to the rights of any class of shares, certain changes to the Memorandum or Articles of Association, or a winding-up of the Company.

English law provides that shareholders have pre-emptive rights to subscribe to any issuances of equity securities that are or will be paid wholly in cash. These rights may be waived by a special resolution of the shareholders, either generally or in specific instances, for a period not exceeding five years. This differs from US law, under which shareholders generally do not have pre-emptive rights unless specifically granted in the Certificate of Incorporation or otherwise.

There are no limitations under the Company's Memorandum or Articles of Association or under English law on the right of non-resident or foreign owners, as opposed to UK citizens, to hold or vote the Ordinary Shares.

Under Section 212 of the UK Companies Act of 1985, a public company may by notice in writing require a person who a company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in the company's voting shares (a) to confirm the fact or (as the case may be) to indicate whether or not it is the case, and (b) where he holds or has during that time held an interest in voting shares, to give such further information as may be required pursuant to Section 212. The Company's Articles of Association provide that where the Company has served a notice under Section 212 of the UK Companies Act 1985 on a shareholder and the shareholder has failed to supply the required information the voting rights of the shareholder will be suspended. Under the Deposit Agreement pursuant to which the American Depositary Shares have been issued, a failure to provide certain information pursuant to a request submitted under Section 212 of the UK Companies Act 1985 may result in the forfeiture by the owner of the American Depositary Shares of rights to direct the voting of the Ordinary Shares underlying the American Depositary Shares and to exercise certain other rights with respect to the Ordinary Shares.

Preference Shares

The Preference Shares confer upon the holder the right to receive a fixed cumulative preferential dividend at the rate of 3% per annum and rank as to dividends in priority to any other shares issued by the Company. Each Preference Share of £1 is convertible into ten Ordinary Shares of 10 pence. The holders may not exercise the conversion rights for a period of two years following issuance, except with the Company's approval . Holders of the Preference Shares are entitled to attend general meetings of the Company and to vote in certain limited circumstances.

Variation of Rights

If at any time the Company's share capital is divided into different classes of shares, the rights of any class may be varied or abrogated with the written consent of the holders of not less than 75% of the issued shares of the class, or pursuant to an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. At any such separate meeting the quorum shall be a minimum of two persons holding or representing by proxy one-third in nominal amount of the issued shares of the class, unless such separate meeting is adjourned, in which case the quorum at such adjourned meeting or any further adjourned meeting shall be one person. Each holder of shares of that class has one vote per share at such meetings.

Meetings of Shareholders

Annual General Meetings are convened upon advance notice of 21 days. Extraordinary General Meetings are convened upon advance notice of 21 days or 14 days depending on the nature of the business to be transacted.

Limitations on Ownership

There are no restrictions under the Memorandum and Articles of Association or under English law that limit the right of non-resident or foreign owners to hold or vote the Company's Ordinary Shares.

Disclosure of Interests

Under English Law, any person who acquires an equity interest above a "notifiable percentage" must disclose certain information to the Company regarding the person's shares. The applicable threshold is currently three percent. The disclosure requirement applies to both persons acting alone or, in certain circumstances, with others. After a person's holdings exceed the "notifiable" level, similar notifications must be made when the ownership percentage figure increases or decreases by a whole number.

In addition, English Law gives the Company the authority to require certain disclosure regarding an equity interest if it knows, or has reasonable cause to believe, that the shareholder is interested or has within the previous three years been interested in the Company's share capital. Failure to supply the information required may lead to disenfranchisement under the Articles of Association of the relevant shares and a prohibition on their transfer and on dividend or other payments. In this context, the term "interest" is broadly defined and will generally include an interest of any kind in shares, including the interest of a holder of an ADS.

The foregoing provisions differ from US law, which typically does not impose disclosure requirements on shareholders.

Material Contracts

During the two years prior to the date of this annual report, the Company entered into the following material contracts outside of the ordinary course of business:

Purchase Agreement, dated as of June 16, 2000, by and among Amarin Corporation plc and the Purchasers named therein. Pursuant to this agreement, the Company issued an aggregate of 38,333,334 Ordinary Shares to certain investors at US$0.30 per share (US$3.00 per ADS), which equates to an aggregate investment of US$11.5 million.

In connection with the private placement, the Company entered into a Placement Agent Agreement, dated June 16, 2000, with Sanders Morris Harris Inc. Pursuant to this agreement, the Company appointed Sanders Morris Harris as selling agent for the offering, and agreed to pay to Sanders Morris commissions ranging from 6% to 7% of the purchase price of all Ordinary Shares sold by it.

Also in connection with the private placement, the Company, the private placement investors and Elan entered into an Indemnity and Put Option Agreement. Pursuant to this agreement, Elan agreed to partially indemnify the Company against certain liabilities that it may incur in relation to transdermal contracts that were not assumed by Elan in connection with the acquisition of the Company's transdermal business. For purposes of this indemnity, the contracts have been classified into three designated groups. With respect to the first group of contracts, Elan will indemnify the Company for 50% of all liabilities in excess of US$1 million. With respect to the second group of contracts, Elan will indemnify the Company for all liabilities up to US$1 million and for 50% of all liabilities in excess of US$1 million. In each case the indemnification is available for a period beginning July 21, 2001 and ending December 21, 2002. Elan's indemnification obligation with respect to these two groups of contracts is subject to an aggregate limit of US$10 million. With respect to the third designated group of contracts, Elan has exercised an option not to provide the Company with any indemnification.

License Agreement dated November 24, 2000 with Laxdale Limited. Pursuant to this agreement, Laxdale granted the Company exclusive US rights to market LAX-101, a compound that is intended to treat Huntington's disease and certain other neuro-degenerative diseases. The license fee to Laxdale included a cash payment of US$1 million and the issuance of 6,507,971 Ordinary Shares. In connection with this License Agreement, the Company entered into a Registration Rights Agreement dated as of November 24, 2000 pursuant to which the Company agreed, at its expense, to file a registration statement under the Securities Act of 1933 with respect to the shares issued to Laxdale under the License Agreement.

Distributorship Agreement dated December 29, 2000 between the Company and CeNeS. Pursuant to this agreement, the Company obtained the exclusive US marketing rights to Moraxen, a product intended to treat severe pain associated with most forms of cancer. The Company paid an up-front license fee of US $450,000 and will pay royalties on future sales.

Co-Promotion Agreement, dated as of April 1, 2001, between the Company and TEAMM Pharmaceuticals, Inc. Pursuant to this agreement, TEAMM has agreed to promote Bontril and Motofen in consideration for incremental sales revenues based on a percentage of net sales in excess of annual forecasts agreed to by the parties.

Exclusive US marketing and distribution agreement, dated May 17, 2001 (as restated and amended on September 28, 2001) between Elan and the Company. Pursuant to this agreement the Company acquired the rights to Permax (pergolide mesylate) in the US for a period up to May 16, 2002 together with an option to acquire Elan's remaining rights in the US to Permax, in return for making specified option payments. Elan is the exclusive licensee from Eli Lilly and Company of the US rights to Permax which is approved by the Food and Drug Administration ("FDA") as an adjunctive treatment for Parkinson's disease.

Exclusive option agreement dated 19 May, 2001 between Elan and the Company. Pursuant to this agreement the Company has entered into an option agreement with Elan to acquire the U.S. rights to Zelapar, a fast-dissolving, novel formulation of selegiline tablets, in late-stage development for the treatment of Parkinson's disease.

Loan Agreement dated September 28, 2001 between Elan and the Company. Pursuant to this Agreement Elan issued a loan in the mount of US$45 million to the Company, bearing interest at a rate of LIBOR plus 2 percent per annum. The principal amount and all accrued interest are payable in full on September 30, 2002.

Stock and Intellectual Property Right Purchase Agreement dated November 30, 2001 by and among Abriway International S.A., Sergio Lucero, Francisco Stefano, Amarin Technologies S.A., Amarin Pharmaceuticals Company and the Company. Pursuant to this Agreement, the Company sold all of its shares of Amarin Technologies S.A., a majority-owned subsidiary, together with a patent held by Amarin Technologies, S.A., to a company formed by Amarin Technologies' local management team. The total consideration for the shares and patent was US$262,000. At the same time, the Company also entered into a Stock Purchase Agreement dated November 30, 2001 with Abriway Corporation plc and Beta Pharmaceuticals Corporation. Pursuant to this agreement the Company sold all of its shares of Beta Pharmaceuticals, a wholly-owned subsidiary, to the same local management team for nominal consideration. Beta also assumed approximately US$188,000 of indebtedness from Amarin pursuant to a Novation Agreement dated November 30, 2001 by and among Beta Pharmaceuticals Corporation, Amarin Technologies S.A. and the Company.

Exchange controls

There are currently no English laws, decrees or regulations that restrict the export or import of capital, including, but not limited to foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-UK resident holders of American Depositary Shares.

Taxation

The following is a summary of certain US federal income tax and UK tax consequences applicable to ownership and disposition of American Depositary Shares by a beneficial owner resident in the US and not resident in the UK for purposes of the current double taxation convention (the "Income Tax Convention") between the US and the UK relating, among other things, to taxes on income and capital gains (such beneficial owner of an American Depositary Share hereinafter referred to as a "US Holder"). The summary is based on current law and practice and current UK tax law and practice as of the date of this annual report and is subject to any changes to US law or practice or UK tax law or practice occurring after that date. The summary expressed herein has no binding effect or official status; a court might reach a contrary conclusion with respect to the issues discussed below if the conclusions were contested. Holders of American Depositary Shares are advised to satisfy themselves as to the overall tax consequences, including specifically the consequences under US state and local laws, of the ownership and disposition of American Depositary Shares or the Ordinary Shares by consulting their own tax advisors.

For purposes of the Income Tax Convention, the current US-UK convention for the avoidance of double taxation under state and gift taxes (the "Estate Taxes Convention") and the US Internal Revenue Code of 1986, as amended (the "Code"), US Holders of American Depositary Shares will be treated as the beneficial owners of the underlying Ordinary Shares that are represented by such American Depositary Shares evidenced by American Depositary Receipts.

This summary does not address the UK tax consequences to a US Holder that is resident (or, in the case of an individual, resident or ordinary resident) for UK tax purposes in the UK or that carries on business in the UK through a branch or agency. Such a US Holder may be subject to UK tax if, among other things, such holder receives a dividend in respect of Ordinary Shares or when such holder disposes of American Depositary Shares.

Taxation of Capital Gains

A US Holder will, upon the sale or exchange of an American Depositary Share or an Ordinary Share, recognize gain or loss for US federal income tax purposes in an amount equal to the difference between the amount realized and the US Holder's tax basis in the American Depositary Share. Such gain or loss will be in capital gain or loss if the American Depositary Share was a capital asset in the hands of the US Holder and will be long-term capital gain or loss if the American Depositary Share has been held for more than one year on the date of the sale or exchange. The deductibility of capital losses is subject to limitations.

A holder of American Depositary Shares that is not resident (or, in the case of an individual, not resident or ordinarily resident) in the UK will not normally be liable for UK taxation on capital gains realized on the sale of such holder's American Depositary Share unless such US Holder carries on a trade in the UK through a branch or agency and such American Depositary Share is or has been used, held or acquired by or for the purposes of such trade, branch or agency or use in or for the purpose of such trade.

A US citizen who is resident or ordinary resident in the UK, a US corporation which is also resident in the UK because its business is managed or controlled there, and a US resident individual or US corporation that carries on a trade or business through a permanent establishment in the UK and that acquires or holds an American Depositary Share in connection with that permanent establishment may be subject to both US and UK tax on its capital gains upon disposition of the American Depositary Share. Subject to certain limitations, however, the US tax laws would permit a tax credit against US federal income tax liability in the amount of any UK tax paid on the gain.

Estate and Gift Tax

UK Inheritance Tax is a tax levied at death on the value of an individual's estate at death plus the value of any gifts made within seven years of death. It may also apply to certain lifetime transfers or to property comprised in a trust or settlement. An American Depositary Share held by an individual whose domicile is determined to be the US for purposes of the Estate Tax Convention will not be subject to UK inheritance tax on the individual's death or on a lifetime transfer of the American Depositary Share except if the individual is a national of the UK, in certain cases where the American Depositary Share is placed in trust by a settler that is not domiciled in the US or is a national of the UK and in the exceptional case where the American Depositary Share is part of the business property of a UK permanent establishment of an enterprise or pertains to a UK fixed base of an individual used for the performance of independent personal services. The Estate Tax Convention generally provides a credit for the amount of any tax paid in the UK against the US federal tax liability in a case where the American Depositary Share is subject both to UK inheritance tax and to US federal estate or gift tax.

Stamp Duty and Stamp Duty Reserve Tax

UK stamp duty is payable in respect of certain documents and the UK Stamp Duty Reserve Tax ("SDRT") is imposed in respect of certain transactions in securities. Transfers of Ordinary Shares will be subject to ad valorem stamp duty at the rate of £0.50 per £100 (or part of £100) of the full consideration given irrespective of the identity of the parties to the transfer and the place of execution of any instrument of transfer.

There is generally no ad valorem stamp duty on a gift or an instrument of transfer which is neither a sale nor made in contemplation of sale. In those cases, the instrument of transfer will either be exempt from stamp duty or a fixed stamp duty of £0.50 per instrument of transfer will be payable.

An agreement to transfer the Ordinary Shares or any interest therein (but not an agreement to transfer an interest in an American Depositary Share) for money or money's worth will normally give rise to a charge to SDRT at the rate of £0.50 per £100 (or part of £100) of the amount or value of the consideration given. The SDRT would generally be the liability of the purchaser. SDRT will be applied to agreements to transfer Ordinary Shares between non-UK residents which are not completed by an instrument of transfer.

Charges to stamp duty or SDRT at the rate of £1.50 per £100 (or part of £100) of the transfer price or value or of the issue price will generally arise on the transfer or issue of Ordinary Shares to, or a deposit of Ordinary Shares with, the Custodian for the Ordinary Shares or the Depositary or certain persons providing clearance services (or their nominees or agents) and will be payable by the Depositary. Under provisions contained in the 1996 UK Finance Act, as from July 1, 1996, persons providing clearing services will be able to opt for the normal SDRT charges to apply to transactions within the service instead of the 1.5% charge on transfers into the service.

No UK Stamp Duty will be payable on the acquisition of American Depositary Shares representing Ordinary Shares or on any subsequent transfer of American Depositary Shares, provided that the American Depositary Shares and any separate instrument of transfer are executed and retained at all times outside the United Kingdom. A transfer of an American Depositary Share in the US will not give rise to UK Stamp Duty. A transfer of an American Depositary Share in the UK will attract duty at a rate of up to 50p per £100 (or part of £100) of value of such American Depositary Share. A transfer of Ordinary Shares in registered form (which could include a transfer from the Depositary to an American Depositary Shareholder) could result in an ad valorem Stamp Duty at the rate of 50p per £100 (or part of £100) of value of such Ordinary Shares. Ad valorem Stamp Duty does not apply to gifts or on a transfer from nominee to beneficial owner (the nominee having at all times held the Ordinary Shares on behalf of the transferee) under which no beneficial interest passes and which neither is a sale nor arises under a contract of sale nor is in contemplation of sale, but in these cases a fixed 50p Stamp Duty charge will be payable. The amount of Stamp Duty payable is generally calculated at the applicable rate based on the purchase price of the Ordinary Shares.

Passive Foreign Investment Company Status

Because the Company will receive interest income and may receive royalties, the Company may be a Passive Foreign Investment Company ("PFIC") for US Federal Income Tax purposes. Under current rules, the Company will be a PFIC if either 75% or more of its gross income in a tax year is passive income or the average percentage of its assets (by value) which produce or are held for the production of passive income is at least 50%. The Company will monitor its status and will, promptly following the end of any taxable year for which it determines it was a PFIC, notify US Holders of such status.

If the Company is a PFIC, the direct and certain indirect US Holders must either (i) elect to report currently their pro rata share of the Company's ordinary earnings and net capital gain even if they do not receive distributions from the Company (the "qualified election"), or (ii) upon disposition of the Ordinary Shares or American Depositary Shares or receipt of an "excess distribution" (as defined in the Code), be subject generally to tax as if the gain or distribution were ordinary income earned ratably over the period in which the Ordinary Shares or American Depositary Shares were held (including payment of an interest charge on the deferred tax) and face other adverse tax consequences.

The qualified election is made on a shareholder-by-shareholder basis. Each shareholder should consult with its own tax advisor to decide whether to make the qualified election. This election is made by attaching the shareholder election statement, the PFIC annual information statement and Form 8621 to such shareholder's timely filed income tax return with a copy of the shareholder election statement being sent to the Internal Revenue Service Center, P.O. Box 21086, Philadelphia, Pennsylvania 19114. If the Company is (or under the circumstances described above, was) a PFIC, copies of the Form 8621 must also be filed every year, both with such shareholder's tax return and with the Internal Revenue Service Center in Philadelphia, whether or not the qualified election is made. The Company will supply the PFIC annual information statement to any shareholder or former shareholder who requests it and to all shareholders of record at any time in any PFIC year.

A shareholder may recognize foreign currency gain or loss, if any, with respect to income included if the "qualified election" is made at the time it received an actual distribution from the Company.

US Holders should consult their tax advisors as to the applicable law in any year in which the Company is a PFIC.

THE SUMMARY OF US AND UK TAX CONSEQUENCES SET FORTH ABOVE IS BASED ON THE INCOME TAX CONVENTION AND ESTATE TAX CONVENTION, US LAW, UK LAW AND UK INLAND REVENUE PRACTICE, ALL AS THEY EXIST AS OF THE DATE OF THIS ANNUAL REPORT. THIS SUMMARY DOES NOT DISCUSS ALL ASPECTS THAT MAY BE RELEVANT TO HOLDERS OF AMERICAN DEPOSITARY SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES. IN PARTICULAR, IT DOES NOT ADDRESS THE CONSEQUENCES TO HOLDERS OF AMERICAN DEPOSITARY SHARES RESIDENT OR DOMICILED IN THE UK OR DOING BUSINESS IN THE UK. HOLDERS OF AMERICAN DEPOSITARY SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF AND THE OWNERSHIP, CONVERSION AND DISPOSITION OF AMERICAN DEPOSITARY SHARES.

Documents on Display

The Company files reports, including annual reports on Form 20-F, and other information with the Securities and Exchange Commission pursuant to the rules and regulations of the SEC that apply to foreign private issuers. Any materials filed with the SEC may be copied and read at its Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20459. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. This annual report and subsequent public filings with the SEC will also be available on the website maintained by the SEC at www.sec.gov.

The Company provides Citibank N.A., as depositary under the deposit agreement between the Company, the depositary and registered holders of the American Depositary Receipts evidencing ADSs, with annual reports, including a review of operations, and annual audited consolidated financial statements prepared in conformity with generally accepted accounting principles in the UK, together with a reconciliation of net income/(loss) and total shareholders' equity to generally accepted accounting principles in the US. Upon receipt of these reports, the depositary is obligated to promptly mail them to all record holders of ADSs. The Company also furnishes to the depositary all notices of meetings of holders of Ordinary Shares and other reports and communications that are made generally available to holders of Ordinary Shares. The depositary undertakes to mail to all holders of ADSs a notice containing the information contained in any notice of a shareholders' meeting received by the depositary, or a summary of such information. The depositary also undertakes to make available to all holders of ADSs such notices and all other reports and communications received by the depositary in the same manner as the Company makes them available to holders of Ordinary Shares.

AMARIN CORPORATION PLC AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
AMARIN CORPORATION PLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows present fairly, after the restatement described in Notes 1 and 27, in all material respects, the financial position of Amarin Corporation plc and its subsidiaries at December 31, 2001, December 31, 2000 and December 31, 1999, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles which, as described in Note 1, are generally accepted in the United Kingdom. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and in the United Kingdom, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The consolidated financial statements were prepared in accordance with the accounting policies set out on pages F-7 to F-11 and comply with generally accepted accounting principles in the United Kingdom, which differ in certain significant respects from generally accepted accounting principles in the United States of America as set out in Note 27, as restated, of the notes to the consolidated financial statements.

PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
Cambridge, England

March 28, 2002

AMARIN CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Net revenues			
Royalties	1,481	1,467	1,559
Product sales	3,329	8,166	33,792
Licensing and development fees	103	817	1,472
Services	80	76	104
Total revenues from continuing operations	4,993	10,526	36,927
Cost of revenues	2,630	3,089	14,734
Gross profit	2,363	7,437	22,193

Operating expenses			
Research and development	3,918	3,367	2,841
Selling, marketing and administrative expenses	2,859	5,839	22,839
Total operating expenses	6,777	9,206	25,680
Operating loss from continuing operations	(4,414)	(1,769)	(3,487)
Interest (expense)/income (net)	(1,008)	351	251
Loss from continuing operations before income taxes	(5,422)	(1,418)	(3,236)
Income taxes attributable to continuing operations	17	(229)	(283)
Loss from continuing operations	(5,405)	(1,647)	(3,519)
Discontinued operations:			
(Loss)/income on discontinued operations (Note (2))	(6,935)	2,588	1,193
Profit/(loss) on disposal of discontinued activities (Note (2))	16,105	759	(893)
Exceptional costs (Note (6))	(1,060)	—	—
Income taxes attributable to discontinued operations	—	—	(50)
Net income/(loss) for the year	2,705	1,700	(3,269)
Other comprehensive income			
Transfer of warrant proceeds reserve	—	705	—
Foreign currency translation adjustments	(53)	14	(23)
Total comprehensive income/(loss)	2,652	2,419	(3,292)

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£	£	£
Earnings per share			
Continuing operations	(0.36)	(0.04)	(0.05)
Discontinued operations	0.54	0.08	—
Basic net income/(loss) per share	0.18	0.04	(0.05)
Continuing operations	(0.36)	(0.04)	(0.05)
Discontinued operations	0.54	0.08	—
Diluted net income/(loss) per share	0.18	0.04	(0.05)

	1999	2000	2001
	’000	’000	’000
Weighted average shares used in computing basic per share amounts	15,014	39,531	71,247
Weighted average shares used in computing diluted per share amounts	17,544	86,089	120,353

The accompanying Notes are an integral part of these Consolidated Financial Statements.

AMARIN CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Note 1)

	December 31	As at December 31	December 31
	1999	2000	2001
	£’000	£’000	£’000
ASSETS			

Cash	994	1,348	20,688
Accounts receivable, net (Note (15))	2,430	2,856	4,960
Accounts receivable from related parties (Note (15))	1,840	50	—
Inventories, net (Note (13))	2,112	1,878	2,438
Prepaid expenses	74	227	448
Investments (Note (14))	19	10,064	44
Total current assets	7,469	16,423	28,578
Intangibles (Note (9))	12,413	15,119	32,378
Property, plant and equipment, net (Note (10))	1,007	960	1,530
Total assets	20,889	32,502	62,486
LIABILITIES			
Current liabilities			
Accounts payable	2,210	1,226	2,075
Short-term debt (Note (17))	278	—	118
Short-term debt owed to related parties (Note (17))	5,273	—	30,919
Current portion of finance leases and purchase contracts	105	166	97
Other current liabilities (Note (16))	4,545	1,645	3,693
Total current liabilities	12,411	3,037	36,902
Long-term debt (Note (19))	336	419	—
Long-term debt owed to related parties (Note (19))	—	5,847	4,466
Finance leases and purchase contracts (Note (18))	247	94	—
Provision for deferred taxes (Note (20))	356	—	—
Other long term creditors (Note 20(A)	—	151	77
Provision for restructuring (Note (6))	—	2,108	669
Total liabilities	13,350	11,656	42,114
Commitments and contingencies (Note (23))			
SHAREHOLDERS'EQUITY(Note(21))			
Ordinary shares of 10 pence par value 500,000,000 shares authorized, 76,743,893 (US$11,169,000) issued and outstanding at December 31, 2001; 500,000,000 shares authorized, 68,145,760 (US$10,180,000) issued and outstanding at December 31, 2000; and 500,000,000 authorized, 19,014,462 (US$3,064,000) issued and outstanding at December 31, 1999	1,901	6,814	7,674
3% cumulative convertible preference shares of 100 pence par value 5,000,000 shares authorized, 4,129,819 (US$6,011,000) issued and outstanding at December 31, 2001; 5,000,000 shares authorized, 4,129,819 (US$6,304,000) issued and outstanding at December 31, 2000; and 5,000,000 authorized, 4,129,819 (US$6,656,000 issued and outstanding at December 31, 1999	4,130	4,130	4,130
Additional paid-in capital.	30,316	36,062	38,144
Merger and other reserves	(322)	(1,027)	(1,027)
Accumulated deficit	(28,486)	(25,133)	(28,549)
Total shareholders' equity	7,539	20,846	20,372
Total liabilities and shareholders' equity	20,889	32,502	62,486

The accompanying notes are an integral part of these Consolidated Financial Statements.

AMARIN CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary shares		Preferences shares					
	Number	Amount	Number	Amount	Additional paid-in capital	Merger and other reserves	Accumulated deficit	Share-holders' equity total
	'000	£'000	'000	£'000	£'000	£'000	£'000	£'000

Balance at December 31, 1998	14,972	1,497	—	—	20,780	(322)	(31,146)	(9,191)
Ordinary shares issued	4,042	404	—	—	854	—	—	1,258
Preference shares issued	—	—	4,130	4,130	8,682	—	—	12,812
Share option compensation	—	—	—	—	—	—	8	8
Foreign currency translation adjustment	—	—	—	—	—	—	(53)	(53)
Net income	—	—	—	—	—	—	2,705	2,705
Balance at December 31, 1999	19,014	1,901	4,130	4,130	30,316	(322)	(28,486)	7,539
Dividends accrued: 3% cumulative convertible preference shares	—	—	—	—	—	—	(124)	(124)
Ordinary shares issued	49,132	4,913	—	—	5,746	—	—	10,659
Share option compensation	—	—	—	—	—	—	1,058	1,058
Reserve transfer	—	—	—	—	—	(705)	705	—
Foreign currency translation adjustment	—	—	—	—	—	—	14	14
Net income							1,700	1,700
Balance at December 31, 2000	68,146	6,814	4,130	4,130	36,062	(1,027)	(25,133)	20,846
Dividends accrued: 3% cumulative convertible preference shares	—	—	—	—	—	—	(124)	(124)
Ordinary shares issued	8,598	860	—	—	2,082	—	—	2,942
Foreign currency translation adjustment	—	—	—	—	—	—	(23)	(23)
Net income	—	—	—	—	—	—	(3,269)	(3,269)
Balance at December 31, 2001	76,744	7,674	4,130	4,130	38,144	(1,027)	(28,549)	20,372

The accompanying Notes are an integral part of these Consolidated Financial Statements.

AMARIN CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit/(loss) including discontinued activities	(10,935)	2,927	(3,029)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation of tangible fixed assets	781	439	394
Amortisation of intangible fixed assets	654	1,181	14,177
(Gain)/loss on sale of property, plant and equipment	(5)	(28)	9
Changes in assets and liabilities			
Inventories	534	286	(560)
Accounts receivable	(836)	2,003	(2,578)
Prepaid expenses and accrued income	(5)	(31)	23
Accounts payable	2,491	(203)	1,321
Other current liabilities	1,547	(3,043)	1,801
Exchange differences	(3)	—	112
Total adjustments	5,158	604	14,699
Net cash (used in)/provided by operating activities	(5,777)	3,531	11,670
Returns on investments and payment for interest			
Interest received	30	454	526
Interest paid	(216)	(179)	(287)
Interest on finance leases and purchase contracts	(57)	(15)	(9)

Net cash (used in)/provided by returns on investments and payment for interest	(243)	260	230
Taxation			
Taxation received/(paid)	125	(30)	(284)
Cash flows from investing activities			
Purchase of equipment	(80)	(457)	(1,027)
Purchase of intangible fixed assets from related party	(11,634)	—	(32,349)
Purchase of intangible fixed assets	—	(3,887)	(36)
Cash eliminated on sale of South American transdermal business	—	—	(91)
Sale of property, plant and equipment	355	68	7
Proceeds on sale of UK transdermal business to related party	12,564	4,635	—
Net cash provided by/(used in) investing activities	1,205	359	(33,496)
Cash flows from management of liquid resources			
Proceeds on sale of current asset investments	243	242	—
(Decrease)/increase in short term deposits with banks	—	(10,020)	10,020
Net cash provided by/(used in) management of liquid resources	243	(9,778)	10,020
Cash flows provided by financing activities			
Issuance of ordinary shares	17	6,382	2,746
Expenses on issuance of ordinary shares	—	—	(223)
Restructuring costs paid	(917)	—	(704)
(Repayment)/proceeds of bank loans	2,965	(5)	(1,493)
Payments under lease and purchase contracts	(257)	(92)	(163)
New bank and other loans	2,598	—	30,919
Borrowings under short term loan arrangements, net	—	—	118
Net cash (used in)/provided by financing activities	4,406	6,285	31,200
Net (decrease)/increase in cash	(41)	627	19,340
Cash at beginning of year	762	721	1,348
Cash at end of year	721	1,348	20,688
Net (decrease)/increase in cash	(41)	627	19,340

The accompanying Notes are an integral part of these Consolidated Financial Statements.

AMARIN CORPORATION PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The operations of Amarin Corporation plc and its subsidiaries (the “Company”) are conducted within one business segment and consist principally of the marketing and distribution of pharmaceutical products and the research and development of new drug delivery systems.

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (“UK GAAP”). A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard (“FRS”) 18 “Accounting Policies” and have been applied consistently, is set out below. These accounting policies differ in certain significant respects from United States generally accepted accounting principles as set out in Note (27) of these consolidated financial statements. Net income for the year ended December 31, 2000 has been restated to reclassify accrued cumulative preferred dividends below net income.

Basis of preparation

The Directors have reviewed budgets and cashflow forecasts for the forthcoming year, which include the requirement to settle the short term liability of US$45,000,000 (see Note (20)) which falls due at the end of September 2002. The Directors currently plan to secure additional funds, by raising further finance or by entering into commercial agreements, which together with operating cashflows would enable the Company to meet its financial obligations over the twelve month period from the date of approval of the financial statements. Accordingly, these financial statements have been prepared on the going concern basis.

Basis of accounting

The consolidated financial statements have been prepared in accordance with the historical cost convention, as modified by the impairment of certain intangible fixed assets in accordance with applicable accounting standards and our stated accounting policy.

Basis of consolidation

The consolidated financial statements include Amarin Corporation plc and all its subsidiary undertakings (as set out in Note (12)). The results of subsidiaries acquired or disposed of during the year are included in consolidated statement of operations from the date of their acquisition or up to the date of disposal. All intercompany accounts and transactions are eliminated fully on consolidation.

Associated undertakings

The Company's share of profits less losses of associated undertakings is included in the consolidated profit and loss account and the Company's share of their net assets is included in the consolidated balance sheet.

Fixed and current asset investments

Fixed and current asset investments are accounted for at the lower of cost or estimated fair value.

Goodwill and intangible fixed assets

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Intangible fixed assets and goodwill arising are capitalised and amortised on a straight line basis over the shorter of their estimated useful economic lives or associated contract life not exceeding 20 years.

Intangible fixed assets are stated at cost, being their purchase cost, together with any incidental expenses of acquisition.

Evaluation of assets for impairment

The Company reviews its long-lived assets for possible impairment by comparing their discounted expected future cash flows to their carrying amount. An impairment loss is recognised if the discounted expected future cash flows are less than the carrying amount of the asset and the impaired asset is written down to its recoverable amount.

Provision is made against the carrying value of tangible or intangible fixed assets where an impairment in value is deemed to have occurred.

Tangible fixed assets, depreciation and amortisation

Tangible fixed assets are stated at cost, being their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The useful economic lives for this purpose are:

Plant and equipment	5-10 years
Motor vehicles	4 years
Computer equipment	3 years
Furniture, fixtures and fittings	5 years

Leasehold buildings are amortised over the period of the lease.

Foreign currencies

Differences on exchange arising from the translation of the opening net investment in subsidiary companies are taken to reserves and reported as Other Comprehensive Income.

Assets and liabilities expressed in foreign currencies are translated into pounds sterling at rates of exchange existing at the end of the fiscal year. Transactions settled during the year are translated into pounds sterling at the exchange rate in effect at the date of the transaction. These foreign exchange differences are taken to operating expenses within net income in the year in which they arise.

Financial instruments

Current asset investments are stated at the lower of cost or market value. Gains or losses on sale of such items will be recognised in the period in which the transaction takes place.

All borrowings are initially stated at the amount of consideration received. Finance costs are charged to the profit and loss account over the term of the borrowing and represent a constant proportion of capital repayment outstanding.

Research and development expenditure

Research and development costs are expensed as incurred.

For a number of products under development, revenue is triggered under license agreements by the submission of registration dossiers once trials have been completed, or simply by evidence of trials' results alone. In these circumstances it is the Company's policy that the direct external costs of specific trials required to fulfill these criteria will be carried forward as work in progress in inventories up to the value of the revenue to be generated, where that income is expected to be received within twelve months of the balance sheet date.

Advertising costs

The Company has adopted an accounting policy for advertising costs whereby they are expensed as incurred. For the year ended December 31, 2001 costs incurred were £589,000 (US$857,000); December 31, 2000, £126,000 (US$188,000); December 31, 1999 £54,000 (US$87,000)).

Inventories

Inventories and work in progress are stated at the lower of cost or net realisable value. In general, cost is determined on a "first in, first out" basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective inventories.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing arrangements, which transfer to the Company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance leases are amortised over the shorter of the lease terms or useful lives of equivalent owned assets.

Revenues

Revenues exclude value added tax, sales between companies and trade discounts. Revenues from pharmaceutical product sales now comprise the main element of the Company's revenue. This revenue represents the invoice value of products delivered to the customer, less discounts. The Company makes provisions for product returns based on the specific product by product sales history and the value of product returns is taken as a deduction from revenue. Revenues are broken down into four categories: licensing and development fees, royalties, product sales, and services.

Income under license and development agreements is recognised using the lesser of non-refundable cash received or the result achieved using percentage-of-completion accounting. This method is based upon the cost of efforts since the contract's commencement up to the reporting date, divided by the total expected research and development costs from the contract's commencement to the end of the development arrangements, multiplied by the total expected contractual payments under the arrangement. In many of the Company's contracts a portion of the revenues due consist of contingent milestone payments which become payable upon the achievement of specified contractual milestones. The Company defers all revenues associated with these milestones until the related performance conditions are met. The Company's license arrangements may also contain up-front non-refundable payments. These payments are deferred and recognised over the longer of the expected performance perio d or the contract term. Subsequent to the disposal of the transdermal patch business assets and liabilities, licensing and development fees have become a less significant portion of revenues in 2000 and 2001.

Royalty income is recognised when earned, based on related sales of products under agreements providing for royalties and is included under the heading "royalties and product sales". Income recorded under the heading "services" represents fees for analytical and microbiological testing services.

Revenues from services are recognised when the Company has obtained persuasive evidence of an arrangement, the price of the service is fixed and determinable, delivery has occurred and collectability is reasonably assured.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The Company contributes a fixed percentage of certain employees' gross salary to defined contribution money purchase pension schemes. The pension costs charged against profit represent the amount of contributions payable to the pension scheme in respect of the accounting period. The Company provides no other post retirement benefits to its employees.

Short term investments

Bank deposits which are not repayable on demand are treated as short term investments in accordance with Financial Reporting Standard 1. Movements in such investments are included under “Management of liquid resources” in the Company’s cash flow statement.

Stock schemes

In accordance with the provisions of UK Urgent Issues Task Force Abstract 17 (“Employee share schemes”), the Company makes charges to the profit and loss account when options are granted, the charge being the estimated market value of the stock at the date of grant less the exercise price of the options. The charge is then credited back to reserves. Employer’s National Insurance and similar taxes arise on the exercise of certain share options. In accordance with UK Urgent Issues Task Force Abstract 25 (“National Insurance contributions on share option gains”) a provision is made, calculated using the market price at the balance sheet date, pro-rated over the vesting period of the options.

Use of estimates

The preparation of financial statements in conformity with UK GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The value of the Company’s patent and proprietary rights will be affected by its ability to obtain and preserve patent protection for its products and trade secrets, and by the emergence of competing technologies over time. In particular, the value of the Intangible Assets described in Note (9) could be severely affected by changes in the status of the Company’s patent and proprietary rights.

In addition, as the Company’s products are highly regulated, any withdrawal of approval could impact the carrying value of the inventory.

Nature of Operations

The principal activities of the Company comprise the marketing and distribution of pharmaceutical products and the research and development of new drug delivery systems. Currently the Company’s principal products consist of a portfolio of products which were acquired on September 29, 1999 from Elan Pharmaceuticals Inc, a related party, (see Note (25)). During 2001 the Company entered the neurology market with the acquisition of the exclusive US marketing and distribution rights to Permax®, a product approved by the US Food and Drug Administration (“FDA”) as a treatment for Parkinson’s disease. The Company has an option to acquire continuing marketing and distribution rights to Permax® subject to making specified option payments (see Note (25)).

An analysis of performance by geographical segment is given in Note (3).

Restatement of comparatives

During the period ended December 31, 2001 the Company sold its 99.16% share in its South American transdermal patch business. Consequently, this business has been shown in the statement of operations as a discontinued operation and the comparatives have been restated to be consistent with this.

Recent accounting policies

UK pronouncements

Financial Reporting Standard (“FRS”) No 17 “Retirement benefit” has been adopted with no resulting change in presentation, because the Company does not have any defined benefit schemes.

FRS No 18 “Accounting policies” has been adopted in the preparation of the financial statements, with no resulting change in presentation.

FRS No 19 “Deferred tax” was not adopted in 2001 and will be adopted in the next accounting period in line with the effective date of this standard.

2. Discontinued operations

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£’000	£’000	£’000
Profit on sale of UK transdermal patch business assets and liabilities	16,105	759	—
Loss on sale of South American transdermal patch business	—	—	(893)
	16,105	759	(893)

On December 30, 1999 the Company and its subsidiary Ethical Pharmaceuticals (UK) Ltd concluded an asset sale and purchase agreement with two wholly owned subsidiaries of Elan Corporation plc ("Elan"), a related party, for the disposal of the Company's UK transdermal patch business. The UK transdermal patch business was discontinued with effect from that date.

An additional profit of £759,000 for the year ended December 31, 2000 was realised and this relates to the reversal of a payable balance which was paid on behalf of the Company by Elan. The Company is not obliged to repay Elan any of this amount.

On November 30, 2001 the Company and its subsidiary, Amarin Pharmaceuticals Company Limited, concluded the sale of its 99.16% share of its South American transdermal patch product development business comprising the Company's entire interest in the business. The South American transdermal patch business was discontinued from that date.

The consolidated statement of operations contains a combined profit/(loss) on discontinued operations calculated as follows:

	Year ended December 31 1999 £'000	Year ended December 31 2000 £'000	Year ended December 31 2001 £'000
Revenue			
Royalties and product sales	3,617	3,072	2,036
Licensing and development fees	(143)	3,870	146
Services	96	71	43
Total revenues from discontinued operations	3,570	7,013	2,225
Operating expenses			
Direct costs	2,207*	1,403	1,004
Research and development	6,915	479	306**
Selling, general and administrative expenses	969	435	457
Total operating expenses from discontinued operations	10,091	2,317	1,767
Operating (loss)/profit	(6,521)	4,696	458
Exceptional cost of restructuring	(414)	(2,108)	735
(Loss)/profit from discontinued operations	(6,935)	2,588	1,193

* £1,560 of these costs is a result of the renegotiation of contracts following the disposal of the transdermal patch business assets and liabilities. ** See Note (6).

The disposal of 99.16% the South American transdermal business resulted in a loss of £893,000 calculated as follows:

	£'000
Assets and liabilities disposed of:	
Intangible fixed assets	955
Tangible fixed assets	47
Receivables	479
Cash	98
Payables	(472)
Consideration received	214
Loss on disposal	(893)

The consideration on the sale of Amarin Technologies SA comprises cash and waiving an intercompany debt. £7,000 cash has been received in the year in respect of the sale and £177,000 is due to be received in 2002.

The disposal of the UK transdermal business on December 29, 1999 realised a profit of £16,105,000 calculated as follows:

	£'000
Consideration received	12,564
Assets and liabilities disposed of:	
Fixed assets	(1,461)
Current assets	(811)
Current liabilities	4,536
Long term liabilities	1,277
Profit on disposal of UK transdermal patch business	16,105

No tax was charged on the gain made in 1999 as the Company utilised current year tax losses totalling £5,413,000 to effectively offset the taxable gain.

There was a tax charge for the year ended December 31, 2000 of £55,000 arising on the disposal of investments against which trading losses brought forward could not be utilised.

3. Revenues and segmental information

The Company operates in, and is managed as, a single segment. The majority of European sales are made to companies based in France and the majority of sales elsewhere are made to companies based in the United States. The following analysis is of revenue by geographical segment and origin and of net (loss)/income and net assets/(liabilities) by companies in each territory:

(a) Revenues (continuing operations) by geographical destination

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001
	£'000	£'000	£'000
United Kingdom	725	220	938
Europe	2,878	3,032	3,273
United States of America	1,567	7,494	32,682
Rest of the World	—	—	294
Intra-company trading	(177)	(220)	(260)
	4,993	10,526	36,927

(b) Revenues (continuing operations) by geographical origin

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001
	£'000	£'000	£'000
United Kingdom	—	—	60
United States of America	1,952	7,201	32,523
Europe	3,218	3,545	4,604
Intra-company trading	(177)	(220)	(260)
	4,993	10,526	36,927

AMARIN CORPORATION PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(c) Net income/(loss) for the year before allowing for the effect of income taxes

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001

	£'000	£'000	£' 000
United Kingdom	(4,857)	(1,117)	(4,401)
Europe	(574)	(3)	286
United States of America	(1,051)	(189)	879
Continuing operations	(6,482)	(1,309)	(3,236)
Discontinued operations	9,170	3,238	300
	2,688	1,929	(2,936)

(d) Net assets/(liabilities) by geographical location

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001
	£'000	£'000	£'000
United Kingdom	9,307	20,161	19,900
Europe	(866)	(670)	(261)
United States of America	(1,948)	183	733
Rest of the World	1,046	1,172	—
	7,539	20,846	20,372

(e) Long lived assets by geographical location

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001
	£'000	£'000	£'000
United Kingdom	11,490	14,141	32,675
Europe	872	665	580
United States of America	23	157	653
Rest of the World	1,035	1,116	—
	13,420	16,079	33,908

(f) Significant customers

Approximately 10% of the Company's revenues in the year ended December 31, 2001 were from one major customer and the next four largest customers accounted for a further 26% of revenues. Approximately 13% of the Company's revenues in the year ended December 31, 2000 were from one major customer and the next four largest customers accounted for a further 37% of revenues. For each of these three periods, the significant customers are located in the United States of America. Approximately 44% of the Company's revenues in the year ended December 31, 1999 were from one major customer and the next four largest customers accounted for a further 37% of revenues.

4. Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

	Year ended December 31 1999	Year ended December 31 2000	Year ended December 31 2001
	£'000	£'000	£'000
Administrative and general expenses	2,693	5,477	6,375
Selling and marketing expenses	166	362	4,012
Amortisation of Permax® sales rights	—	—	12,452

	2,859	5,839	22,839

5. Interest (expense)/income, net

Interest (expense)/income, net, consists of the following:

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Interest payable on loans and lines of credit	(981)	(171)	(287)
Interest element of finance leases and purchase contracts	(53)	(17)	(9)
Other interest payable	(148)	(193)	—
	(1,182)	(381)	(296)
Interest income on deposits	11	365	526
Other interest income	17	1	—
Gain on disposal of current asset investments	146	242	21
	(1,008)	227	251

6. Exceptional costs

(a) During the year ended December 31, 1999 additional costs of £1,000,000 were incurred in respect of a provision against the value of intangible fixed assets comprising intellectual property, patents and knowhow relating to Beta Pharmaceuticals Corporation, which is now part of discontinued operations. The impairment review was triggered by an investigation by management into the strategic value of Beta to the Company. The revised value of the intangible asset was based on a discounted cash flow model.
During the year ended December 31, 2001 Beta formed part of the 99.16% disposal of the shareholding in the South American transdermal business.

(b) During the year ended December 31, 2000 an additional £2,108,000 was provided in respect of restructuring costs and is included in discontinued operations. This represented the estimated costs that could be incurred in terminating the contracts which were not assumed by Elan Pharma International Limited ("EPIL"), a related party, as part of the sale to them of the transdermal assets and liabilities. In December 2000 the Company was informed that EPIL would not be assuming certain of these contracts. As this area of the business had been discontinued, certain costs were likely to be incurred in terminating a number of contracts, and the provision represented the Directors' estimate of the costs that could be incurred.

During the year ended December 31, 2001 the Company incurred costs of £704,000, charged to discontinued operations, in respect of terminating Daiichi. In 2000 the Company recorded a provision of £2,108,000. The Directors estimate £669,000 is required to terminate the remaining contract as at December 31, 2001. The balance has been credited to the discontinued operations section of the income statement (see Note (2)).

7. Supplemental information

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Income statement:			
The following item is included in revenue:			
Royalty income	1,481	1,467	1,559

The following items are included in operating expenses:

	1999	2000	2001
	£'000	£'000	£'000
Depreciation/amortisation charge for the year:			
Intangible fixed assets	1,654	1,181	14,177
Tangible owned fixed assets	624	348	318
Tangible fixed assets held under finance leases and hire	162	91	76

purchase contracts			
Rental of plant and equipment - operating leases	21	—	3
Rental of other assets - operating leases	51	307	390
Loss on foreign exchange	181	347	213
Costs and expenses paid to related parties	77	202	252

The losses on foreign exchange included in operating expenses arose primarily on the retranslation of receivables denominated in foreign currencies.

Non cash investing and financing activities

During the year ended December 31, 1999 the Company entered into an agreement whereby £12,812,000 of convertible loan notes and working capital notes, together with £1,241,000 of interest, was converted into 4,129,819 3% cumulative convertible preference shares of £1 each and 4,000,000 ordinary shares of 10p each (see Note (21)).

Also during the year ended December 31, 1999, as part of the purchase of the product portfolio from Carnrick Laboratories Inc., a wholly owned subsidiary of Elan, the Company acquired £2,069,000 (US$3,335,000) of stock, £124,000 (US$200,000) of intangible fixed assets, and a receivable of £1,840,000 (US$2,965,000) for a loan of £4,033,000 (US$6,500,000) which was repayable on September 30, 2000. During the year ended December 31, 2000 this loan was renegotiated and is now repayable by September 29, 2004. At December 31, 2001 the carrying value of this loan which is denominated in US dollars has been retranslated to £4,466,000 (December 31, 2000 £4,354,000).

As at December 31, 2000 the Company was carrying certain other loans as follows:

a) a loan with an outstanding amount of £1,493,000 (US$2,230,000), which was included in short-term debt with a carrying value of £1,240,000 (US$1,999,000) as at December 31, 1999, had been renogotiated to be payable on April 6, 2003, and was included in long-term debt. The loan bore interest at LIBOR dollar rate plus 2% per annum, and was unsecured. During the year ended December 31, 2001 this loan was repaid.

b) a loan with an outstanding amount of £419,000 (US$626,000), (December 31, 1999 £336,000 (US$542,000)) was repayable on June 30, 2005, was unsecured, and bore interest at 11% per annum. During the year ended December 31, 2001 this loan was converted into 1,000,000 ordinary 10p shares.

Fair values of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Cash and cash equivalents, accounts receivable, accounts payable and short term debt

Cash and cash equivalents consists of cash on deposit with the Company's bank and money market funds with a maturity from the date of purchase of 90 days or less. The carrying amount approximates fair value because of the short maturity of those instruments. The carrying amount and therefore the fair value is shown on the face of the balance sheet.

Finance leases

The carrying amount approximates fair value because all finance leases held at December 31, 2001 bear interest at a rate based on national LIBID equivalents. The carrying amount and therefore the fair value is shown in Note (18).

Long-term debt

The fair value of the US$6,500,000 non-interest bearing loan currently carried at £4,466,000 and repayable by September 24, 2004 is £3,221,000 (US$4,319,000) based on discounting at the current market interest rate.

Preference shares

The preference shares described in Note (21) are not traded on an organised market. It is therefore not practicable to estimate their fair value with sufficient reliability, as the future cashflows associated with them depend on when they are converted into Ordinary Shares.

8. Income taxes

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
United Kingdom corporation tax			
Current year	—	60	115
Prior year	107	42	(12)

Overseas tax	(124)	127	180
Attributable to continuing operations	(17)	229	283

The following items represent the principal reasons for the differences between corporate income taxes computed at the statutory tax rate and the Company's provision for income taxes.

AMARIN CORPORATION PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Income/(loss) from continuing and discontinued operations before income taxes			
UK operations	(4,857)	(1,350)	(4,401)
Swedish operations	(574)	(3)	286
USA operations	(1,051)	(189)	879
	(6,482)	(1,542)	(3,236)
Corporate income tax at the statutory rate			
UK operations (see below)	(1,336)	(468)	(1,320)
Swedish operations 28% (2000: 28%; 1999: 28%)	(161)	—	80
USA operations 34% (2000: 34%; 1999: 35%)	(368)	(64)	299
Other operations 35% (2000: 35%; 1999: 35%)	(20)	(19)	—
	(1,885)	(551)	(941)
Tax effect of loss carry forward	5,211	—	931
Losses utilised in year	—	—	—
Permanent differences.	(2,729)	41	333
Overseas tax written off	122	42	10
Other timing differences	(736)	697	—
Income tax (credit)/expenses	(17)	229	333

In the UK, the applicable statutory rate for Corporate income tax was 30.25% for the year ended December 31, 1999, 30% for the year ended December 31, 2000 and 30% for the year ended December 31, 2001.

The current mainstream UK corporation tax rate is 30%. This is reduced to 20% for a company with taxable profits of not more than £300,000 in an accounting period. Where there is more than one associated company worldwide this limit is reduced proportionately so that the mainstream corporation tax rate is applied to lower profits.

Marginal relief is available for companies where profits lie between £300,000 and £1,500,000 (reduced as above to take account of worldwide associated companies). Corporation tax at 30% is charged on profits in excess of these bands.

The corporate tax rate in Sweden is 28%. A loss sustained in any income year may be carried forward and deducted from taxable income during the next and subsequent years. No carryback is permitted.

The corporate tax rate in North America (US only) is 34%. For tax years beginning after August 5, 1997 companies may generally carry back net operating losses two years and forwards twenty years.

Losses carried forward in the continuing UK Company at December 31, 2001 are £28,845,000, at December 31, 2000 were £20,718,000, at December 31, 1999 were £32,080,000 subject to confirmation by UK tax authorities. Under UK tax law, these losses can be carried forward indefinitely for set off against future profits of the same trade.

The Company has recognised a full valuation allowance against deferred tax assets as the likelihood of realising these assets is uncertain.

The 'Permanent differences' in the year ended December 31, 1999 principally relate to the disposal of the UK transdermal patch business assets and liabilities, and to the further diminution in value of intangible fixed assets. In the year ended December 31, 2000 they principally relate to the diminution in value of intangible fixed assets and the charge for share options granted at under market value, offset by non-taxable dividend income.

AMARIN CORPORATION PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

9. Intangible fixed assets

	£'000
Cost	
At December 31, 1998	5,962
Additions in year to December 31, 1999	11,758
At December 31, 1999	17,720
Additions in year to December 31, 2000	3,887
At December 31, 2000	21,607
Additions in year to December 31, 2001	32,385
Disposals in year to December 31, 2001	(6,066)
At December 31, 2001	47,926
Accumulated amortisation	
At December 31, 1998	3,653
Charge for year	654
Diminution in value	1,000
At December 31, 1999	5,307
Charge for year	1,181
At December 31, 2000	6,488
Charge for year	14,177
Eliminated on disposal	(5,117)
At December 31, 2001	15,548

	£'000
Net book value	
At December 31, 2001	32,378
At December 31, 2000	15,119
At December 31, 1999	12,413

Additions to intangible fixed assets comprise £19,943,000 in respect of sales and marketing product rights, £12,405,000 purchase of product rights option and £37,000 in respect of purchase of patents. The sales and marketing product rights entitle the Company to generate revenues from the sale of Permax® over the period to June 30, 2002. These rights are being amortised over this period. £12,452,000 of the amortisation charge in the year ended December 31, 2001 shown above relates to Permax®.

The product rights option gives the Company the right to acquire the US sales rights to Permax® outright.

The Directors have made an assessment of the expected useful lives of the additions and have decided to amortise the product rights option over 15 years and the patents over a period of 10 years.

Further consideration may become payable, such as royalties, in relation to product rights purchased in 2000 should this product be successfully launched. Any such consideration will also include the issuance of equity of the Company, dependent on the product successfully reaching regulatory milestones. These milestones are not expected to be reached until 2003.

The disposal of intangible fixed assets relate to the sale of its 99.16% share of its South American transdermal business (see Note (2)).

10. Property, plant and equipment

Certain information regarding the Company's property, plant and equipment by category is set forth below.

	Land & Buildings	Short Leasehold	Plant & Equipment	Motor Vehicles	Fixtures & Fittings	Computer Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At December 31, 1998	205	931	4,793	419	241	1,200	7,789
Additions	—	6	—	—	23	124	153
Disposals	(205)	(904)	(2,660)	(362)	(236)	(980)	(5,347)
At December 31, 1999	—	33	2,133	57	28	344	2,595
Additions	—	—	264	39	70	84	457
Disposals	—	—	(97)	(16)	(7)	—	(120)
At December 31, 2000	—	33	2,300	80	91	428	2,932
Additions	—	407	164	—	379	77	1,027
Disposals	—	(33)	(100)	(27)	(4)	(44)	(208)
At December 31, 2001	—	407	2,364	53	466	461	3,751
Accumulated depreciation							
At December 31, 1998	—	396	2,508	300	164	979	4,347
Charge for the year	—	55	485	62	29	155	786
Eliminated on disposals	—	(435)	(1,744)	(305)	(190)	(871)	(3,545)
At December 31, 1999	—	16	1,249	57	3	263	1,588
Charge for year	—	3	366	7	17	46	439
Eliminated on disposals.	—	—	(39)	(16)	—	—	(55)
At December 31, 2000	—	19	1,576	48	20	309	1,972
Charge for year	—	22	255	9	55	53	394
Eliminated on disposals	—	(21)	(60)	(27)	(2)	(35)	(145)
At December 31, 2001	—	20	1,771	30	73	327	2,221
Net book value							
At December 31, 2001	—	387	593	23	393	134	1,530
At December 31, 2000	—	14	724	32	71	119	960
At December 31, 1999	—	17	884	—	25	81	1,007

Plant and equipment includes assets held under finance leases and purchase contracts as follows:

	£'000
Cost	
At December 31, 1998	2,244
Disposals	(1,667)
At December 31, 1999	577
At December 31, 2000	577
Disposals	(62)
At December 31, 2001	515

Accumulated depreciation	
At December 31, 1998	1,241
Charge for year	162
Disposals	(1,145)
At December 31, 1999	258
Charge for year	91
At December 31, 2000	349
Charge for year	95
At December 31, 2001	444
Net book value	
At December 31, 2001	71
At December 31, 2000	228
At December 31, 1999	319

11. Fixed asset investments

The Company had no fixed asset investments at December 31, 2001, December 31, 2000 or December 31, 1999.

12. Interests in associated undertakings

The wholly owned trading subsidiaries included in the consolidated financial statements are Ethical Pharmaceuticals (U.K.) Limited, Amarin Development AB, Amarin Pharmaceuticals Inc. and Amarin Pharmaceutical Company Limited. The Company disposed of its entire shareholding, comprising 99.16% of the share capital, in Beta Pharmaceuticals Corporation, Amarin Technologies SA and Dofistone Company SA during the period.

13. Inventories

	December 31	As at December 31	December 31
	1999	2000	2001
	£'000	£'000	£'000
Raw materials and consumables	28	794	704
Finished goods	2,084	1,084	1,734
	2,112	1,878	2,438

14. Current asset investments

The current asset investments are represented by holdings in Antares Pharma Inc. ("Antares") (formerly Medi-Ject Corporation). Antares is listed on the New York Stock Exchange in the United States.

The investment in Antares is carried at £44,000. The market value of the investment at the year end is £39,000. The Directors did not consider it necessary to reduce the year end carrying value to the market value of the investment, as they consider the reduction in carrying value to be a temporary diminution.

At December 31, 2000, £10,020,000 of current asset investments is represented by cash held on short term deposit.

15. Accounts receivable

	December 31	As at December 31	December 31
	1999	2000	2001
	£'000	£'000	£'000
Amounts falling due within one year			
Trade receivables (Provision for doubtful debts: December 31, 2001, December 31, 2000 and December 31, 1999: £Nil)	1,719	1,911	4,060

Other receivables	711	945	900
	2,430	2,856	4,960
Related party receivables	1,840	50	—
	4,270	2,906	4,960

No charge for bad and doubtful debts was incurred during the year to December 31, 2001 (year to December 31, 2000 and year to December 31, 1999 £Nil).

16. Other current liabilities

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
Corporation tax payable	47	104	153
Other taxation and social security payable	344	477	229
Other creditors	1,905	366	2,021
Accruals and deferred income	2,249	698	1,290
	4,545	1,645	3,693

17. Short-term debt

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
Current portion of loans from related parties	5,273	—	30,919
Current portion of other loans	5	—	—
Line of credit	273	—	118
	5,551	—	31,037

Current portion of loans from related parties comprised an unsecured loan with a principal amount of £30,919,000 (US$45,000,000) and is repayable in September 2002 (see Note (25)).

There is a right of set off between all of the Company's United Kingdom bank accounts and each company cross guarantees every other company within the UK group. In Sweden, the average outstanding line of credit in year to December 31, 1999, the year to December 31, 2000 and the year to December 31, 2001 was £239,000, £118,000 and £54,000 respectively. The available line of credit in each of these years was £267,000. The average bank interest rate in Sweden for the year ended December 31, 2001 was 5.3% (December 31, 2000 5%, December 31, 1999 5.3%).

18. Finance leases and purchase contracts

The future minimum lease payments to which the Company is committed under finance leases and purchase contracts are as follows:

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
In one year or less	105	176	98
Between one and two years	260	99	—
Between two and three years	23	—	—
Between three and four years	—	—	—
Between four and five years	—	—	—
Total minimum lease payments	388	275	98
Amounts representing interest	(36)	(15)	(1)

Total net minimum lease payments	352	260	97
Less: current maturities	(105)	(166)	(97)
Long-term maturities	247	94	—

19. Long-term debt

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
Other loans	336	419	—
Other loan owed to related parties	—	5,847	4,466
	336	6,266	4,466

Long-term debt is made up of loans which are repayable as shown below;

a) a non-interest bearing loan, with a related party, of £4,466,000 (US$6,500,000) which was repayable at September 30, 2000 has been renegotiated and is now repayable by September 29, 2004;

b) a loan with an outstanding amount of £419,000 at December 31, 2000 (December 31, 1999 £336,000 (US$542,000)) which was repayable on June 30, 2005, was converted into 1,000,000 ordinary shares during the year ended December 31, 2001;

c) a loan with an outstanding amount of £1,493,000 (US$2,230,000), which was included in short-term debt with a carrying value of £1,240,000 (US$1,999,000) as at December 31, 1999, had been renogotiated to be payable on April 6, 2003, and was included in long-term debt. The loan bore interest at LIBOR dollar rate plus 2% per annum, and was unsecured. During the year ended December 31, 2001 this loan was repaid.

Analysis of repayments

Bank and other loans are repayable as follows:

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
Within one year or on demand	5,551	—	31,037
Between two and three years	—	1,493	4,466
Between three and four years	336	4,354	—
Between four and five years	—	419	—
	5,887	6,266	35,503
Less: short-term debt	5,551	—	31,037
Long-term debt	336	6,266	4,466

20. Provision for deferred tax

Deferred tax provided in the financial statements is as follows:

	As at December 31 1999	As at December 31 2000	As at December 31 2001
	£'000	£'000	£'000
Tax effect of timing differences because of:			
Excess of tax allowances over depreciation	356	—	—

	356	—	—

20A. Other long-term creditors

At December 31, 2001 a provision for National Insurance contributions of £77,000 has been made in respect of exercise of certain share options held by employees in accordance with Accounting Standards Board's UITF25 abstract (year ended December 31, 2000 £53,000).

At December 31, 2000 a provision of £98,000 in respect of replacement goods had been accrued. This charge has been eliminated at December 31, 2001 as part of the Company's disposal of 99.16% of its South American transdermal business.

21. Shareholders' equity

Issue of share capital

During the year ended December 31, 2001, 8,598,133 10 pence ordinary shares (nominal value: £860,000) were issued as follows:

1,000,000 (£100,000) were issued to Lehman Brothers International (Europe) upon conversion of an unsecured loan note of US$500,000, valued at £419,000.

The remaining 7,598,133 were issued in respect of share options (2000: 290,000), being £760,000 nominal value in aggregate (2000: £29,000) for a total consideration of £2,746,000 (2000: £62,000).

During the year ended December 31, 2000 38,333,327 shares (£3,833,000) were issued via a private placement, 6,507,971 (£651,000) were issued to Laxdale Limited as part consideration for acquisition of product rights. Further stock issuances and royalty payments on future sales of the product are contingent on the achievement of specified milestones in accordance with the license agreement. 4,000,000 (£400,000) were issued to Schein Pharmaceuticals

Inc. in part consideration of the termination of the multiproduct agreement. The remaining obligation to Schein was settled by a cash payment of US$2,200,000.

On December 30, 1999, the Company converted £12,812,000 of loans into 4,129,819 £1 preference shares, being £4,129,819 nominal value in aggregate (see Note (26)), and £1,241,000 of loans into 4,000,000 ordinary 10 pence shares, being £400,000 nominal value in aggregate.

On a return of capital on a winding up or otherwise, the preference shareholders will be repaid the amounts paid up on their preference shares, together with any arrears and accruals of the fixed cumulative preferential dividend.

The preference shares do not entitle the holders to vote at general meetings except on any specific resolution directly and adversely affecting their rights, when they are entitled to such number of votes as they would have had had their preference shares been converted into ordinary shares. Each £1 preference share is convertible into ten ordinary shares of ten pence each, on or after the second anniversary of the date of issue, or earlier on the occurrence of certain trigger events.

A further 28,770 ordinary 10 pence shares were issued in the year to December 31, 1999 being £3,000 nominal value in aggregate, for a total consideration of £14,000.

The cumulative foreign exchange consolidation adjustment at December 31, 2001 is a loss of £317,000 (December 31, 2000: loss of £294,000, December 31, 1999: loss of £308,000).

Merger and other reserves

	As at December 31	As at December 31	As at December 31
	1999	2000	2001
	£'000	£'000	£'000
Merger reserve	(1,027)	(1,027)	(1,027)
Other reserves	705	—	—
	(322)	(1,027)	(1,027)

The merger reserve arising on consolidation is the difference between the investment by the Company in Gacell (being the nominal value of the shares issued and professional expenses incurred to effect the merger) and the nominal value of the share capital of Gacell.

Other reserves comprised a reserve arising on the sale of warrants which were transferred to retained earnings on the expiry of the related warrants during year ended December 31, 2000.

22. Share options and warrants

Under the Company's share option plans, options were granted at the then current market price of the Company's shares. With the exception of those options granted under Notes (5), (6), (7), (10), (13) and (14) as set out below, the market price of the Company's shares at the date of grant or the date of repricing is based on the latest transaction involving the Company's shares or such other basis which in the opinion of management reasonably approximates the fair value of the shares at the date of grant or the date of repricing.

A summary of the options outstanding and granted during 1989 to 2001 is given in the table below. The figures in the table below are as at December 31, 2001. Subscription prices have been stated after giving effect to the repricing described in Notes (9), (13) and (14) below.

AMARIN CORPORATION PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	Notes	Number of 10 pence Ordinary Shares	Subscription Price Per Share
			£
Granted during 1989-1993	13	2,814,448	(see note 13 below)
Outstanding at August 31, 1993		2,814,448	
Granted during 1994	1	115,500	4.81
Exercised during 1994		(257,000)	
Lapsed		(15,975)	
Outstanding at August 31, 1994		2,656,973	
Granted during 1995	14	90,250	(see note 13 below)
Granted during 1995	3,14	40,000	5.93
Exercised during 1995		(90,225)	
Outstanding at August 31, 1995		2,696,998	
Granted during 1996	14	273,000	(see note 13 below)
Granted during 1996	14	47,500	3.95
Exercised during 1996		(325,100)	
Outstanding at August 31, 1996		2,692,398	
Granted during 1997	14	528,585	(see note 13 below)
Granted during 1997	6	1,000,000	0.34
Granted during 1997	4,14	252,000	3.44
Granted during 1997	3,14	80,000	4.12
Exercised during 1997		(95,000)	
Lapsed		(223,320)	
Outstanding at August 31, 1997		4,234,663	
Granted during 1998	6	85,000	(see note 13 below)
Lapsed		(894,286)	
Outstanding at August 31, 1998		3,425,377	
Granted during 1998	13	50,000	(see note 13 below)
Granted during 1998	7	517,000	0.10
Granted during 1998	6	7,000,000	0.34
Granted during 1998	8	384,870	0.34
Lapsed		(65,540)	
Outstanding at December 31, 1998		11,311,707	
Granted during 1999	13	1,657,000	(see note 13 below)
Granted during 1999	7	50,000	0.50
Granted during 1999	9	80,000	0.21
Exercised during 1999		(13,750)	
Lapsed		(1,522,767)	
Outstanding at December 31, 1999		11,562,190	
Granted during 2000	9	3,527,266	0.21
Granted during 2000	9	100,000	0.46
Granted during 2000	9	200,000	0.21
Granted during 2000	10	830,000	0.27
Granted during 2000	10	300,000	0.37
Exercised during 2000		(290,000)	
Lapsed		(785,510)	

Outstanding at December 31, 2000		15,443,946	
Granted during 2001	9	500,000	0.42
Granted during 2001	10	100,000	0.41
Granted during 2001	9	3,400,000	0.45
Granted during 2001	10	30,000	0.46
Granted during 2001	10	35,000	0.60
Granted during 2001	10	550,000	0.59
Granted during 2001	10	3,950,000	0.69
Granted during 2001	10	60,000	0.88
Granted during 2001	10	350,000	1.53
Granted during 2001	10	100,000	1.31
Granted during 2001	11	470,000	1.15
Granted during 2001	10	150,000	1.17
Granted during 2001	10	100,000	1.22
Granted during 2001	10	40,000	1.20
Granted during 2001	12	2,430,000	1.10
Exercised during 2001		(7,598,133)	
Lapsed		(440,720)	
Outstanding at December 31, 2001		19,670,093	

Options have become exercisable as follows:

	Number
Exercisable at August 31, 1996	184,685
Exercisable at August 31, 1997	242,312
Exercisable at August 31, 1998	617,680
Exercisable at December 31, 1998	4,626,930
Exercisable at December 31, 1999	9,062,533
Exercisable at December 31, 2000	12,717,612
Exercisable at December 31, 2001	12,833,426

At December 31, 2001, unexercised options have been granted over Ordinary Shares as follows:

No. of Share Options Outstanding	Note	Date Option Granted	Exercise Price per Ordinary Share		Number of which repriced at $0.50 per share
			£	US$	(Note 13)
41,500	1,14	June 22, 1994	4.21	6.13	41,500
3,000	1	December 22, 1994	4.81	7.00	—
11,250	1,14	November 30, 1995	5.93	8.63	10,250
34,250	1,14	November 30, 1996	3.95	5.75	32,000
125,000	2,14	May 9, 1997	4.29	6.25	125,000
40,000	3,14	July 10, 1997	4.12	6.00	15,000
100,000	4,14	July 10, 1997	3.44	5.00	64,000
1,000,000	5,14	November 23, 1998	1.72	2.50	1,000,000
4,500,000	6	November 23, 1998	0.34	0.50	—
277,000	7	November 23, 1998	0.10	0.15	—
92,500	8	December 31, 1998	0.34	0.50	—
50,000	9	March 2, 1999	0.50	0.72	—
55,000	9	September 7, 1999	0.21	0.30	—
200,000	9	February 9, 2000	0.21	0.30	—
380,000	9	February 9, 2000	0.21	0.30	—
100,000	9	February 9, 2000	0.46	0.66	—
900,000	9	March 1, 2000	0.21	0.30	—
375,000	9	April 1, 2000	0.21	0.30	—
100,000	9	April 7, 2000	0.21	0.30	—
62,500	9	May 18, 2000	0.21	0.30	—
50,000	9	May 23, 2000	0.21	0.30	—
150,000	9	May 29, 2000	0.21	0.30	—
32,933	9	September 26, 2000	0.21	0.30	—

346,820	10	October 24, 2000	0.27	0.39	—
300,000	10	December 11, 2000	0.37	0.54	—
400,000	9	February 19, 2001	0.42	0.61	—
100,000	10	March 12, 2001	0.41	0.60	—
1,700,000	9	April 3, 2001	0.45	0.65	—
20,000	10	April 4, 2001	0.46	0.66	—
23,340	10	May 1, 2001	0.60	0.87	—
450,000	10	June 4, 2001	0.59	0.87	—
3,950,000	10	July 2, 2001	0.69	1.00	—
60,000	10	July 27, 2001	0.88	1.29	—
350,000	10	August 10, 2001	1.53	2.23	—
100,000	10	August 14, 2001	1.31	1.90	—
470,000	11	August 20, 2001	1.15	1.67	—
150,000	10	August 31, 2001	1.17	1.70	—
100,000	10	September 7, 2001	1.22	1.77	—
40,000	10	September 27, 2001	1.20	1.74	—
2,430,000	12	December 12, 2001	1.10	1.60	—
19,670,093					1,287,750

The weighted average exercise price of options outstanding at December 31, 2001 was £0.57 (US$0.84).

Share options granted up to and including January 2, 1991 were denominated in sterling. Options granted after this date were denominated in US dollars. For disclosure purposes they have been retranslated into sterling at the period end rate of US$1.4554/£1.

Notes:

(1) These options can be exercised after four years but before ten years from the date of grant. Certain options held by ex-directors and ex-employees are exerciseable immediately and expire at dates up to 54 months from the date of grant.

(2) These options are exerciseable now and remain exerciseable until May 8, 2007.

(3) 15,000 of these options are now exerciseable and remain exerciseable until July 9, 2007. 25,000 of these options held by an ex-director are exerciseable immediately and remain so until January 9, 2002.

(4) 55,000 of these options are now exerciseable and remain exerciseable until July 9, 2002. 45,000 of these options held by ex-directors and ex-employees are exerciseable immediately and remain so until January 9, 2002.

(5) When granted these options were to become exerciseable in tranches upon the Company’s share price achieving certain pre-determined levels. On February 9, 2000 the Company’s remuneration committee approved the repricing of the 1,000,000 options to an exercise price of $0.50 per share, exerciseable immediately and lapsing ten years from the date of grant.

(6) Of these options 80% became exerciseable immediately and 20% after six months from date of grant. 1,000,000 of the options remain exerciseable until 54 months from date of grant and 2,500,000 until ten years from date of grant.

(7) These options can be exercised after three years but before ten years from the date the option is granted.

(8) These options are exerciseable immediately and remain exerciseable until June 30, 2003.

(9) These options are exerciseable now and remain exerciseable until ten years from date of grant.

(10) These options became exerciseable in tranches of 33% each on the date of grant, the first anniversary and the second anniversary of the date of grant and remain exerciseable for a period of ten years from date of grant.

(11) These options become exerciseable on February 20, 2003 and remain exerciseable for ten years from date of grant.

(12) These options became exerciseable in tranches of 33% each on the first, second, and third anniversaries of the date of grant and remain exerciseable for a period of ten years from date of grant.

(13) As disclosed in a Shareholders’ Circular dated October 30, 1998, the Board decided that all existing share options held by current employees and current directors as at October 21, 1998 who were not serving notice would be repriced at US$0.50 per share. Other terms of the grants affected by this repricing

were left unchanged. For certain options this change was effected at the directors' discretion, with the remainder being effected by grant described at Note (14) below (Note (5) applies to those options which were granted on November 23, 1998).

(14) 648,770 options were granted on December 8, 1999 in order to effect the repricing mentioned in Note (13) above. The options vest and expire at the same dates as those attaching to the original grants except in the case of certain ex-employees where the options expired on December 29, 2000. It is a condition of the award of these options that, upon exercise, the awardee will surrender a like number of options from the original grant. Therefore the original grant has been shown as being repriced in the table above, and the replacement grant has been excluded.

Warrants in the shares of Amarin Corporation plc

At December 31, 2001, warrants have been granted over Ordinary Shares as follows:

Number of Warrants Outstanding	Note	Date Warrant Granted	Exercise Price Per Ordinary Share US$
300,000	1	July 20,1999	0.80
50,000	2	September 13,1999	0.53

Notes:

(1) The Company issued 300,000 warrants on July 20, 1999 as a retainer for financial advisory services from Petkevich & Partners for the period July 20, 1999 to July 20, 2000. On the date of grant the warrants were fully vested, nonforfeitable and exercisable from July 20, 1999 until July 20, 2004. No warrants were exercised at December 31, 2001.

(2) The Company issued 50,000 warrants on September 13, 1999 as compensation for advisory services from a scientific advisor. The warrants are fully vested, exercisable and nonforfeitable and expire on September 13, 2002. No warrants were exercised at December 31, 2001.

23. Commitments and contingencies

Minimum payments under non-cancellable operating leases for the next five years are as set forth below:

	Land and Buildings
	£'000
2002	780
2003	783
2004	789
2005	726
2006	683
	3,761

Minimum payments under non-cancellable operating leases for the years 2007 and beyond are £961,000 which are for land and buildings.

(1) On October 15, 2001 the Company acquired a six year lease, with an option for a further six years, on office premises in San Francisco, California. The rental is £225,000 per annum and increases after three years in line with the Consumer Price Index. Rent expense for the year was £47,000.

(2) Further consideration may become payable upon completion of certain milestones in relation to product rights acquired in 2000 (see Notes (9) and (21)).

24. Pensions

The Company contributes to a number of defined contribution money purchase pension schemes for certain eligible employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions paid and payable by the Company to the schemes and amounted to £155,000 for the year ended December 31, 2001 (£153,000 year ended December 31, 2000 and £162,000 year ended December 31, 1999).

25. Transactions with related parties

On December 10, 1999, S A Ziegler became a director of the Company. Mr Ziegler is a partner of Ziegler, Ziegler and Altman LLC, Counsellors at Law in the United States who provided professional services to the Company in the

sum of £252,000 (US$366,000) during the year ended December 31, 2001 (year ended December 31, 2000: £202,000 (US$302,000), year ended December 31, 1999: £77,000 (US$124,000)).

At December 31, 2001 a balance of £90,000 (US$131,000) (December 31, 2000: £Nil; December 31, 1999: £55,000 (US$89,000)) was outstanding. Mr Ziegler resigned as a director of the Company on May 29, 2001.

During the year ended December 31, 2001 the Company made sales to Elan companies amounting to £687,000 (US$1,000,000) (December 31, 2000: £514,000 (US$768,000); December 31, 1999: £Nil) for goods, services, and research. The Company purchased no goods and services during the year ended December 31, 2001 (December 31, 2000 £50,000 (US$75,000) December 31, 1999 £Nil)). At December 31, 2001 there was £Nil year end receivable balance (December 31, 2000 £50,000 (US$75,000). At December 31, 2001 there was £Nil year end payable balance (December 31, 2000 £13,000 (US$19,000)).

During the year ended December 31, 1999 the Company entered into certain contracts with Elan, which is also a significant shareholder. The Directors consider that transactions with Elan have been entered into on an arms length basis. Details of transactions involving Elan are given below.

During the year ended December 31, 1999 Elan provided £4,343,000 (US$7,000,000) in unsecured loans. Also during 1999, £3,102,000 (US$5,000,000) of this unsecured loan, together with £8,686,000 (US$14,000,000) of the $16,000,000 convertible loan note issued in September 1998 by Elan, and £1,023,000 (US$1,649,000) of accrued interest, was converted into 4,129,819 3% cumulative convertible preference shares of £1 each.

Following this conversion, in 1999, the remaining £1,241,000 (US$2,000,000) outstanding from the convertible loan note was converted into 4,000,000 ordinary shares of 10 pence each. A further unsecured loan of £1,241,000 (US$2,000,000) was provided by Elan in 1999 and remained outstanding at December 31, 1999. No interest was paid to Elan on outstanding loan balances for the year ended December 31, 1999. On April 6, 2000 the outstanding loan was renegotiated to bear interest at 2% above base rate from that date and the interest up to that date was deemed to be £62,000 (US$101,000). The loan became repayable on April 6, 2003, however during the year ended December 31, 2001 this loan was repaid in full.

Sale of transdermal business

In November 2001 the Company sold its 99.16% share of its South American transdermal business for a consideration of £214,000 (US$311,000) of which £177,000 (US$258,000) was outstanding at December 31, 2001. The 99.16% share was sold to a company formed and owned by the executive management of Amarin Technologies S.A.

On December 30, 1999 the Company concluded an agreement with Elan for the sale of certain of its transdermal patch business assets and liabilities. £1,461,000 (US$2,355,000) of fixed assets, £811,000 (US$1,307,000) of current assets, £4,536,000 (US$7,310,000) of current liabilities and £1,277,000 (US$2,058,000) of long term liabilities were disposed of for a total cash consideration of £12,564,000 (US$20,250,000), realising a profit of £16,105,000 (US$25,956,000). As part of this transaction, EPIL, a wholly owned subsidiary of Elan, was given the right to assume all or any of the licensing and development agreements relating to its transdermal patch business.

As of December 31, 2000 EPIL elected not to assume any of these licensing and development agreements. Therefore, the Company remained obligated to perform these contracts. Since the Company no longer intended to operate a transdermal patch business, EPIL had agreed to assist the Company in seeking to terminate such agreements or transfer them to licensees. However, even with EPIL’s assistance, the Company may not be able to terminate or transfer all contracts successfully as it will require the consent of each counterparty to do so. The Company took an exceptional charge to cover the estimated cost to terminate its obligations under these contracts. For additional information please refer to Note 6(b).

Following the decision taken by EPIL not to assume the licensing and development contracts, the Company became entitled to certain licensing and development revenues in connection with the discontinued transdermal business. As indicated in Note (2), £3,743,000 of license and development revenues were recognised during 2000. All direct and operating costs incurred in connection with this revenue totalling £1,160,000 were charged by Elan to the Company during the year and this was reflected in the results of the discontinued operation in Note (2). In light of the sale of the transdermal business the Company no longer had the facilities and staff to service its obligations under transdermal contracts. With the exception of one contract, the Company negotiated the termination of its obligations under these arrangements. An accrual of £2,108,000, as discussed in Note 6(b) was made in the period to cover the expected costs to be incurred. To the extent the Company provi des future services on the one remaining contract the Company is dependent upon EPIL or, in their place, the Company would be required to find another party willing to undertake this commitment to provide such services.

Acquisition of product portfolio

During the year ended December 31, 1999 the Company concluded an agreement with Elan for the purchase of certain product rights, with effect from September 29, 1999. The consideration was satisfied by a cash payment of £11,634,000 (US$18,750,000) and a non-interest bearing loan of £4,033,000 (US$6,500,000) repayable on September 30, 2000. At December 31, 1999 the receivable and the loan were still outstanding. On April 16, 2000 the Company entered into an agreement to convert this loan into equity. On conversion the Company would have made a cash payment of US$150,000, issue 870,000 preference shares and 4,000,000 ordinary shares to a subsidiary of Elan. At December 31, 2001 the loan of US$6,500,000 was still outstanding (see Note (19)). With the modification, made to extend this non-interest bearing loan, as discussed in Notes (7) and (19), the conversion rights were removed.

On May 29, 2001 the Board of Directors approved purchase option agreements for the Parkinson’s disease products, Permax® (pergolide mesylate).

Permax®

The agreement for Permax®, as amended and restated on September 28, 2001, gives the Company the exclusive US marketing, distribution and purchase option rights to this product. These rights were obtained from Elan, which holds an exclusive license from Eli Lilly and Company, the owner of the patent for Permax®, to market and distribute this product in the US.

Under this agreement, the Company has been appointed exclusive US distributor for Permax® until May 16, 2002, with an option to acquire outright from Elan other rights in the product. As a part of the modified distribution arrangement, the Company has made payments of US$47.5 million to Elan in consideration for the purchase option. The Company has also agreed to pay Elan royalties on sales.

The Company has retained the option to acquire Elan's full rights to Permax® before May 16, 2002, subject to running royalties and an additional fixed payment of US$37.5 million. The fixed payment would be made in an initial installment of US$7.5 million upon exercise of the option, followed by twelve successive quarterly payments of US$2.5 million. Management believes all such payments could be funded internally.

As part of the Permax® transaction, the Company received a loan from an affiliate of Elan for the amount of US$45 million, which matures in September 2002. This loan is interest-bearing at US$ LIBOR + 2%. The Company has also agreed to pay Elan royalties on sales.

The Company's ability to exercise the purchase option remains subject to the approval of Eli Lilly, which is the current holder of the New Drug Application for Permax® in the US. The Company's exercise of the purchase option may also be subject to approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Zelapar

The Company entered into an option agreement on May 29, 2001 with an affiliate of Elan relating to Zelapar (Zydis fast-dissolving formulation of selegiline). The agreement gives the Company an option to acquire exclusive rights to promote, sell and distribute Zelapar in the US. The US rights to Zelapar are currently licensed to Elan by R P

Scherer, Inc. The agreement provides that the Company will have the option to purchase Elan's rights to Zelapar in the US by paying a non-refundable option fee of US$100,000 upon the submission of the New Drug Application for Zelapar. The exercise of the option would require the Company to make four milestone payments plus running royalties based on a percentage of net sales of Zelapar in the US for the first eight years following the New Drug Application approval. The first milestone of US$10 million is payable upon the approval of the New Drug Application. The second and third milestones would be in the maximum aggregate amount of US$30 million, and each is contingent on certain revenue levels being achieved. The final milestone of US$15 million would be payable eight years from approval of the New Drug Application for Zelapar, subject to certain extension rights. This final payment will be reduced by the amount of all royalty payments made by the Company to Elan in the inte rvening period. Elan will pay all research and development costs including filing costs for a New Drug Application, up to and including approval of the application by the FDA.

Although the Company and Elan have agreed to use diligent efforts to negotiate a definitive agreement, there is no guarantee that any agreement will be successfully consummated. Even if a mutually acceptable agreement is entered into, it will be subject to the approval of R P Scherer, Inc., the holder of the New Drug Application for Zelapar. The Company's exercise of any purchase option could also be subject to approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Approval of transactions with Elan

The agreements for Permax® and Zelapar were approved in accordance with the Company policy for related party transactions. The Company requires audit committee review of all transactions involving a potential conflict of interest, followed by the approval of a majority of the directors who do not have a material interest in the transaction. Since three of the Company's directors currently serve as directors and/or employees of Elan, the Permax® and Zelapar agreements were reviewed by the audit committee and approved by all of the directors who are unaffiliated with Elan.

26. Subsequent events

On March 28, 2002 Elan International Services Limited, a subsidiary of Elan, converted 2,129,819 shares of its Amarin convertible £1 shares into 21,298,190 Amarin ordinary shares (equivalent to 2,129,819 American depository shares).

Upon conversion, Elan International Services Limited, waived their entitlement to receive the accrued cumulative 3% dividend in respect of all cumulative preference shares in the capital of the Company held by members of the Elan Corporation plc group for the period commencing the date of allotment of the preference shares and expiring March 31, 2002.

Following this conversion Elan now holds approximately 27% of Amarin's undiluted shares outstanding.

27. Differences between UK GAAP and US GAAP

The financial statements of the Company have been prepared in conformity with UK GAAP which differs in certain significant respects from generally accepted accounting principles in the US ("US GAAP"). These differences have a significant effect on net income and the composition of shareholders' equity and are described below.

Summary of material adjustments to net income/(loss) and shareholders' equity

	Note	Year ended December 31	Year ended December 31	Year ended December 31
		1999	2000	2001
		£'000	£'000	£'000
Net profit/(loss) in accordance with UK GAAP		2,705	1,700	(3,269)
Adjustment for treatment of goodwill	A	(189)	(19)	—
Adjustment for (loss) on securities available-for-sale	C	—	—	(5)
Adjustment for stock-based compensation and National Insurance	F	—	108	(987)
Adjustment for treatment of intangible fixed asset	I	—	(3,860)	408
Adjustment for revenue recognition	J	—	106	60
Gain on extinguishment of a trade creditor	K	—	(759)	—
Imputed interest on non-interest bearing debt	L	—	(414)	(268)
Accrual for PPA returns	M	—	(336)	336
Reversal of transdermal accrual	N	—	233	—
Net income/(loss) as adjusted to US GAAP		2,516	(3,241)	(3,725)
		£	£	£
US GAAP net income/(loss) per ordinary share (assuming dilution)		0.14	(0.08)	(0.05)
US GAAP net income/(loss) per ordinary share (basic)		0.17	(0.08)	(0.05)

		December 31	December 31	December 31
		1999	2000	2001
		£'000	£'000	£'000
Shares used in computing per ordinary share amounts assuming dilution	H	17,544	86,089	120,353
Shares used in computing per basic ordinary share amounts	H	15,014	39,531	71,247
		£'000	£'000	£'000
Shareholders' equity in accordance with UK GAAP		7,539	20,846	20,372
Adjustment for (loss) on securities available-for-sale	C	—	—	(5)
Adjustment for National Insurance on stock options	F	—	53	77
Adjustment for treatment of intangible fixed asset .	I	—	(3,860)	(3,452)
Adjustment for revenue recognition	J	—	(513)	(453)
Imputed interest on non-interest bearing debt	L	—	837	569
Accrual for PPA returns	M	—	(336)	—
Reversal of transdermal accrual	N	—	233	233
Adjustment for preferred dividend	O	—	124	248
Shareholders' equity in accordance with US GAAP		7,539	17,384	17,589

Notes:

A) Treatment of goodwill

Under UK GAAP it was acceptable to charge goodwill arising on acquisition directly to retained earnings in the year of acquisition. Under US GAAP goodwill must be capitalised and amortised to income over the period of expected benefit, not to exceed forty years unless there is an impairment in value which must be recognised immediately. The summary of material differences above reinstates goodwill charged to accumulated deficit and amortises such amounts over 12

years. The directors review the value of goodwill on a regular basis and have provided for impairment in value where the acquisitions on which it arose have either been sold or have ceased or significantly decreased trading.

Under UK GAAP the Company now capitalises purchased goodwill and amortises it over its useful life. Until January 1, 2002 US GAAP was consistent with UK GAAP but following the adoption of Statement of Financial Accounting Standards ("SFAS") No 142, goodwill will be subject to impairment reviews rather than amortisation under US GAAP.

B) Disclosures related to deferred taxes

Management of the Company evaluated the positive and negative evidence impacting the realisability of the Company's net operating loss carryforwards. Due to the Company's history of generating operating losses, significant changes in its underlying products offering and limited periods of profitability, management concluded that a full valuation allowance is required with respect to its net operating loss carryforwards.

C) Treatment of marketable equity securities

Under UK GAAP investments (including listed investments) held on current and long-term basis are stated at the lower of cost or estimated fair value. To the extent that estimated fair value represents a permanent diminution in the value of the investment, then a write down is effected through the income statement. No adjustment is made in the event of a temporary decline in fair value below cost if it can be demonstrated that the value will recover over a reasonable period of time.

Under US GAAP the Company has applied Financial Accounting Standards Board Statement of Financial Accounting Standards No 115 - Accounting for Certain Investments in Debt and Equity Securities (SFAS 115). The Company's investment in Antares has been classified as investments available-for-sale under SFAS 115. Changes in the values of these investments are recorded as a component of comprehensive income for the purposes of the US GAAP reconciliation.

D) Consolidated statement of cash flows

The consolidated statement of cash flows prepared in accordance with Financial Reporting Standard No 1 presents substantially the same information as that required under US GAAP. Under US GAAP, however, there are certain differences from UK GAAP with regard to classification of items within the cash flow statement.

Under UK GAAP, cash flows are presented separately for operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, and financing activities. Under US GAAP, however, only three categories of cash flow activity are reported, being operating activities, investing activities and financing activities. Cash flows from taxation and payments for interest would be included as operating activities under US GAAP. The financing proceeds and debt repayments would be included under financing activities under US GAAP. Additionally the cashflow represents only the change in cash and cash equivalents which would exclude overdrafts under US GAAP.

Set out below, for illustrative purposes, is a summary consolidated statement of cash flows under US GAAP:

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£'000	£'000	£'000
Net cash (used in)/provided by operating activities	(6,812)	3,761	10,912
Net cash provided by/(used in) investing activities	1,448	601	(33,496)
Net cash provided by financing activities	5,323	6,285	31,904
Net (decrease)/increase in cash and cash equivalents	(41)	10,647	9,320
Cash and cash equivalents at the beginning of the year	762	721	11,368
Cash and cash equivalents at the end of the year	721	11,368	20,688
Net (decrease)/increase in cash and cash equivalents	(41)	10,647	9,320

There is no significant effect of foreign exchange movements on cash balances.

E) Discontinued operations

In the years ended December 31, 1999, 2000 and 2001, the transdermal patch business has been classified as discontinued operations under UK GAAP and the comparatives restated to reflect this. Under US GAAP this would have been shown as continuing operations.

F) Stock-based compensation and National Insurance

Under UK GAAP the Company has recorded a provision for £77,000 (December 31, 2000: £53,000) relating to National Insurance ("NI") amounts payable on stock option gains at the time of grant. This provision would not be required under US GAAP. Under UK GAAP NI contributions are accrued over the vesting

period of the underlying option. Under US GAAP payroll taxes on stock options are accrued when the liability is incurred.

Under UK GAAP the Company recorded a one-off charge upon repricing the options. Under US GAAP repriced options lead to a revalued compensation charge at period end.

SFAS No 123, “Accounting for Stock-Based Compensation”, encourages, but does not require, companies to record compensation expense for grants of stock, stock options, and other equity instruments based on a fair-value method of accounting. Companies that do not adopt SFAS No 123 should continue to apply the intrinsic value method prescribed in Accounting Principles Board (“APB”) Opinion No 25, but are required to provide proforma disclosures of the compensation expense determined under the fair value provisions of SFAS No 123. The Company

continues to follow the accounting provisions of APB Opinion No 25 and the proforma disclosures required under SFAS No 123 are shown below.

The Company applies APB Opinion No 25 and related interpretations in accounting for its US share option plans. Accordingly, a charge of £2,647,000 was recorded (2000: £2,196,000 and 1999: £88,000). Had compensation for the Company’s share option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No 123, the Company’s net income/(loss) and net income/(loss) per share under US GAAP would have been reduced to the pro forma amounts indicated below:

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
	£’000	£’000	£’000
Net income/(loss)			
As reported	2,516	(3,241)	(3,725)
Proforma	1,817	(496)	(5,868)
	£	£	£
Basic income/(loss) per ordinary share			
As reported	0.17	(0.08)	(0.05)
Proforma	(0.12)	(0.02)	(0.08)
	£	£	£
Weighted average grant date fair value			
Options granted at the market price	0.24	0.27	0.50
Options granted at a premium to the market price	—	—	—
Options granted at a discount to the market price	—	0.42	0.97

The fair value for options granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions and no dividends:

	Year ended December 31	Year ended December 31	Year ended December 31
	1999	2000	2001
Options granted at the market price			
Risk free interest rate (percentage)	4.86	6.34	5.13
Expected life (in years)	4.20	1.20	3.52
Volatility (percentage)	60	60	60
Options granted at a premium to the market price			
Risk free interest rate (percentage)	4.86	6.34	5.13
Expected life (in years)	4.20	1.20	3.52
Volatility (percentage)	60	60	60
Options granted at a discount to the market price			
Risk free interest rate (percentage)	—	6.34	5.13
Expected life (in years)	—	1.20	3.52
Volatility (percentage)	—	60	60

G) Recently issued accounting standards

Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board (“FASB”) issued Statement No 133 (“SFAS 133”), “Accounting for Derivative Instruments and Hedging Activities”. In July 1999, the FASB issued Statement No 137,

“Deferral of the Effective Date of FASB Statement No 133”, which deferred the effective date of FAS 133 to no later than January 1, 2001 for the Company’s financial statements. The Company has adopted SFAS 133 during the year ended December 31, 2001 with no impact on the financial statements.

Business Combinations

In July 2001, the FASB issued SFAS No 141, “Business Combinations” (“SFAS 141”) which supersedes APB Opinion No 16, “Business Combinations”, and SFAS No 38, “Accounting for Preacquisition Contingencies of Purchased Enterprises”. SFAS 141 addresses financial accounting and reporting for business combinations and requires that all business combinations within scope of SFAS 141 be accounted for using only the purchase method. SFAS 141 is required to be adopted for all business combinations initiated after June 30, 2001. Management has assessed the impact of the adoption of SFAS 141 on its consolidated financial statements and believes there will be no impact.

Goodwill and Other Intangible Assets

Also in July 2001, the FASB issued SFAS No 142, “Goodwill and Other Intangible Assets” (“SFAS 142”) which supersedes APB Opinion No 16, “Intangible Assets”. SFAS 142 addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. SFAS 142 also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. The provisions of SFAS 142 are required to be applied starting with fiscal years beginning after December 15, 2001. SFAS 142 is required to be applied at the beginning of an entity’s fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Management is currently evaluating the impact that adoption of SFAS 142 will have on its consolidated finan cial statements.

Impairments

In October 2001, the FASB issued SFAS 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”) which supersedes FAS 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of”, and the accounting and reporting provisions of ABP 30, “Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. SFAS 144 retains the fundamental provisions of FAS 121 for the recognition and measurement of the impairment for long-lived assets and the measurement of long-lived assets to be disposed of by sale. Its issuance is to address the significant issues relating to the implementation of FAS 121 and to develop a single accounting model, based on the framework established in FAS 121, for long-lived assets. Generally, the provisions of FAS 144 are effective for fiscal years beginning after December 15, 2001, with the initial application as of the beginning of the fiscal year. Management is currently evaluating the impact that adoption of SFAS 144 will have on its consolidated financial statements.

H) Earnings per share

The Company adopted SFAS No 128 - Earnings per Share during the fiscal year ended August 31, 1998.

The calculation of US GAAP basic earnings per share is based on the weighted average number of shares. In prior periods the continuing operations of the Company have been loss making, so the effect of the common stock equivalents has not been considered for the dilutive earnings per share calculation.

At December 31, 2001 under US GAAP the Company made a loss under continuing operations. There is no difference between the weighted average share for UK GAAP and US GAAP. The table below highlights the earning per share based on net income, under US GAAP. As a result of this, the following diluted earnings per share calculation has been performed.

	December 31	
	2000	**2001**
	£	**£**
US GAAP net (loss) available to common stockholders	**(3,241,000)**	**(3,725,000)**
Basic weighted-average shares	**39,530,837**	**71,247,249**
Plus: Incremental share from assumed conversions		
Options	5,258,430	7,658,160
Warrants	1,818	149,247
Convertible preferred stock	41,298,190	41,298,190
Adjusted weighted-average shares	**86,089,275**	**120,352,846**

	Year ended December 31	Year ended December 31	Year ended December 31

	1999	2000	2001
	£'000	£'000	£'000
Basic earnings/(loss) per share	0.17	(0.08)	(0.05)
Diluted earnings per share	0.14	*	*

* The dilutive effect of the Company's option, warrants and convertible preferred stock have been excluded as the impact would have been antidilutive for the periods indicated above. Please refer to Notes (21) and (22) for more information with regard to these securities. 290,000 shares were issued during 2000 upon the exercise of certain options. 7,598,133 shares were issued in 2001 upon the exercise of certain options.

I) Treatment of intangible fixed assets

During 2000 the Company purchased rights relating to pharmaceutical products which are in the clinical trials phase of development. Under UK GAAP it is acceptable to attribute a value to these rights, where there is a sufficient likelihood of future economic benefit and capitalise and amortise them over their expected useful economic life. Under US GAAP specific guidance relating to pharmaceutical products in the development phase requires such amounts to be expensed unless they have attained certain regulatory milestones.

Under UK GAAP the Company has capitalised £3,452,000 at December 31, 2001 (December 31, 2000 £3,860,000) relating to rights over products, which would have been expensed under US GAAP.

J) Adjustment for revenue recognition

In December 1999, the SEC issued SAB 101 "Revenue Recognition in Financial Statements". SAB 101 provides guidance on revenue recognition and related disclosures in financial statements, and requires deferral and amortisation of up-front licence fees where there is a continuing involvement with the licensed asset through the provision of research and development services. Generally, milestone payments have been treated similarly under both UK and US GAAP. They have been recognised when earned and non-refundable, and when the Company has no future legal obligation pursuant to the milestone payment. However, the actual accounting for milestones depends on the facts and circumstances of each contract. In certain cases milestones may be deferred and amortised under US GAAP, whilst under UK GAAP immediate recognition may have been appropriate.

Under US GAAP the Company adopted SAB 101 for the fiscal year ended December 31, 2000 and recorded £619,000 as a cumulative adjustment in respect of its accounting for certain up-front payments and refundable milestone payments. As required by SAB 101, the adjustment was recorded in Q4 2000 with retroactive effect to January 1, 2000. The effect of this adjustment was to reduce retained earnings and increase deferred revenue by equal amounts under US GAAP. Licence and development fees for 2000 were £106,000 higher under US GAAP compared to UK GAAP as a result of SAB 101 requirements.

The change increased net sales for the year ended December 31, 2000 by £106,000. This change had no impact on the Company's loss per share for the year ended December 31, 2000. For the fiscal year ended December 31, 2001

the effect of SAB 101 increased net sales by £60,000. The cumulative effect, as recognized in shareholders' equity in accordance with US GAAP, resulted in a reduction in equity of £453,000.

K) Gain on extinguishment of a trade payable

Under UK GAAP the Company has recognised a gain on the reversal of a third party payable by a related party as discussed in Note (2). Under US GAAP the payment of a third party liability by a related party is considered a contribution to capital.

L) Imputed interest on non-interest bearing debt

In connection with the Company's acquisition of the product portfolio from Elan, the Company obtained a non-interest bearing loan for a period of one year in the amount of £4,466,000 to fund the acquisition of such portfolio. Under UK GAAP the face value of the note is included in the fair value of the portfolio acquired. Under US GAAP the note payable and the product portfolio are recorded at the present value of amounts to be paid determined using an appropriate interest rate. The note payable is then accreted up to its face value over the term of the loan with a corresponding charge to interest expense.

In June 2000, the entire loan amount referred to above of £4,466,000 was extended for a period of approximately 4 years (see Note 19(a)). Under UK GAAP there is no accounting impact as a result of the extension of the loan term. Under US GAAP the modification resulted in an extraordinary gain for fiscal 2000 of £1,251,000, computed as the difference between the face value of the loan and the present value of the amounts to be paid using the appropriate interest rate, which has been accounted for as a capital contribution from a related party. For US GAAP the loan will be carried at its present value and accreted up to its face value over the term of the loan with a corresponding charge to interest expense, accordingly a charge of £268,000 under US GAAP has been charged to interest expense for the year ended December 31, 2001.

M) Accrual for PPA returns

Under UK GAAP the Company did not accrue for the estimated costs expected to be incurred during the year ended December 31, 2000. Under US GAAP the Company was required to accrue for the estimated costs of returns. During the year ended December 31, 2001 the accrual made under US GAAP has been utilised so no GAAP difference remains.

N) Reversal of transdermal accrual

Under UK GAAP the Company has accrued for the estimated costs of terminating its transdermal contracts. Under US GAAP a portion of this amount relates to revenues reflected as deferred revenue under SAB 101.

O) Preferred dividends

Under UK GAAP cumulative preferred dividends are accrued whether paid or not. Under US GAAP, preferred dividends are not accounted for until declared. The Company has restated its shareholders' equity for the year ended December 31, 2000 to reverse an accrual for preferred stock dividends.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMARIN CORPORATION PLC

By /s/ Richard A B Stewart
Richard A B Stewart
Chief Executive Officer

Date: May 7, 2002

EXHIBIT INDEX

Exhibits filed as part of this annual report

1.1	Memorandum of Association of the Company (1)
1.2	Articles of Association of the Company (2)
1.3	Amendment to Articles of Association of Ethical Holdings plc (3)
1.4	Deposit Agreement dated as of March 29, 1993, among the Company, Citibank, N.A., as Depositary and all holders from time to time of American Depositary Receipts issued thereunder (1)
1.5	Amendment No. 1 to Deposit Agreement, dated as of October 8, 1998, among the Company, Citibank, N.A., as Depositary and all holders from time to time of the American Depositary Receipts issued thereunder (4)
1.6	Form of Ordinary Share certificate (1)
1.7	Form of American Depositary Receipt evidencing ADSs (included in Exhibit 1.6) (1)
1.8	Purchase Agreement, dated as of June 16, 2000, by and among Amarin Corporation plc and the Purchasers named therein (3)
1.9	Registration Rights Agreement, dated as of November 24, 2000, by and between Amarin Corporation plc and Laxdale Limited (5)
2.1	Option Agreement dated as of June 18, 2001 between among Elan Pharma International Limited and the Company*
2.2	Lease dated August 6, 2001 between the Company and LB Strawberry LLC
2.3	Stock and Intellectual Property Right Purchase Agreement dated November 30, 2001 by and among Abriway International S.A., Sergio Lucero, Francisco Stefano, Amarin Technologies S.A., Amarin Pharmaceuticals Company and the Company.
2.4	Stock Purchase Agreement dated November 30, 2001 by and among Abriway Corporation plc, Beta Pharmaceuticals Corporation and the Company
2.5	Novation Agreement dated November 30, 2001 by and among Beta Pharmaceuticals Corporation, Amarin Technologies S.A. and the Company
8.1	Subsidiaries of Amarin Corporation plc

* Confidential portions of this Exhibit have been omitted pursuant to a request for confidential treatment. The omitted confidential information has been filed with the Securities and Exchange Commission.

(1) Incorporated herein by reference to certain exhibits to the Company's Registration Statement on Form F-1, as amended, File No. 33-58160, filed with the Securities and Exchange Commission

(2) Incorporated herein by reference to certain exhibits to the Company's Registration Statement on Form F-1, as amended, File No. 33-77560, filed with the Securities and Exchange Commission

(3) Incorporated herein by reference to certain exhibits to the Company's Annual Report on Form 20-F for the year ended December 31, 1999, filed with the Securities and Exchange Commission

(4) Incorporated herein by reference to Exhibit (a)(1) to the Company's Registration Statement on Form F-6, as amended, File No. 333-5946, filed with the Securities and Exchange Commission

(5) Incorporated herein by reference to certain exhibits to the Company's Registration Statement on Form F-3, as amended, File No. 33-13200, filed with the Securities and Exchange Commission

Exhibit 2.1

Certain portions of this Exhibit have been omitted pursuant to a request for "Confidential Treatment" under Rule 24b-2 of the Securities and Exchange Commission. Such portions have been redacted and bracketed in the request and appear as [ ] in the text of this Exhibit. The omitted confidential information has been filed with the Securities and Exchange Commission

OPTION AGREEMENT

THIS OPTION AGREEMENT, dated as of June 18, 2001 (the "Agreement"), is entered into between AMARIN CORPORATION, plc, a public limited company organized under the laws of the United Kingdom ("Amarin"), having its principal place of business at 7 Curzon Street, London W1Y 7FL, UK, and ELAN PHARMA INTERNATIONAL LIMITED, a corporation organized under the laws of Ireland ("Elan"), having its principal place of business at WIL House, Shannon Business Park, Shannon, County Clare, Ireland, each for themselves and their respective affiliates.

RECITALS

A. Elan is the owner or exclusive licensee of certain Rights (as defined below) relating to a Zydis® formulation of selegeline hydrochloride (the Product) presently known as Zelapar™, which may have utility in the treatment of Parkinson's disease and other diseases or conditions.

B. Amarin wishes to evaluate these Rights and to obtain an exclusive option for a transfer and assignment of such Rights in the Territory in the Field, each as defined below, and Elan is willing to make such disclosure as may be relevant to Amarin for purposes of its evaluation, and to grant such option for a transfer and assignment of the Rights upon the terms and conditions hereinafter set forth.

C. Elan and Amarin, should Amarin exercise its Option (as defined below), wish to enter into an Assignment Agreement for the Rights in the Territory in the Field; and in the meantime, to establish a steering committee for the management of the completion of development of Zelapar in the Territory.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth below, the parties hereby agree as follows:

1. Rights Subject to Option; Information Provided to Amarin.

1.1 Rights Defined. For the purposes of this Agreement, "Rights" shall mean all of Elan's right, title and interest in any data, information, or know-how pertaining to, and any license or other rights in, the Product in the Territory, now owned or controlled or hereafter acquired by Elan. By way of illustration, the foregoing Rights shall include but not be limited to (i) all of Elan's rights under the License and Supply Agreement between Elan or its affiliates and RP Scherer and Company, as amended (the "Scherer Agreement"), as it pertains to the Territory, and (ii) all clinical, preclinical and other data, protocols, inventory, work in progress, regulatory rights or applications of any kind (such as a New Drug Application ("NDA") for the Product), contract rights, market research, patent rights, patent applications, tradem ark rights, trademark applications, and any know-how associated with the Product for use in the Territory.

1.2 Information. Elan shall provide Amarin with continuing access to and, as appropriate, copies or samples of materials it has within its possession or control which are the subject of the Rights, together with all additional information, data, patent or trademark disclosures and know-how relating thereto now known to or hereafter developed or obtained by Elan during the Option Period (as defined below) (the "Information"), all on the terms and subject to the conditions of this Agreement.

2. Evaluation by Amarin.

2.1 Right to Evaluate. During the Option Period, Amarin shall have the continuing right to review the Information as Amarin determines is necessary to evaluate its interest in exercising the Option. During the Option Period, Amarin shall use the Information solely for that purpose. Elan shall make the Information available at its expense at 800 Gateway Blvd, South San Francisco, California 94080.

2.2 Return of Information if Option not Exercised. If Amarin terminates (which can occur only as provided in Section 8.2 below) or fails to timely exercise the Option, Amarin shall return to Elan, within thirty (30) days following the termination of the Option Period, all Information of Elan and all copies thereof (or Amarin's written confirmation that it has destroyed all such copies), except for one complete set of Information which Amarin may retain and use solely for compliance purposes under the confidentiality requirements of this Agreement.

3. Option to License.

3.1 Grant of Option.

(a) Elan hereby grants to Amarin the following exclusive option (the "Option"), during the Option Period, to obtain an exclusive transfer and assignment of the Rights, on the terms stated below and in Exhibit A attached hereto and incorporated by this reference, to use, promote, distribute and sell the Product in the Territory, for use in the field of human therapeutic treatment of any disease, condition or disorder (the "Field"). It is understood and agreed that Elan retains all rights in the Product outside the Territory which it now or hereafter may own or control. For the purposes of this Agreement, the Territory shall mean the United States.

(b) This Option is exercisable by written notice to Elan received at any time during the Option Period. If Amarin timely exercises the Option, the parties promptly shall negotiate in good faith and execute a mutually acceptable definitive assignment agreement (the "Assignment Agreement") which shall incorporate the terms and conditions set forth in this Agreement and shall include other terms and conditions which are reasonable and customary in transactions of this nature.

(c) If the parties are unable to agree upon the form of the Assignment Agreement within thirty days of the date of the exercise of the Option, the parties shall submit any outstanding issues to senior management of each party, who shall negotiate in good faith a resolution. If thirty days after such submission to senior management issues remain unresolved, either party may submit its proposed Assignment Agreement to an arbitrator in the San Francisco, California

area, selected under the then-current Commercial Rules of the American Arbitration Association, who will select one of the two proposed agreements, in its entirety. The arbitrator's decision will be final, binding and enforceable in a court of competent jurisdiction in San Francisco, California, which shall have exclusive jurisdiction over the matter.

(d) Among other things, the Assignment Agreement shall provide that Amarin shall assume and perform Elan's obligations under the Scherer Agreement as of the date of the transfer and assignment of the Rights; that in the event of a conflict between the Scherer Agreement and the Assignment Agreement, the Scherer Agreement shall control; and that the parties shall cooperate reasonably to enable the other to fulfill their respective remaining obligations under the Scherer Agreement in and outside the Territory.

3.2 Option Period. The "Option Period" shall mean the period commencing on the date of this Agreement and expiring at 5:00 p.m. Pacific time on the day which is the earlier of the following: (i) thirty (30) days from the date on which Amarin receives a copy of the written approval of a New Drug Application ("NDA") by the Food and Drug Administration ("FDA") for immediate marketing of Zelapar in the Territory or (ii) execution by both parties of the Assignment Agreement.

3.3 Option Fees. In full consideration for the Option granted to Amarin, within three (3) business days of execution of this Agreement by both parties, Amarin shall pay to Elan a non-refundable, non-creditable option fee of One Hundred Thousand Dollars ($100,000).

3.4 Pursuit of New Drug Application. During the Option Period, Elan shall be responsible for and shall use Commercially Reasonable Efforts to diligently pursue the preparation, submission, acceptance for filing and substantive review, and approval of an NDA for the Product with the FDA; shall continue the prosecution and maintenance of all its patents, patent applications, trademarks and trademark applications included in the Rights; and shall consult with and consider the reasonable requests of Amarin in connection with the above. "Commercially Reasonable Efforts" of a Party shall mean efforts consistent with the exercise of its prudent business judgment as applied to other clinical, regulatory and commercialization efforts for products of similar performance and potential as would be undertaken in the pharmaceutical industry, but not less than those ef forts applied by that Party to other similar products of its own product line.

4. Steering Committee.

4.1 Formation of Steering Committee. Promptly following execution of this Agreement, the Parties will agree on a Zelapar Steering Committee consisting of an equal number of Elan and Amarin members. The initial

chair of the Steering Committee shall be designated by Elan and shall rotate between Elan and Amarin at least annually. Elan and Amarin may each designate a proxy or substitute for its members, and may substitute its members.

4.2 Steering Committee Meetings; Project Plan. The Steering Committee will meet within thirty (30) days of execution of this Agreement, at 800 Gateway Blvd., South San Francisco, California 94080, and no less than quarterly thereafter at a site to be mutually agreed, with minutes and next quarter objectives to be distributed by the chair and approved; each party will pay its own expenses in attendance and related activities. A draft of the plan for completion of development and approval of an NDA for the Product (the "Plan") will be drafted by Elan for review and approval, not to be unreasonably withheld, by Amarin. The Plan will contain milestone events and timelines for review and approval by the Steering Committee. Thereafter, the Plan may be amended only by majority vote of the Steering Committee. Material deviations in executing the Plan must be app roved in advance by the Steering Committee. It is understood and agreed that Elan will perform and manage the day-to-day execution and operations of the Plan. Disputes not resolved by the Steering Committee within fourteen (14) days shall be referred to respective company senior management for good faith discussion and resolution.

4.3 Project Team. In addition to the Steering Committee, Amarin shall be entitled to attend and participate in and receive all materials provided to Elan's Project Team for Zelapar.

4.4 Expenses. In return for the consideration provided under this Agreement upon exercise of the Option, Elan will bear all costs and expenses (internal and external) associated with performing its obligations under this Agreement, including without limitation Section 3.4 above, and the implementation of the Plan.

5. Confidentiality.

5.1 Confidential Information. Except as otherwise provided in this Section 5, during the term of the Option Period, each party shall maintain in confidence all information of the other party (including any Product samples) disclosed by the other party under the Agreement (the "Confidential Information"), and shall not use, disclose or grant the use of the Confidential Information of the other party, except to its and its affiliates' directors, officers, employees, permitted assignees, agents, consultants, clinical investigators and contractors, to the extent such disclosure is reasonably necessary in connection with such party's activities as expressly authorized by the Agreement. To the extent that disclosure is authorized by the Agreement, prior to disclosure, each party hereto shall obtain agreement of any such person or entity to hold in co nfidence and not make use of the Confidential Information for any purpose other than those permitted by the Agreement. Each party shall notify the other promptly of any unauthorized use or disclosure of the other party's Confidential Information.

5.2 Permitted Disclosures. The confidentiality obligations contained in Section 5.1 above shall not apply to the extent that (a) the receiving party (the "Recipient") is required to disclose Confidential Information by law, order or regulation of a governmental agency or a court of competent jurisdiction, provided that the Recipient shall provide to the disclosing party written notice and sufficient opportunity to object to such disclosure or to request confidential treatment thereof; or (b) the Recipient can demonstrate that (i) the Confidential Information was public knowledge at the time of such disclosure by the Recipient, or thereafter became public knowledge, other than as a result of actions of the Recipient, its affiliates and licensees in violation hereof; (ii) the Confidential Information was rightfully known to or independently developed by th e Recipient, its affiliates or licensees (as shown by its written records) prior to the date of disclosure to the Recipient by the other party hereunder; or (iii) the Confidential Information was received by the Recipient, its affiliates or licensees on an unrestricted basis from a source unrelated to any party to the Agreement and not under a duty of confidentiality to the other party.

5.3 Terms of the Agreement and Use of Name. Except as otherwise provided in Sections 2.2 and 5.2 above, Elan and Amarin shall not disclose any terms or conditions of the Agreement to any third party without the prior consent of the other party, not to be unreasonably withheld.

6. Representations, Warranties and Covenants.

6.1 Elan. Elan represents and warrants that it has the full right and authority, and has taken all necessary corporate action, to provide access to the Information, grant Amarin the exclusive Option and, if exercised, enter into the Assignment Agreement as set forth in this Agreement. Elan warrants that Elan's entering into and performing this Agreement will not conflict with or create a default under any agreement or obligation binding on Elan or any of the assets or property which are the subject of this Agreement. Elan further warrants that:

(a) it is the sole owner or exclusive licensee of the Rights (with full right to grant the option and transfer and assign under any license agreement, without the necessity of obtaining any consents of third parties other than Scherer, and that such right, title and interest is unencumbered by any lien, charge, claim or encumbrance of any kind; and

(b) it is the sole owner or exclusive licensee (with the full right to sublicense under any license agreement, without the necessity of obtaining any consents except Scherer) of the patent(s) or patent applications in the Territory which claim fast-dissolving drug delivery systems which Scherer owns or under which Scherer is licensed with the right to sublicense (the "Patent Rights"); Exhibit B contains a complete and accurate listing of the Patent Rights (plus certain other patent rights outside of the Territory, to which Elan makes no representation or warranty) as of the date of the Scherer Agreement, which Elan has no reason to believe is inaccurate or incomplete; and to Elan's knowledge, the Patent Rights are unencumbered by any lien, charge, claim or encumbrance of any kind.

(c) from now through the expiration or termination of this Agreement or the exercise of the Option, whichever first occurs, Elan shall not convey, sell, transfer, license, assign or encumber any interest in any of the Rights, including without limitation the Information or Patent Rights, or agree to do any of the foregoing.

6.2 Amarin. Amarin represents and warrants that it has the full right and authority, and has taken all necessary corporate action, to enter into and perform its obligations under this Agreement and, if the Option is exercised, enter into the Assignment Agreement as set forth in this Agreement. Amarin warrants that its entering into and performing this Agreement will not conflict with or create a default under any agreement or obligation binding on Amarin. Following the exercise of the Option, Amarin shall not sell, assign, transfer, convey, license or otherwise substantially dispose of the Rights in and to the Product to a third party (except as provided in Section 10.3 below) without the prior written consent of Elan, not to be unreasonably withheld.

7. Financial Terms; Purchase Price, Milestone Payments, Royalty.

7.1 Purchase Price. Upon the closing of the Option, which shall occur on a mutually agreed date as soon as practicable after the exercise of the Option, Amarin shall pay to Elan the amount of Ten Million Dollars ($10,000,000). This payment shall not be subject to any future performance obligations of Elan to Amarin and shall not be applicable against any future services provided by Elan to Amarin.

7.2 Milestone Payments. Amarin shall pay Elan one-time milestone payments based upon annual revenues from the sale of the Product in the Territory as follows:

(a) Following exercise of the Option, Amarin shall make a one-time payment of Twelve Million Five Hundred Thousand Dollars ($12,500,000) payable within sixty (60) days of the end of the first successive twelve months in which Net Sales of the Product in the Territory in that twelve month period exceed fifteen million dollars ($15,000,000).

(b) Following the time period described in (a) above, Amarin shall make a second one-time payment of Fifteen Million Dollars ($15,000,000) payable within sixty (60) days of the end of the first successive twelve months in which Net Sales of the Product in the Territory in that twelve month period exceed twenty million dollars ($20,000,000), provided that such twelve-month period shall not overlap with the twelve month period described in (a) above.

(c) Amarin shall make a third one-time payment of Fifteen Million Dollars ($15,000,000) payable on the eighth anniversary of the exercise of the Option, unless extended by reason of the payment in subparagraph (b) above not yet having been made; in which case the third payment shall not be due until the day on which that prior milestone payment is due. This payment shall be reduced by the amount of royalty payments made under Section 7.3, below.

For the purposes of this Agreement: "Launch Year" shall mean a consecutive twelve-month period beginning on the date of the first commercial sale of the Product following approval of the NDA, or on a subsequent anniversary of that date. "Net Sales" shall mean the aggregate gross sales of the Product by Amarin and its Affiliates (other than sales among Amarin and its Affiliates) determined in accordance with UK generally accepted accounting principles, consistently applied ("GAAP"), less the following as specifically incurred for the Product: cash, trade or quantity discounts; sales, use, tariff, or other excise taxes imposed upon particular sales; transportation charges; and other credits or allowances, including those granted on account of prices, adjustments, wholesaler chargebacks, returns or rebates, if any are incurred or granted. In connection with all amounts based upon Net Sales payable to Elan

pursuant to this Agreement, upon Elan's request Amarin shall provide documentation supporting any of the deductions to Net Sales set forth above. Any other sales or transfers among Amarin or Amarin Affiliates shall not be included in the definition of Net Sales. In such cases Net Sales shall be determined based on the invoiced sale price by the Affiliate to the first third party trade purchaser, less the deductions allowed under this definition. Deductions to arrive at Net Sales shall be determined in accordance with GAAP. Elan shall have the right, upon reasonable advance written notice to Amarin and during regular business hours, to inspect the records of Amarin relating to the calculation of Net Sales hereunder. Such inspection shall be conducted by an independent third party auditor chosen by Elan and reasonably acceptable to Amarin. Such inspection shall be at Elan's cost, unless a discrepency in payment of more than 5% is found, in which case, it shall be at Amarin& #146;s cost. The parties shall reconcile any discrepancy found within 30 days of receipt of the report of the auditor. Elan's audit right, as described, shall survive any expiration or termination of this Agreement, such that Elan's right shall survive one (1) year beyond payment by Amarin of the final payment to Elan owed hereunder.

7.3 Royalty Payments. For the first eight (8) Launch Years, Amarin shall pay Elan a royalty of [ ] percent ([ ]%) of Net Sales during that period, payable no more than forty-five (45) days from the end of each calendar quarter for which a payment is due. The total of all such payments made shall be

credited against the third milestone payment described in Section 7.2(c) above.

8. Termination.

8.1 The Option shall terminate without further notice or action upon the expiration of the Option Period if Amarin fails to timely exercise the Option as provided in this Agreement.

8.2 Amarin may terminate the Option prior to expiration of the Option Period at any time only by notifying Elan in a writing (signed by the CEO or the President of Amarin) of its decision not to exercise the Option and specifically referring to this Agreement.

8.3 Elan may terminate this Agreement and the Option in the event of a Change of Control of Amarin. For the purposes of this Agreement, a Change of Control of Amarin shall mean circumstances where any third party shall, directly or indirectly, acquire fifty percent (50%) or more of the then voting stock of Amarin, or otherwise merge, consolidate or enter into any similar transaction (or binding agreement in respect thereof) with Amarin in a transaction after which Amarin is not the controlling entity.

9. Default. Subject to Section 6.2 above, if either party fails to perform or fulfill at the time and in the manner herein provided any material obligation or condition required to be performed by such party (the "Defaulting Party") hereunder, and if such Defaulting Party fails to remedy such default within thirty (30) days after written notice thereof from the non-defaulting party, the non-defaulting party shall have the right to immediately terminate the Agreement by written notice to the Defaulting Party, in addition to any other rights it may have.

10. Miscellaneous.

10.1 Notices. Any consent, notice or report required or permitted to be given or made under the Agreement by one of the parties hereto to the other party shall be in writing, delivered personally or by facsimile (and promptly confirmed by personal delivery, U.S. first class mail or courier), U.S. first class mail or courier, postage prepaid (where applicable), addressed to such other party at its address indicated below, or to such other address as either party may notify the other in accordance with this Section, and (unless otherwise provided in this Agreement) shall be effective upon receipt by the addressee.

If to Amarin:	Amarin Corporation, plc 7 Curzon Street London W1Y 7FL, UK Attention: CEO Facsimile: +44-207-499-9004 Attn: Chief Executive Officer
with a copy to:	Amarin Corporation, plc Two Belvedere Place, Suite 330 Mill Valley, California 94941 Attention: Executive Vice President, Legal Facsimile: 415-389-4756
If to Elan:	Elan Pharma International Limited c/o Elan International Services Ltd 102 St. James Court, Flatts, Smiths FL04, Bermuda Attention: Director Facsimile: 441-292-2224

10.2 Governing Law. The Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

10.3 Assignment. Subject to Elan's right of termination in Section 8.3, neither party shall assign its rights or obligations under the Agreement without the prior written consent of the other party hereto; provided, however, that either party may, without such consent, assign the Agreement and its rights and obligations hereunder to an affiliate, or in connection with the transfer or sale of all or substantially all of its assets or business, or in the event of its merger or consolidation or change in control or similar transaction (again subject to Elan's right of termination in the event of an Amarin Change of Control), and provided further that any permitted assignee assumes in writing all obligations of its assignor under this Agreement.

10.4 Waivers and Amendments. No change, modification, extension, termination or waiver of this Agreement shall be valid unless made in writing and signed by duly authorized representatives of the parties.

10.5 Entire Agreement. This Agreement, together with the exhibits hereto, embodies the entire understanding between the parties and supersedes any prior understanding and agreements between and among them respecting the subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of the Agreement which are not fully expressed herein.

10.6 Counterparts. The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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10.7 Further Assurances. The parties shall take any other actions, including without limitation the execution and delivery of documents, as may be reasonable, necessary or appropriate to carry out the intent of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed and delivered the Agreement as of the date first written above.

ELAN PHARMA INTERNATIONAL LIMITED	AMARIN CORPORATION, plc
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

BELVEDERE PLACE

Dated the 6th day of August, 2001

between

lb strawberry llc,

as Landlord,

and

AMARIN CORPORATION, PLC ,

as Tenant

BELVEDERE PLACE

Belvedere Place

BASIC LEASE INFORMATION

1.	Date:	August 6, 2001
2.	Landlord:	LB Strawberry LLC, a Delaware limited liability company
3.	Tenant:	Amarin Corporation, PLC, a United Kingdom public limited company
4.	Property:	The real property legally described on Exhibit A attached hereto
5.	Project:	The Property, together with the buildings known as One and Two Belvedere Place and all other improvements located thereon
6.	Building:	That certain office building located within the Belvedere Place office center located at Two Belvedere Place, Mill Valley, California
7.	Premises:	Five thousand eight hundred fifty (5,850) rentable square feet and Five thousand eighty-seven (5,087) usable square feet located on the third (3rd) floor of the Building, as outlined on the floor plan attached hereto as Exhibit B
8.	Load Factor:	Fifteen percent (15%)
9.	Initial Term:	Seventy-two (72) months
10.	Estimated Delivery Date:	October 1, 2001
11.	Delivery Deadline:	December 31, 2001, subject to extension for Force Majeure delay to June 30, 2002
12.	Commencement Date:	Subject to Section 30(a) of the Lease, the earlier of (i) the date the Premises are Substantially Complete (as defined in Section 30 of the Lease), and (ii) the date Tenant commences regular operations on the Premises.
13.	Expiration Date:	The last day of the sixth (6th) Lease Year, as may be extended pursuant to the provisions of Section 40 of the Lease
14.	Initial Basic Rental Rate:	Four Dollars and Seventy-five Cents ($4.75) per rentable square foot per month

15.	Fair Market Rental Value:	The average rental rate per rentable square foot per month (taking into account additional rent and all other monetary payments and considering any base year or expense stop applicable thereto), including all escalations, for all leases for comparable, unencumbered space for approximately the same lease term, executed at the Project and/or any other comparable, Class A building in terms of size, quality, level of services, amenities and appearance located within the Southern Marin County area from the northern border of Corte Madera and Larkspur south to the Golden Gate Bridge, during the twelve (12) month period immediately preceding the date upon which the determination of Fair Market Rental Value is made, and having a commencement date within six (6) months of the date that the Fair Market Rental Value will commence under this Lease, and taking into account any tenant improvements and other concessions granted to Tenant and tenants under leases of such comparable sp ace. The Fair Market Rental Value shall be determined in accordance with the terms and provisions of this Lease below.
16.	Security Deposit:	Twenty-Seven Thousand Seven Hundred Eighty-Seven Dollars and Fifty Cents ($27,787.50)
17.	Base Year:	2001
18.	Tenant's Proportionate Share:	The ratio which the rentable area of the Premises bears to the rentable area of the Project, which, subject to Section 1(b) of the Lease, is agreed to be 5.8%
19.	Tenant Improvement Allowance:	$34.50 per usable square foot multiplied by 5,087 usable square feet = One Hundred Seventy-Five Thousand Five Hundred Two Dollars ($175,502.00)
20.	[Reserved]:	N.A.
21.	[Reserved]:	N.A.
22.	Landlord's Broker:	Orion Partners, Ltd.
23.	Tenant's Broker:	Orion Partners, Ltd.
24.	Extension Term:	One Six (6) Year Option

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Table of Contents

EXHIBITS

BELVEDERE PLACE OFFICE LEASE

THIS LEASE is entered into by and between Landlord and Tenant, as specified in the Basic Lease Information, which is incorporated herein by reference, as of the date shown in Paragraph 1 of the Basic Lease Information.

1. PREMISES.

(a) *Initial Premises*. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises (as defined in Paragraph 7 of the Basic Lease Information) upon and subject to the terms, covenants and conditions herein set forth. Tenant covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions for which Tenant is responsible and that this Lease is entered into upon the condition of such performance.

(b) *Verification of Usable Square Feet of Premises, Building and Project*. For the purposes of this Lease, "usable square feet" for the Premises shall be calculated pursuant to the Standard Method for Measuring Floor Area in Office Buildings, **[**ANSI Z65.1 – 1996**]** (**"BOMA"**), and "rentable square feet" shall equal (i) the usable square feet contained within the Premises multiplied by (ii) the sum of (x) one (1) plus (y) the Load Factor (as defined in Paragraph 8 of The Basic Lease Information). The usable square feet and rentable square feet of the Premises, Building and the Project are subject to verification from time to time by Landlord's planner/designer. Tenant's architect may consult with Landlord's planner/designer regarding such verification as it pertains to the Premises. In the e vent that Landlord's planner/designer determines that the amounts thereof are different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect amount (including, without limitation, the amount of rent and any security deposit) shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord to Tenant. Such determination must be made and delivered to Tenant, if at all, by not later than thirty (30) days after Substantial Completion of the Premises; provided, however, that Landlord shall have the right to re-calculate the usable square feet and the rentable square feet of the Premises pursuant to this Section 1(b) within thirty (30) days after the completion of any Alteration (as defined in Section 8 hereof).

2. TERM.

(a) *Initial Term*. Except as otherwise provided herein, the term of this Lease shall be the Initial Term as set forth in Paragraph 9 of the Basic Lease Information, commencing on the Commencement Date, and ending as of the Expiration Date, as set forth in Paragraph 12 and Paragraph 13, respectively, of the Basic Lease Information. The Initial Term, together with any extension term as to which a right has been properly exercised, shall be referred to as the "**Term**."

(b) *Confirmation of Lease Term*. When the Commencement Date and the Expiration Date have been ascertained, the parties shall promptly complete and execute a Notice of Lease Term Dates in the form of Exhibit C attached hereto.

(c) *Lease Years*. The term "Lease Year" when used herein shall mean the twelve months commencing on the first date of the month following the Commencement Date and each subsequent period of twelve months. The first lease Year shall include the period, if any, from the Commencement Date to the end of the month in which the Commencement Date occurs.

3. BASIC RENT

(a) *Basic Rent Payments*. Tenant agrees to pay Landlord each month, as base monthly rent, the Basic Rent as set forth in Paragraph 14 of the Basic Lease Information, subject to adjustment pursuant to subsection (b) below. Each monthly installment of Basic Rent shall be payable in advance on the first day of each calendar month during the Term, except that the first month's installment shall be paid upon the execution hereof. If the Term commences or ends on a day other than the first day of a calendar month, then the rent for the months in which this Lease commences or ends shall be prorated (and paid at the beginning of each such month) in the proportion that the number of days this Lease is in effect during such month bears to the total number of days in such month, and such partial month's installment shall be paid no later than the commencement of the sub ject month. In addition to the Basic Rent, Tenant agrees to pay as additional rent the amount of additional rent and rent adjustments and other charges required by this Lease. All rent shall be paid to Landlord, without prior demand and without any deduction or offset, in lawful money of the United States of America, at the address of Landlord designated in Section 31 below or to such other person or at such other place as Landlord may from time to time designate in writing. Except as otherwise provided in this Lease, in the event of a remeasurement or adjustment of the area of the Premises, the

Basic Rent shall be recalculated using the Basic Rental Rate referenced in Paragraph 14 of the Basic Lease Information.

(b) *CPI Adjustment*. Beginning on the third anniversary of the Commencement Date, the Basic Rent payable by Tenant shall be increased for each succeeding twelve (12) month period during the Term by adjusting the Basic Rent to reflect an increase in the cost of living, which adjustment shall be

determined as follows:

(1) On the third anniversary of the Commencement Date and each anniversary of the Commencement Date thereafter during the Term, the then most recently published Consumer Price Index figure shall be determined and the Basic Rent payable for the succeeding twelve (12) month period shall be the Basic Rent set forth in Paragraph 14 of the Basic Lease Information increased by the same percentage, if any, by which the then most recently published Consumer Price Index figure shall have increased over the Consumer Price Index figure for the month preceding the month in which the Term commenced.

(2) For the purposes of this Lease, the term "Consumer Price Index" shall refer to the Consumer Price Index for All Urban Consumers San Francisco Metropolitan Area ("All Items") compiled by the U.S. Department of Labor, Bureau of Labor Statistics, based on 1982-84 as 100.

(3) If the 1982-84 base of the Consumer Price Index should hereafter be changed, then the new base shall be converted to the 1982-84 base and the base as so converted shall be used. In the event the Bureau shall cease to publish the Consumer Price Index, then the successor or most nearly comparable index applicable to the county in which the Premises are located shall be used.

Notwithstanding the foregoing, the annual increases in Basic Rent described in this subsection (b) shall in no event be less than two percent (2%) nor more than five percent (5%).

(c) *Late Charge*. If Tenant fails to pay any installment of Basic Rent, additional rent or other charges within five (5) days after the same are due, or fails to make any other payment for which Tenant is obligated under this Lease, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the amount so payable. Tenant acknowledges that late payments will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which costs are extremely difficult and impracticable to calculate. The parties agree that the late charge described above represents a fair and reasonable estimate of the extra costs incurred by Landlord as a result of such late payment. Such late charge shall not be deemed a consent by Landlord to any late payment, nor a waiver of Landlord's right to insist upon timely payments at any time, nor a waiver of any remedie s to which Landlord is entitled hereunder. In addition, all amounts payable by Tenant to Landlord hereunder, exclusive of the late charge described above, if not paid within five (5) days after such amounts are due, shall bear interest from the due date until paid at the rate of eighteen percent (18%) per annum or the maximum rate of interest permitted to be collected by the Landlord by law, whichever is the lesser.

(d) Rent Concession. If and so long as Tenant is not in default of any of the terms, covenants or conditions of this Lease, Tenant shall be entitled to a rent credit in the amount of Twenty Seven Thousand Seven Hundred Eighty-Seven Dollars and Fifty Cents ($27,787.50) to be applied against Basic Rent due hereunder from and after the Commencement Date.

4. ADDITIONAL RENT. In addition to the Basic Rent provided in Section 3 of this Lease, Tenant shall pay Tenant's Proportionate Share as specified in Paragraph 18 of the Basic Lease Information, of the increase in Actual Operating Expenses for each Operating Year over the Base Amount (as such terms are defined below). Tenant's Proportionate Share of the Building may change based on remeasurement or adjustment of the area of the Project or the Premises as described in Section 1(b). In addition, whenever additional space is added to the Premises, Tenant's Proportionate Share of the Project shall increase accordingly.

(a) *Estimated Operating Expenses*. Within ninety (90) days after the close of each Operating Year during the Term, Landlord shall furnish Tenant a written statement of the "**Estimated Operating Expenses**" for the then current Operating Year, and a corresponding calculation of additional rent, which shall be one-twelfth (1/12) of Tenant's Proportionate Share of the amount, if any, by which the Estimated Operating Expenses exceed the Base Amount. Such additional amount shall be added to the monthly installment of Basic Rent payable by Tenant under this Lease for each month during such Operating Year.

(b) *Actual Operating Expenses***.** Within ninety (90) days after the close of each Operating Year (except the Base Year) during the Term, Landlord shall deliver to Tenant a written statement (the **"Statement"**) setting forth the Actual Operating Expenses during the preceding Operating Year. If such expenses for any Operating Year exceed

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the Estimated Operating Expenses paid by Tenant to Landlord pursuant to Section 4(a), Tenant shall pay the amount of such excess to Landlord as additional rent within thirty (30) days after receipt by Tenant of the Statement. If the Statement shows such expenses to be less than the amount paid by Tenant to Landlord pursuant to Section 4(a), then the amount of such overpayment shall be paid by Landlord to Tenant within thirty (30) days following the date of the Statement or, at Landlord's option, credited by Landlord to the payment of rent next due. Prior to the date that is sixty (60) days after Tenant's receipt of the Statement, Landlord shall provide Tenant with reasonable access, upon reasonable prior notice and during normal business hours, to inspect Landlord's books and records with respect to the Actual Operating Expenses (**"Tenant's Audit"**), provided: (i) Tenant is not in default under any of the material provisions of the Lease, (ii) Tenant shall pay any amounts owing hereunder when due, (iii) Tenant's Audit is performed by an officer of Tenant or certified public accountant who is paid by the hour and not on a contingency fee basis, (iv) Tenant and any Tenant Party (as defined in Section 6(c) hereof) performing Tenant's Audit execute a confidentiality agreement in a form reasonably acceptable to Landlord, (v) Tenant's Audit shall be performed at Tenant's sole cost and expense unless otherwise provided herein and (vi) Tenant's Audit shall be completed within such ninety (90) day period. If, within such ninety (90) day period, Tenant delivers to Landlord the written results of Tenant's Audit, certified by an officer of Tenant as being true and correct, which states that Actual Operating Expenses are more than five percent (5%) less than Landlord's determination of Actual Operating Expenses (the **"Discrepancy"**), Landlord shall, promptly after its receipt of the written results of Tenant's Audit either (A) reimburse Tenant for (1) Tenant's reasonable out-of-pocket costs and expenses incurred in performing the Tenant's Audit (not to exceed an amount equal to $3,000.00) and (2) the amount of any overpayment made by Tenant to Landlord pursuant to this Section 4(b), or (B) notify Tenant in writing that Landlord disagrees with the result of Tenant's Audit, in which event the Landlord and Tenant shall submit their respective calculations of the Actual Operating Expenses to a neutral certified public accountant appointed with the consent of both Landlord and Tenant, who shall review the respective determinations of Actual Operating Expenses, and shall make a final determination of the Actual Operating Expenses for the year in question which shall be binding on both Landlord and Tenant, and if such accountant determines that the Discrepancy is greater than five percent (5%), Landlord, promptly after its receipt of such final determination, shall reimburse Tenant for Ten ant's reasonable out-of-pocket costs and expenses incurred in performing the Tenant's Audit (not to exceed an amount equal to $3,000.00) and the amount of any overpayment made by Tenant to Landlord pursuant to this Section 4(b).

(c) *Determinations***.** The determination of Actual Operating Expenses and Estimated Operating Expenses shall be made by Landlord. Any payments pursuant to this Section 4 shall be additional rent payable by Tenant hereunder, and in the event of nonpayment thereof, Landlord shall have the same rights with respect to such nonpayment as it has with respect to any other nonpayment of rent hereunder.

(d) *End of Term*. If this Lease shall terminate on a day other than the last day of an Operating Year, the amount of any adjustment between Estimated Operating Expenses and Actual Operating Expenses with respect to the Operating Year in which such termination occurs shall be prorated on the basis which the number of days from the commencement of such Operating Year, to and including such termination date, bears to three hundred sixty-five (365); and any amount payable by Landlord to Tenant or Tenant to Landlord with respect to such adjustment shall be payable within thirty (30) days after delivery of the statement of Actual Operating Expenses with respect to such Operating Year.

(e) *Definitions*. The following terms shall have the respective meanings hereinafter specified:

(1) **"Base Amount"** shall mean an amount equal to the Actual Operating Expenses for the Base Year (as defined in Paragraph 17 of the Basic Lease Information); provided that, (A) if the Project is not open and operating during the entire Base Year, then the Actual Operating Expenses actually incurred for the Base Year (adjusted, if less than ninety-five percent (95%) of the total rentable area of the Project had been occupied for the entire Base Year, as if ninety-five percent (95%) of the total rentable area of the Project had been occupied for the entire Base Year) shall be annualized to reflect the Actual Operating Expenses that would have been incurred had the Project been operating during the entire Base Year; and (B) if Property Taxes for the Base Year are based on an assessment of the value of the Project made by a governmental authority prior to the completion of tenant improvements for one hundred percent (100%) of the total rentable area of the Project, then the Property Taxes component of the Actual Operating Expenses for the Base Year shall be adjusted by Landlord, in Landlord's reasonable discretion, as if Property Taxes for the Base Year were based on an assessment of the value of the Project following the completion of tenant improvements for one hundred percent (100%) of the total rentable area of the Project. Promptly following the re-assessment of the value of the Project by any such governmental authority subsequent to the completion of tenant improvements for one hundred percent (100%) of the total rentable area of the Project, Landlord shall provide Tenant with a written

statement reflecting an adjustment of Actual Operating Expenses for the Base Year, and if as a result of Landlord's recalculation of Actual Operating Expenses for the Base Year Landlord determines, in its reasonable discretion, that amounts paid by Tenant pursuant to this Section 4 for any prior Operating Year was less than the amount owed by Tenant for such Operating Year(s), Tenant shall pay to Landlord the amount of such excess within thirty (30) days after the date of Tenant's receipt of such statement, and if, as a result of Landlord's recalculation of the Actual Operating Expenses for the Base Year Landlord determines, in its reasonable discretion, that amounts paid by Tenant pursuant to this Section 4 for any prior Operating Year exceeded the amount owed by Tenant for such Operating Year(s), then the amount of such overpayment shall be paid by Landlord to Tenant within thirty (30) days following the date of such statement or, at Landlord's option, cre dited by Landlord to the payment of rent next due.

(2) **"Operating Year"** shall mean a calendar year commencing January 1 and ending December 31.

(3) **"Operating Expenses"** shall mean all expenses paid or incurred by Landlord for maintaining, owning, operating and repairing the Project (as defined in Paragraph 5 of the Basic Lease Information), including, without limitation, the Building, and the personal property used in conjunction therewith, including, but not limited to expenses incurred or paid for: (i) Property Taxes (as hereinafter defined); (ii) utilities for the Project, including but not limited to electricity, power, gas, steam, oil or other fuel, water, sewer, lighting, heating, air conditioning and ventilating; (iii) permits, licenses and certificates necessary to operate, manage and lease the Project; (iv) insurance Landlord deems appropriate to carry or is required to carry by any mortgagee under any mortgage encumbering the Project or any portion thereof or interest therein or encumbering a ny of Landlord's or the property manager's personal property used in the operation of the Project; (v) supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project; (vi) accounting, legal, inspection, consulting, concierge and other services; (vii) equipment rental (or installment equipment purchase or equipment financing agreements); (viii) management agreements (including the cost of any management fee actually paid thereunder and the fair rental value of any office space provided thereunder, up to customary and reasonable amounts); (ix) wages, salaries and other compensation and benefits (including the fair value of any parking privileges provided) for all persons engaged in the operation, maintenance or security of the Project, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; (x) payments under any easement, operating agreement, declarat ion, restrictive covenant, or instrument pertaining to the sharing of costs in any planned development or similar arrangement; (xi) operation, repair, and maintenance of all systems and equipment and components thereof (including replacement of components); (xii) janitorial service, alarm and security service, window cleaning, trash removal, elevator maintenance, and cleaning of walks, parking facilities and building walls; (xiii) replacement of wall and floor coverings, ceiling tiles and fixtures in lobbies, corridors, restrooms and other common or public areas or facilities; (xiv) maintenance and replacement of shrubs, trees, grass, sod and other landscape items, irrigation systems, drainage facilities, fences, curbs, and walkways; (xv) re-paving and re-striping parking facilities; (xvi) roof repairs and (xvii) capital expenditures made primarily to reduce Operating Expenses, or to comply with any laws or other governmental requirements enacted after the permits for construction of the Building were obtain ed, or for replacements (as opposed to additions or new improvements) of non-structural items located in the common areas of the Project required to keep such areas in good condition, which capital expenditures shall be amortized for purposes of this Lease over the shortest of (1) their useful lives, (2) five (5) years, and (3) any other amortization period required pursuant to generally accepted accounting principals consistently applied. Notwithstanding the foregoing, Operating Expenses shall not include (a) depreciation, interest and amortization on mortgages or other debt costs or ground lease payments, if any; (b) legal fees in connection with leasing, tenant disputes or enforcement of leases; (c) real estate brokers' leasing commissions; (d) improvements or alterations to tenant spaces; (e) the cost of providing any service directly to and paid directly by, any tenant; (f) costs of any items to the extent Landlord receives reimbursement from insurance proceeds or from a third party (such proceeds to be deducted from Operating Expenses in the year in which received); and (g) capital expenditures except those capital expenditures made primarily to reduce Operating Expenses, or to comply with any laws or other governmental requirements enacted after the permits for construction of the Building were obtained, or for replacements (as opposed to additions or new improvements) of non-structural items located in the common areas of the Project required to keep such areas in good condition, which capital expenditures (together with reasonable financing charges) shall be amortized for purposes of this Lease over the shortest of (1) their useful lives, (2) five (5) years, and (3) any other amortization period required by generally accepted accounting principals consistently applied.

(4) **"Estimated Operating Expenses"** shall mean Landlord's reasonable estimate of Operating Expenses for the following Operating Year, adjusted as if ninety-five percent (95%) of the total rentable area of the Property will be occupied for the entire Operating Year.

(5) **"Actual Operating Expenses"** shall mean the actual Operating Expenses for any Operating Year, provided, that, (A) if less than ninety-five percent (95%) of the total rentable area of the Project had been occupied for the entire Operating Year, then the Actual Operating Expenses shall be adjusted as if ninety-five percent (95%) of the total rentable area of the Project had been occupied during the entire Operating Year; and/or (B) if the Property Taxes for the Operating Year are based on an assessment of the value of the Project made by a governmental authority prior to the completion of

tenant improvements for (100%) of the total rentable area of the Project, then the Property Taxes component of the Actual Operating Expenses for the Operating Year shall be adjusted by Landlord, in Landlord's reasonable discretion, as if the Property Taxes for the Operating Year were based on an assessment of the value of the Project following the completion of tenant improvements for (100%) of the total rentable area of the Project.

(f) **"Property Taxes"** shall mean all real and personal property taxes and assessments imposed by any governmental authority or agency on the Project; any assessments levied in lieu of such taxes; any non-progressive tax on or measured by gross rents received from the rental of space in the Project; and any other costs levied or assessed by, or at the direction of, any federal, state, or local government authority in connection with the use or occupancy of the Project or the Premises or the parking facilities serving the Project; any tax on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises, and any expenses, including the reasonable cost of attorneys or experts, incurred by Landlord in seeking reduction by the taxing authority of the above-referenced taxes, less any tax refunds obtained as a result of an applica tion for review thereof; but shall not include any net income, franchise, estate or inheritance taxes.

5. SECURITY DEPOSIT. Tenant has deposited with Landlord the Security Deposit specified in Paragraph 16 of the Basic Lease Information. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all of Tenant's obligations under this Lease. If Tenant defaults with respect to any provision hereof, including but not limited to the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or part of the Security Deposit for the payment of any rent or any other sum in default, or for the payment of any other amount which Landlord may incur by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of the deposit is so used or applied, Tenant shall, upon demand, immediately deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform all of its obligations under this Lease, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interests hereunder) after the expiration of the Term, provided that Landlord may retain all or a portion of the Security Deposit in an amount reasonably determined by Landlord as necessary to cover any amounts owed by Tenant for the clean-up and repair of the Premises and Actual Operating Expenses during the Term.

6. USES; HAZARDOUS MATERIAL.

(a) *Use*. Tenant agrees that it will, during the Term, use the Premises for general office purposes, and for no other business or purpose. Tenant, at its sole cost and expense, shall promptly comply with all local, state and federal laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereinafter be in force, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. and any governmental regulations relating thereto, including any required alterations to the Premises for purposes of "public accommodations" under such statute; provided, however, that Tenant shall not be obligated to make any structural alterations to the Building, the Building Systems or the common areas of the Project unless such alteration(s) are required as a result of the Tenant Improvements. Tenant shall not use or permit the Premises to be used in any manner nor do any act which would increase the existing rate of insurance on the Project or cause the cancellation of any insurance policy covering the Project, nor shall Tenant permit to be kept, used or sold, in or about the Premises, any article which may be prohibited by the standard form of fire insurance policy, unless Tenant obtains an endorsement to the policy allowing such activity. Tenant shall not during the Term (i) commit or allow to be committed any waste upon the Premises, or any public or private nuisance in or around the Project, (ii) allow any sale by auction upon the Premises, (iii) place any loads upon the floor, walls, or ceiling of the Premises which endanger the Building, (iv) use any apparatus, machinery or device in or about the Premises which will cause any substantial noise or vibration or in any manner damage the Building, (v) place any harmful liquids in the drainage

system or in the soils surrounding the Project, or (vi) disturb or unreasonably interfere with other tenants of the Project. If any of Tenant's office machines or equipment disturbs the quiet enjoyment of any other tenant in the Building, then Tenant shall provide adequate insulation, or take such other action as may be necessary to eliminate the disturbance, all at Tenant's sole cost and expense.

(b) *Hazardous Material*. As used herein, the term **"Hazardous Material"** means any hazardous or toxic substance, material or waste which is or becomes regulated by, or is dealt with in, any local governmental authority, the State of California or the United States Government. Accordingly, the term **"Hazardous Material"** includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Resp onse Plans and Inventory), (iii) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (iv) petroleum, (v) asbestos, (vi) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (vii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (viii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6902 et seq., or (ix) defined as a "hazardous substance" pursuant to Section 101 of the Compensation and Liability Act, 42 U.S.C. § 9601 et seq. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any Hazardous Materials. Tenant shall not allow the s torage or use of Hazardous Materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage or use of such substances or materials, nor allow to be brought onto the Building or Project any such materials or substances, except that Tenant may maintain products in the Premises which are incidental to the operation of its offices, such as photocopy supplies, secretarial supplies and limited janitorial supplies which products contain chemicals which are categorized as Hazardous Materials, provided that the use of such products in the Premises by Tenant shall be in compliance with applicable laws and shall be in the manner in which such products are designed to be used. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials on the Premises. The covenants of this Section 6(b) shall survive the exp iration or earlier termination of the Lease.

(c) *Environmental Obligations*. Landlord and Tenant shall notify each other in writing of (i) any enforcement, clean-up, removal or other governmental action instituted with regard to Hazardous Materials involving the Project, (ii) any claim made by any person against either of the parties related to Hazardous Materials in the Premises or the Project, (iii) any reports made to any governmental agency arising out of or in connection with Hazardous Materials in the Premises or the Project including, without limitation, any complaints, notices or warnings, and (iv) any spill, release, discharge or disposal of Hazardous Materials in the Premises or the Project that is required to be reported to any governmental agency or authority under any applicable governmental law, rule or regulation. Tenant shall indemnify and hold Landlord and its affiliates harmless with respect to any env ironmental claims or liabilities which occur as a result of the breach by Tenant of any of Tenant's covenants set forth in Section 6(b) above or this Section 6(c) and from any escape, seepage, leakage, spillage, discharge, emission, release from, onto or into the Premises, the Building or the Project of any Hazardous Materials to the extent caused by Tenant or Tenant's agents, contractors, trustees, partners, members, shareholders, officers, employees, guests or invitees (collectively, **"Tenant Parties"**).

(d) *Hazardous Materials*. To Landlord's knowledge based solely on that certain Phase I Environmental Report dated April 16, 1999, prepared by EMG, Report Number 54376, there are no Hazardous Materials (other than those incidental to the construction and operation of the Building or the Project such as painting supplies, photocopy supplies, secretarial supplies and janitorial supplies) present in the Project or the soil, surface water or ground water on or under the Property, and to Landlord's knowledge there are no actions or proceedings pending against the Property or the Project relating to the presence of Hazardous Materials in the Project or the soil, surface water or ground water on or under the Property.

7. Maintenance And Repairs

(a) *Landlord's Obligations***.** Landlord shall maintain and keep in good repair the foundations, exterior walls, structural portions of the roof and other structural portions of the Building, and shall maintain the electrical, plumbing, heating and ventilating equipment in the Building, except such portions thereof as may be specially

installed for Tenant or otherwise altered by Tenant in connection with Tenant's work or otherwise; and except that all damage or injury to the Premises, the Building or the equipment and improvements therein caused by any act, neglect, misuse or omission of any duty by Tenant or by any persons who may be in or upon the Premises, the Building or the Project with the express or implied consent of Tenant shall be paid by Tenant. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given by Tenant to Landlord. Tenant hereby waives and releases its right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect. Other than Landlord's obligation to provide phone and cable connections to the de signated main electrical/communications room for each floor pursuant to Exhibit G hereto, Landlord makes no warranty as to the quality, continuity or availability of the telecommunications services in the Building, and Tenant hereby waives any claim against Landlord for any actual or consequential damages (including damages for loss of business) if Tenant's telecommunications services in any way are interrupted, damaged or rendered less effective, except to the extent caused by the gross negligence or willful misconduct of Landlord, its agents or employees.

(b) *Tenant's Obligations*. Tenant shall at its expense maintain, repair and replace all portions of the Premises and the equipment or fixtures relating thereto, except to the extent specified in Section 7(a), above, at all times in good condition and repair, all in accordance with the laws of the State of California and all health, fire, police and other ordinances, regulations and directives of governmental agencies having jurisdiction over such matters. Tenant shall replace, at Tenant's sole expense, with glass of the same size, specifications and quality, with signs thereon, if required (i) any glass that may be broken inside the Premises if done through any fault or negligence of any of the Tenant Parties, and (ii) any glass that may be broken elsewhere in the Building or the Project if done through any fault or negligence of any of the Tenant Parties. At the expiration of the Term, Tenant shall surrender the Premises in broom-clean condition, normal wear and tear and damage by fire or other casualty excepted. Tenant shall indemnify Landlord for any loss or liability resulting from any delay by Tenant in surrendering the Premises to Landlord as provided herein. Except to the extent repairs may be required as a result of Tenant's Alterations, Tenant shall have no obligation to repair or maintain (a) any structural walls, beams or floors, (b) any public stairs, fire tower and tower court, elevators, elevator shafts and machine rooms, with their finished enclosing walls and columns, or (c) any mechanical (including HVAC), plumbing, conduits, electric, UPS, security and all other installations for utilities, telecommunications systems, fire/life safety and other Building automation and service systems (collectively, "Systems") unless such Systems serve Tenant exclusively.

8. ALTERATIONS.

(a) *Landlord's Consent*. Tenant shall not make any alterations, additions or improvements (collectively, "**Alterations**") in or to the Premises or make changes to locks on doors or add, disturb or in any way change any plumbing or wiring without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld provided that the Alterations do not affect the Building's structure, safety, systems or aesthetics or cause the release of Hazardous Substances. Notwithstanding the foregoing, Landlord's consent shall not be required for interior, non-structural Alterations and cosmetic and decorative work (such as painting or wall covering) costing less than $15,000 in the aggregate over a six month period, provided that such Alterations, cosmetic or decorative work do not adversely affect utility services or plumbing or el ectrical lines or other systems of the Building, and shall be performed in accordance with the provisions of this Lease. Simultaneously with its requests for Landlord's written consent to proposed Alterations, Tenant may request, in writing, that Landlord determine whether Landlord will require Tenant to remove such proposed Alterations (and repair any damage caused by such removal) at the expiration or earlier termination of the Term, which determination shall be made in the reasonable discretion of Landlord, provided, however, that Landlord's decision to require Tenant to remove any such proposed Alteration at the expiration or earlier termination of the Term shall in any event be deemed reasonable if the proposed Alteration(s) are for non-standard office installations (e.g. high density filing, internal stairways, reinforced flooring, etc.). Landlord's failure to advise Tenant in writing regarding the removal of any approved Alterations at the expiration or earlier termination of thi s Lease shall be deemed a denial of Tenant's request for consent not to remove such Alteration at the end of the term. Tenant shall not be required to remove any of the initial improvements constructed pursuant to Section 30 hereof.

(b) *Performance of Work*. All Alterations shall be made at Tenant's sole expense and by contractors or mechanics approved in advance in writing by Landlord, such approval not to be unreasonably withheld or delayed. All Alterations shall be made at such times and in such manner as Landlord may from time to time designate, and shall become the property of Landlord without its obligation to pay therefor at the expiration or earlier termination of this Lease. All work with respect to any Alterations shall be performed in a good and workmanlike manner, shall

be of a quality equal to or exceeding the then existing construction standards for the Project and must be of a type, and the floors and ceilings must be finished in a manner, customary for general office use and other uses common to first-class (Class A) office buildings in the vicinity. Alterations shall be diligently prosecuted to completion to the end that the Premises shall be at all times a complete unit except during the period necessarily required for such work. All Alterations shall be made strictly in accordance with all laws, regulations and ordinances relating thereto, and no interior improvements installed in the Premises may be removed unless the same are promptly replaced with interior improvements of the same or better quality. All Alterations shall be done in compliance with all other applicable provisions of this Lease and with all applicable laws, ordinances, directions, rules and regulations of governmental authorities having jurisdiction, including, without lim itation, The Americans with Disabilities Act of 1990 and similar present or future laws, and rules and regulations issued pursuant thereto. All work shall be performed with union labor having the proper jurisdictional qualifications, if reasonably required by Landlord, and Tenant shall keep the Building and the Premises free and clear of all liens for any work or material claimed to have been furnished to Tenant or to the Premises. Any Alterations performed by Tenant shall be done in a manner which will not unreasonably interfere with or disturb other tenants or occupants of the Building or any contractors, agents or employees of Landlord in their performance of work with respect to the Building other than the Premises. Landlord hereby reserves the

right to require any contractor or mechanic working in the Premises to provide lien waivers and liability insurance covering the Alterations to the Premises and to require Tenant to secure, at Tenant's sole cost and expense, completion and lien indemnity bond s satisfactory to Landlord, and/or to require such other instruments as may be reasonably requested by Landlord. In addition to the foregoing, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount approved by the Landlord covering the construction of such Alterations, and such other insurance as the Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Section 14(a) of this Lease immediately upon completion thereof. Prior to the performance of any Alterations, Tenant shall allow Landlord to enter the Premises and post appropriate notices to avoid liability to contractors or material suppliers for payment for any Alterations. All Alterations shall remain in and be surrendered with the Premises as a part thereof at the expiration or earlier termination of this Lease, without disturbance, molestation or injury, provided that Landlord may require any Alterations to be rem oved upon the expiration or earlier termination of this Lease. In such event, all expenses to restore said space to normal building standards shall be borne by Tenant. If Tenant fails to complete the removal and/or to repair any damage caused by the removal of any Alterations which are required to be removed as provided above, Landlord may do so and may charge the cost thereof to Tenant.

(c) *Landlord's Expenses; Administrative Fee*. Tenant shall pay to Landlord, as additional rent, any reasonable out-of-pocket costs incurred by Landlord in connection with the review, approval and supervision of the Alterations and for any additional Building services provided to Tenant or to the Premises in connection with any such alterations, additions or improvements which are beyond the normal services provided to occupants of the Building. Tenant shall also pay to Landlord an administration fee equal to five percent (5%) of the cost of the work to compensate Landlord for the administrative costs incurred in the review, approval and supervision of the Alterations (other than the initial Tenant Improvements for the Premises constructed pursuant to Paragraph 30 hereof). Under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expen se incurred by Tenant on account of Tenant's plans and specifications, Tenant's contractors or subcontractors, or Tenant's design of any work, construction of any work or delay in completion of any work.

9. TENANT'S PROPERTY

(a) *Removal Upon Expiration of Lease*. All articles of personal property and all business and trade fixtures, machinery and equipment, furniture and movable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term, subject to the other requirements of this Lease. If Tenant shall fail to remove all of such property from the Premises at the expiration of the Term or within ten (10) days after any earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, remove the same in any manner that Landlord shall choose, and store such property without liability to Tenant for loss thereof. In such event, Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and attorneys' fee s and storage charges on such property for any length of time that the same shall be in Landlord's possession. Landlord may, at its option, without notice, sell said property or any of the same, at private sale and without legal process, for such price as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of said property.

(b) *Personal Property Taxes*. Tenant shall be liable for and shall pay, at least ten (10) days before delinquency, all taxes levied against any personal property or trade fixtures placed by Tenant in or about the

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Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises or Landlord's obligations are increased by a value placed upon such personal property or trade fixtures of Tenant and if Landlord, after written notice to Tenant, pays the taxes or obligations based upon Tenant's personal property or trade fixtures, which Landlord shall have the right to do regardless of the validity thereof, but only under proper protest if requested by Tenant, Tenant shall, upon demand, repay to Landlord the taxes or obligations so levied against Landlord, or the portion of such taxes or obligations resulting from such increase in the assessment.

10. ENTRY BY LANDLORD. After reasonable notice (except in emergencies, where no such notice shall be required), Landlord, its authorized agents, contractors, and representatives shall at any and all times have the right to enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, to post notices, to alter, improve or repair the Premises or any other portion of the Building, all without being deemed guilty of any eviction of Tenant and without abatement of rent. Landlord, its authorized agents and representatives shall also have the right after reasonable notice to Tenant (which may be written or oral) to enter the Premises during the final twelve (12) months of the Term to show the Premises to prospective tenants without being deemed guilty of an eviction of Tenant and without any abatement of rent. Landlord may, in order to carry out such purposes, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that the business of Tenant shall be interfered with as little as is reasonably practicable. Landlord shall at all times have and retain a key with which to unlock all doors in the Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord pursuant to the terms hereof shall not be deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof, and Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises except to the exte nt of any loss or damage resulting from the gross negligence or willful misconduct of Landlord, its agents or employees.

11. LIENS AND INSOLVENCY. Tenant shall keep the Premises, the Building and the Project free from any liens or encumbrances of any kind or nature arising out of any work performed, materials ordered or obligations incurred by or on behalf of Tenant. If Tenant becomes insolvent, makes an assignment for the benefit of creditors, or if legal proceedings are instituted seeking to have Tenant adjudicated bankrupt, reorganized or rearranged under the bankruptcy laws of the United States, or if this Lease shall, by operation of law or otherwise, pass to any person or persons or entity other than Tenant, Landlord may, at its option, terminate this Lease, which termination shall reserve unto Landlord all of the rights and remedies available under Sections 27 and 29 hereof, and Landlord may accept rent from such trustee, assignee or receiver without waiving or forfeiting said right of termination.

12. INDEMNIFICATION. Except to the extent caused by the gross negligence or willful misconduct of Landlord, its agents and/or employees (collectively, the "**Landlord Parties**"), Tenant shall indemnify, defend and hold harmless Landlord Parties from and against all claims, losses, liabilities, damages, costs, expenses and claims arising from or relating to (a) Tenant's use of the Premises or the conduct of its business or any activity, work, or thing done, permitted or suffered by Tenant in or about the Premises, (b) any breach or default in the performance of any obligation to be performed by Tenant under the terms of this Lease, (c) any act, neglect, fault or omission of any of the Tenant Parties, and (d) all costs, attorneys' fees, expenses and liabilities incurred in or about such claims or any action or proceeding brought thereon. In case any action or proceeding shall be brought against any of the Land lord Parties by reason of any such claim, Tenant upon written notice from Landlord shall defend the same at Tenant's expense by counsel reasonably approved in writing by Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of and waives all claims against the Landlord Parties with respect to damage to property or injury to persons in, upon or about the Premises from any cause whatsoever except that which is caused by (i) the gross negligence or willful misconduct of the Landlord, its

employees acting within the scope of their employment or Landlord's agents acting within the scope of their agency relationship with Landlord, or (ii) the failure of Landlord to observe any of the terms and conditions of this Lease where such failure has persisted for an unreasonable period of time after written notice to Landlord of such failure.

13. DAMAGE TO TENANT'S PROPERTY. Notwithstanding anything to the contrary in this Lease, the Landlord Parties shall not be liable for (a) any damage to any property entrusted to employees of the Project or its property managers, or damage to any property by theft or otherwise, (b) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the

Building or from the pipes, appliances or plumbing work therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever, or (c) any damage or loss to the business or occupation of Tenant arising from the acts or neglect of other tenants or occupants of, or invitees to, the Project, except to the extent that such damage is due to the gross negligence or willful misconduct of (i) Landlord or its employees acting within the scope of their employment, or (ii) Landlord's agents acting within the scope of their agency relationship with Landlord. Tenant shall give prompt written notice to Landlord in case of fire or accident in the Premises or in the Building or of defects therein or in the fixtures or equipment.

14. INSURANCE. During the term of the Lease, Landlord agrees that it shall maintain fire and extended coverage insurance for the full replacement cost of the Building (excluding improvements to the Premises and the fixtures and personal property of Tenant located therein). Tenant shall, during the entire term of this Lease and any other period of occupancy, at its sole cost and expense, keep in full force and effect the following insurance:

(a) *All-Risk Property Insurance*. Standard form property insurance insuring against the perils of fire, vandalism, malicious mischief, cause of loss-special form ("**All-Risk**"), sprinkler leakage, earthquake sprinkler leakage and earthquake coverage. This insurance policy shall be upon all trade fixtures and other property owned by Tenant, for which Tenant is legally liable and/or that was installed by or on behalf of Tenant, and which is located in the Building, including, without limitation, Alterations, furniture, fittings, installations, fixtures, tenant improvements and any other personal property, in an amount not less than the full replacement cost thereof. If there shall be a dispute as to the amount which comprises full replacement cost, the decision of Landlord or any mortgagees of Landlord shall be conclusive. This insurance policy shall also insure the direct or indirect loss of Tenant's earnings attributable to Tenant's inability to use fully or obtain access to the Premises or the Project in the amount as will properly reimburse Tenant for a period of one (1) year following such loss of use or access. Such policy shall name Landlord and any mortgagees of Landlord as additional insured parties, as their respective interests may appear.

(b) *Liability Insurance*. Commercial General Liability Insurance insuring Tenant against any liability arising out of the lease, use, occupancy, or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in the amount of Three Million Dollars ($3,000,000) Combined Single Limit for injury to or death of one or more persons in an occurrence and Five Million Dollars ($5,000,000) aggregate, and for damage to tangible property (including loss of use) in an occurrence, with an Additional Insured—Landlord Endorsement. The policy shall insure the hazards of premises and operations, independent contractors, contractual liability (covering the indemnity contained in Section 12 hereof) and shall (i) name Landlord as an additional insured, (ii) contain a cross-liability provision, (iii) contain a provision that "the insurance provided the landlord hereunder shall be primary and noncontributing with any other insurance available to the landlord," and (iv) include fire legal liability coverage in the amount of One Million Dollars ($1,000,000).

(c) *Workers' Compensation Insurance*. Workers' Compensation and Employer's Liability Insurance (as required by state law).

(d) *Boiler and Machinery Insurance*. If Tenant installs any boiler, pressure object, machinery, fire suppression system, supplemental air conditioning or other mechanical equipment within the Premises, Tenant shall also obtain and maintain at Tenant's expense, boiler and machinery insurance covering loss arising from the use of such equipment.

(e) *Other Insurance*. Any other form or forms of insurance as Tenant or Landlord or any mortgagees of Landlord may reasonably require from time to time in form, amounts and for insurance risks against which a prudent tenant would protect itself provided that such insurance is available at commercially reasonable rates and at the time of request is customarily required to be carried by commercial office tenants in Southern Marin County.

All such policies shall be written in a form satisfactory to Landlord and shall be taken out with insurance companies qualified to issue insurance in the State of California and holding an A.M. Best's Rating of "A" and a Financial Size Rating of "VIII" or better, as set forth in the most current issue of Best's Key Rating Guide. Such insurance shall provide that it is primary insurance, and not contributory with any other insurance in force for or on behalf of Landlord. Prior to the commencement of the Term, Tenant shall deliver to Landlord certificates of insurance evidencing the existence of the amounts and forms of coverage required above and, except for the All-Risk insurance, naming Landlord and any other person reasonably specified by Landlord, as an additional insured. No such policy shall be cancelable, terminable or reducible in coverage except after thirty (30) days prior written notice to Landlord. Tenant shall, within ten (10) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant as

additional rent, if Tenant fails to so notify Landlord. If Landlord obtains any insurance that is the responsibility of Tenant under this Section 14, Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed.

15. WAIVER OF SUBROGATION. Whether any loss or damage to or within the Project, the Building and/or the Premises is due to the negligence of either of the parties hereto, their agents or employees, or any other cause, Landlord and Tenant do each herewith and hereby release and relieve the other from responsibility for, and waive their entire claim of recovery, for (a) any loss or damage to the real or personal property of the other located anywhere in the Project and including the Project itself, arising out of or incident to the occurrence of any of the perils which are covered by any fire insurance policy covering the Project; or (b) loss resulting from business interruption at the Premises, arising out of or incident to the occurrence of any of the perils which are covered by any business interruption insurance policy covering the Project. To the extent that such risks under Clauses (a) and (b) are, in fact, covered by insur ance, each party shall cause its insurance carriers to consent to such waiver and to waive all rights of subrogation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subrogated.

16. CASUALTY. If the Building and/or the Premises are damaged by fire or other perils covered by insurance carried by Landlord, Landlord shall have the following rights and obligations:

(a) *Repair and Restoration*

(1) If (A) the Building is damaged or destroyed by any such peril, to the extent the cost to repair exceeds twenty-five percent (25%) of the then full replacement value thereof, or (B) the damage to the Building or the Premises by any such peril is such that the Building and/or the Premises cannot reasonably be repaired, reconstructed and restored within six (6) months from the date of such damage or destruction, Landlord shall, at its sole option, as soon as reasonably possible thereafter, either (i) commence or cause the commencement of the repair, reconstruction and restoration of the Building and/or the Premises and prosecute or cause the same to be prosecuted diligently to completion, in which event this Lease shall remain in full force and effect; or (ii) within sixty (60) days after such damage or destruction, elect not to so repair, reconstruct or restore the Buildin g and/or the Premises, in which event this Lease shall terminate. In either event, Landlord shall give Tenant written notice of its intention and the estimated time required to complete the repairs within said sixty (60) day period. If Landlord elects not to restore the Building and/or the Premises, this Lease shall be deemed to have terminated as of the date of such damage or destruction.

(2) If the Building and/or the Premises are partially damaged or destroyed by any such peril, to the extent the cost to repair is twenty-five percent (25%) or less of the then full replacement value of the Building, and if the damage thereto is such that the Building and/or the Premises, as the case may be, reasonably may be repaired, reconstructed or restored within a period of six (6) months from the date of such damage or destruction, then Landlord shall commence or cause the commencement of and diligently complete or cause the completion of the work of repair, reconstruction and restoration of the Building and/or the Premises and this Lease shall continue in full force and effect.

(b) *Casualty Near the End of the Term*. During the last year of the Term (as the same may be extended pursuant to Section 40 hereof), if the Premises shall be damaged or destroyed by fire or other perils and substantial completion of restoration of the Premises shall require a period longer than one hundred twenty (120) days, then either Landlord or Tenant may elect to terminate this Lease, provided that the party making such election shall give written notice of its intention to the other party within sixty (60) days after the date it is advised of such repair period.

(c) *Uninsured Casualties*. If damage or destruction of the Building and/or the Premises is due to any cause not covered by collectible insurance carried by Landlord at the time of such damage or destruction, Landlord may elect to terminate this Lease. If the repairing or restoring of the damage is delayed or prevented for longer than six (6) months after the occurrence of such damage or destruction by reason of weather, acts of God, governmental restrictions, inability to procure the necessary labor or materials, or any cause that is beyond the reasonable control of Landlord, Landlord may elect to be relieved of its obligation to make such repairs or restoration and terminate this Lease. Further, Landlord shall not have any obligation to repair, reconstruct or restore the Premises and may terminate this Lease when the damage resulting from any casualty covered under this S ection 16 occurs during the last twelve (12) months of the Term (as the same may be extended). Notwithstanding the foregoing, if the uninsured damage or destruction is confined to the interior of the Premises and such damage or destruction does not in any

way affect the roof, structural portions of the Building or any mechanical or building systems, Tenant may, by written notice to Landlord within 5 days after Landlord's election to terminate this Lease, elect to repair and restore the Premises at Tenant's sole cost and expense with contractors approved in writing by Landlord. Tenant shall indemnify Landlord for any loss, cost, damage or liability incurred by Landlord with respect to such repairs or restoration, and Tenant shall cause any such to be performed in compliance with the requirements contained in this Lease, including but not limited to Section 8(b), and during such repair and restoration Tenant shall continue to timely pay to Landlord any and all Basic Rent and Additional Rent due to Landlord pursuant to the terms of this Lease. Nothing contained herein shall be deemed a waiver of Landlord's obligations, if any, under Section 14 of this Lease.

(d) *Tenant's Termination Right*. If the work of repair, reconstruction and restoration in connection with damage or destruction of the Building and/or Premises is of a nature that it materially adversely interferes with the operation of Tenant's business in the Premises while such repairs and/or restoration are underway, and shall require a period longer than twelve (12) months to complete, then Tenant may elect to terminate this Lease, provided that Tenant shall give written notice to Landlord of its intention within sixty (60) days after the date it is advised of such repair period.

(e) *Termination of Lease*. Upon any termination of this Lease under any of the provisions of this Section 16, Landlord and Tenant shall each be released without further obligation to the other from the date possession of the Premises is surrendered to Landlord or such other date as is mutually agreed upon by Landlord and Tenant except for payments or other obligations which have theretofore accrued and are then unpaid or unperformed.

(f) *Rent Abatement*. In the event of repair, reconstruction and restoration by or through Landlord as herein provided, the Basic Rent payable under this Lease and Tenant's Proportionate Share in any increase in Operating Expenses over the Base Year shall be abated proportionately to the degree to which Tenant's use of the Premises is materially impaired during the period from the occurrence of the casualty until termination of the Lease pursuant to Section 16(d) or until completion of such repair, reconstruction or restoration. Tenant shall not be entitled to any compensation or damages for loss of the use of the whole or any part of the Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration, nor shall Tenant be entitled to (i) the proceeds of any insurance carried by Landlord, or (ii) in surance proceeds payable or received by Tenant in connection with the Tenant Improvements or any other improvements initially constructed or installed by the Landlord and insured by the Tenant pursuant to Section 14 hereof (collectively, the "**Tenant Buildout Proceeds**"), including those in excess of the amount required by Landlord for such repair, reconstruction or restoration. Tenant shall not be released from any of its obligations under this Lease due to damage or destruction of the Building and/or the Premises except to the extent and upon the conditions expressly stated in this Section 16.

(f) *Extent of Repair Obligation*. If Landlord is obligated to or elects to repair or restore as herein provided, Landlord shall be obligated to make repair or restoration only of those portions of the Building and the Premises which were originally provided at Landlord's expense, and the repair and restoration of items not provided at Landlord's expense shall be the obligation of Tenant. Tenant shall assign and deliver to the Landlord any Tenant Buildout Proceeds, and Landlord shall thereafter, to the extent that it receives any such insurance proceeds, repair and restore such Tenant Improvements and other improvements.

(g) *Waiver*. The provisions of California Civil Code § 1932(2) and § 1933(4), which permit termination of a lease upon destruction of the Premises, are hereby waived by Tenant; and the provisions of this Section 16 shall govern in case of such destruction.

17. CONDEMNATION

(a) *Complete Taking*. If the whole of the Project, the Building or the Premises or so much thereof shall be taken by condemnation or in any other manner for any public or quasi-public use or purpose so that a reasonable amount of reconstruction will not result in the Premises being reasonably suitable for Tenant's

continued occupancy, this Lease and the term and estate hereby granted shall terminate as of the date that possession of the Project, the Building or the Premises is so taken (herein called "**Date of the Taking**"), and the Basic Rent and other sums payable hereunder shall be prorated and adjusted as of such termination date.

(b) *Partial Taking.* If only a part of the Building, the Project or the Premises shall be so taken and the remaining part thereof after reconstruction is reasonably suited for Tenant's continued occupancy, this Lease shall be unaffected by such taking, except that Landlord may, at its option, terminate this Lease by giving Tenant written

notice to that effect within sixty (60) days after the Date of the Taking. In such event, this Lease shall terminate on the date that such notice from the Landlord to Tenant shall be given, and the Basic Rent and other sums payable hereunder shall be prorated and adjusted as of such termination date. Upon a partial taking after which this Lease continues in force as to any part of the Premises, the Basic Rent and other sums payable hereunder shall be adjusted according to the rentable area remaining.

(c) *Award*. Landlord shall be entitled to receive the entire award or payment in connection with any taking without deduction therefrom for any estate vested in Tenant by this Lease, and Tenant shall receive no part of such award, including any award for the "leasehold bonus value" of this Lease. Tenant hereby expressly assigns to Landlord all of its right, title and interest in and to every such award or payment. Notwithstanding the foregoing, nothing in this Section 17(c) shall prohibit Tenant from prosecuting a separate claim against the taking authority for an amount separately designated for Tenant's relocation expenses or the interruption or damage to Tenant's business or as compensation for the taking of Tenant's personal property or trade fixtures paid for by Tenant, so long as payment of such award to Tenant shall not diminish any award other wise payable to Landlord.

(d) *Waiver*. Except as may be otherwise provided herein, Tenant hereby waives and releases any right to terminate this Lease under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar law, statute or ordinance now or hereafter in effect relative to eminent domain, condemnation or takings.

18. Assignment or Subletting.

(a) *Landlord's Consent*. Without the express prior written consent of Landlord, Tenant shall not directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge, or otherwise transfer or hypothecate all of its interest in or rights with respect to the Premises (collectively, "**Assignment**"), or permit all or any portion of the Premises to be occupied by anyone other than Tenant or sublet all or any portion of the Premises or transfer a portion of its interest in or rights with respect to the Premises (collectively, "**Sublease**").

(b) *Notice to Landlord*. If Tenant desires to enter into an Assignment or a Sublease, Tenant shall give written notice to Landlord of its intention to do so (the "**Transfer Notice**"), containing (i) the name of the proposed assignee or subtenant (collectively, "**Transferee**"), (ii) the nature of the proposed Transferee's business to be carried on in the Premises, (iii) the material terms of the proposed Assignment or Sublease, including, without limitation, the commencement and expiration dates thereof and the rent payable thereunder, (iv) the portion of the Premises proposed to be subleased (the "**Transfer Space**"), and (v) the most recent financial statement or other equivalent financial information reasonably available to Tenant concerning the proposed Transferee. Within fifteen (15) days after Landlord' s receipt of the Transfer Notice, Landlord shall, by written notice to Tenant, elect to (1) terminate this Lease as to the Transfer Space, with a proportionate reduction in Basic Rent and Tenant's Proportionate Share of increases in Operating Expenses over the Base Year, effective upon the date specified in Tenant's notice as the proposed commencement date of the Assignment or Sublease, or (2) consent to the Sublease or Assignment, or (3) disapprove the Sublease or Assignment; provided, however, that if Landlord does not make an election under Clause (1) above, Landlord agrees not to unreasonably withhold its consent to the Sublease or Assignment. Landlord's consent shall not be deemed to have been unreasonably withheld if the proposed sublessee or assignee is a new concern with no previous business history or if the proposed sublessee or assignee intends to use the Premises (x) for executive suites or any other use inconsistent with Section 6 or the operation of a first-class office building or (y) in a manner which would increase the use of, or the possibility of disturbance of, Hazardous Substances on the Property. Landlord's failure to make such election within fifteen (15) days after Landlord's receipt of the Transfer Notice shall be deemed to be Landlord's disapproval of the proposed Sublease or Assignment.

(c) *Permitted Transfers*. If Landlord consents to any Sublease or Assignment as set forth in Section 18(b):

(1) Tenant may thereafter, within ninety (90) days after Landlord's consent, enter into such Assignment or Sublease, but only with the party and upon the same terms as set forth in the Transfer Notice;

(2) In the case of a Sublease, Tenant shall pay to Landlord monthly, together with monthly installments of rent hereunder, fifty percent (50%) of the difference between (x) any and all sums payable to Tenant in connection with such Sublease (including key money, bonus money and any payment in excess of fair market value for services rendered by Tenant in connection with such Sublease or for assets, fixtures, inventory, equipment or furniture transferred by Tenant in connection with such Sublease), minus (y) the sum of the proportionate amount (on a rentable square footage basis) of Basic Rent payable by Tenant under this Lease for the space covered by such Sublease plus any actual and reasonable out-of-pocket costs incurred by

the Tenant in connection with such Sublease (including brokerage commissions and legal fees) and the reasonable costs of Alterations to the Premises to prepare the Premises for such Sublease;

(3) In the case of an Assignment, Tenant shall pay to Landlord, as and when received, fifty percent (50%) of any transfer or assignment fee, purchase price or other consideration received by Tenant in connection with the Assignment attributable to the value of this Lease;

(4) Any Sublease or Assignment shall be subject to all of the provisions of this Lease, and Landlord's consent to any Sublease or Assignment shall not be construed as a consent to any terms thereof which conflict with any of the provisions of this Lease except to the extent that Landlord specifically agrees in writing to be bound by such conflicting terms; and

(5) No Transferee (other than with respect to an assignment or sublease approved pursuant to Section 18(h) hereof) shall have the right to exercise any right or option under this Lease to lease additional space, extend the Term, or terminate this Lease.

(d) *Continuing Liability*. Tenant shall not be relieved of any obligation to be performed by Tenant under this Lease, including the obligation to obtain Landlord's consent to any other Assignment or Sublease, regardless of whether Landlord consented to any Assignment or Sublease. Any Assignment or Sublease that fails to comply with this Section 18 shall be void and, at the option of Landlord, shall constitute an Event of Default by Tenant under this Lease. The acceptance of Basic Rent or other sums by Landlord from a proposed Transferee shall not constitute Landlord's consent to such Assignment or Sublease.

(e) *Assumption by Transferee*. Each Transferee under an Assignment shall assume all obligations of Tenant under this Lease accruing from and after the effective date of such Assignment and shall be and remain liable jointly and severally with Tenant for the payment of Basic Rent, additional rent and other charges, and for the performance of all other provisions of this Lease accruing from and after the effective date of such Assignment. Each Transferee under a Sublease, other than Landlord, shall be subject to this Lease. No Assignment shall be binding on Landlord unless Landlord shall receive a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by the Transferee reasonably satisfactory in substance and form to Landlord and consistent with the requirements of this Section 18 but the failure of the Transferee t o execute such instrument shall not release the Transferee from its liability as set forth above. Tenant shall reimburse Landlord, within fifteen (15) days after Tenant's receipt of an invoice therefor, for any costs that Landlord may incur in connection with any proposed Assignment or Sublease, including Landlord's reasonable attorneys' fees and the costs of investigating the acceptability of any proposed Transferee.

(f) *Default; Waiver*. Any Assignment or Sublease in violation of this Section 18 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of rent or additional charges by Landlord from a purported assignee or sublessee shall not constitute a waiver by Landlord of the provisions of this Section 18.

(g) *Change in Control*. Any sale or other transfer, including by consolidation, merger or reorganization, of a majority of the voting stock of Tenant, if Tenant is a corporation (other than a sale of the majority of the stock of a publicly traded company in normal open market transactions), or any sale or other transfer of a majority of or a controlling interest in the partnership interests in Tenant, if Tenant is a partnership, or any sale or other transfer of a majority of or a controlling interest in the membership interests in Tenant, if Tenant is a limited liability company, or any sale or other transfer of a majority of the beneficial interests in Tenant or of any controlling interest in Tenant, if Tenant is a trust or other type of entity, shall be an Assignment for purposes of this Section 18. As used in this Section 18, the term "**Tenan t**" shall also mean any entity which has guaranteed Tenant's obligations under this Lease or any entity which directly or indirectly owns a majority of the voting stock or partnership or limited liability company or other beneficial interest of Tenant, and the prohibition hereof shall be applicable to any sales or transfers of the stock or partnership or limited liability company or other beneficial interest of said guarantor or majority owner.

(h) *Approved Assignment/Sublease*. Landlord shall consent to an assignment or Sublease by Tenant for all or any portion of the Premises to (1) the parent of Tenant or a wholly-owned subsidiary of Tenant, (2) an entity to which substantially all the assets of Tenant are transferred, (3) an entity into which Tenant may be merged or consolidated, (4) an entity to which all of the ownership interests of Tenant are transferred provided that (A) the transfer of the ownership interest of Tenant is in connection with a bona fide business transaction and not primarily for the purpose of transferring this Lease, (B) the business activities of the transferee are substantially similar to the

business activities of Tenant and (C) the transferee has a net worth and liquidity equal to or greater than Tenant, or (5) an affiliate (as hereinafter defined) of Tenant; provided, however, that Tenant provides to Landlord (i) thirty (30) days prior written notice of such Assignment or Sublease in the case of an Assignment or Sublease pursuant to (1), (2) or (5) hereof, or, in the case of an Assignment pursuant to (3) or (4) above, as soon as possible following such merger or consolidation, (ii) audited, current financial statements of such transferee, or other financial statements certified as true and correct by either the chief executive officer or the chief financial officer of such transferee evidencing, to Landlord's reasonable satisfaction, that such transferee has a net worth and liquidity equal to or greater than Tenant (a) as of the date of this Agreement, or (b) as of the date of such transfer, whichever is greater, and (iii) in the case of an Assignment, a fully executed assignment and assumption agreement wherein such assignee assumes all of the liabilities and obligations of the Tenant under this Lease. Nothing contained herein shall be deemed to modify or amend Section 18(d) hereof. The term "**affiliate**" as used herein shall mean an entity controlled by, controlling or under common control with Tenant, control shall mean ownership, directly or indirectly, of more than fifty percent (50%) of the equity and voting interests of Tenant. The Landlord's rights (i) to terminate the Lease pursuant to Section 18(b) and (ii) to receive payments from Tenant pursuant to Section 18(c)(2) and Section 18(c)(3) shall not apply any proposed sublease or assignment pursuant to this Section 18(h), regardless of whether or not such assignment or sublease satisfies the requirements for Landlord's consent pursuant to this Section 18(h).

19. SUBORDINATION.

(a) Lease Subordinate. Tenant agrees that this Lease is and shall be subordinate to any mortgage, deed of trust, ground lease, underlying lease or other prior lien (hereinafter "Prior Lien") that may heretofore or hereafter be placed upon the Project or the Building, and all renewals, replacements and extensions thereof, provided that Tenant's agreement herein to subordinate to any future Prior Lien is subject to the execution of a subordination, non-disturbance and attornment agreement pursuant to Section 19(b) hereof. If any Prior Lien holder wishes to have this Lease prior to its Prior Lien, then and in such event, upon such Prior Lien holder's notifying Tenant to that effect, this Lease shall be deemed prior to the Prior Lien. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyan ce in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord, provided that such successor in interest recognizes the interest of Tenant under this Lease if no default under this Lease then exists. Within fifteen (15) days of presentation, Tenant shall execute any documents which any such Prior Lien holder may require to effectuate the provisions of this Section 19(a).

(b) Non-Disturbance. Provided that Tenant shall execute and deliver the same, Landlord shall require any Prior Lien holder to execute and deliver a subordination, non-disturbance and attornment agreement, in recordable form, consistent with the provisions of this Section 19 and which shall provide, among other things, that for so long as no default exists hereunder: (i) no foreclosure or other conveyance of title to said holder shall extinguish or terminate this Lease or Tenant's right of possession of the Premises hereunder, and Tenant shall not be made a party to any such proceeding, and (ii) no property owned or removable by Tenant shall be subject to any Prior Lien. Such subordination, non-disturbance and attornment agreement shall be in a form acceptable to the Prior Lien holder in question.

(c) Attornment. Tenant waives the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease or Tenant's obligations hereunder in the event any foreclosure proceeding is prosecuted or completed or in the event the Property, the Project, or the Building or Landlord's interest therein is sold at a foreclosure sale or by deed in lieu of foreclosure. If this Lease is not extinguished upon such sale or by the purchaser following such sale or by the transferee in the event of a transfer by deed in lieu of foreclosure, then, at the request of such purchaser or transferee, Tenant shall attorn to such purchaser or transferee and shall recognize such purchaser or transferee as the landlord under

this Lease. Within fifteen (15) days after the request of such purchaser, T enant shall execute, acknowledge and deliver any requisite or appropriate document submitted to Tenant confirming such attornment.

20. ESTOPPEL CERTIFICATE. Tenant will, upon ten (10) days prior request by Landlord, execute, acknowledge and deliver to Landlord a statement in writing executed by Tenant, substantially in the form of Exhibit D attached hereto, certifying, among other things, the date of this Lease, that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified, and setting forth such modifications) and the date to which the Basic Rent and additional rent and other sums payable hereunder have been paid, and either stating that to the knowledge of Tenant no default exists hereunder on the part of Landlord or Tenant or specifying each such default of which Tenant may have knowledge and such other matters as may be reasonably requested by Landlord. The parties agree and intend that any such statement by Tenant may be relied

upon by any prospective purchaser or mortgagee of the Building or the Project. Tenant's failure to timely deliver such a statement shall be deemed to be an acknowledgment by Tenant that this Lease is in full force and effect without modification (except as set forth by Landlord), there are no uncured defaults under this Lease by Landlord and no more than one monthly installment of Basic Rent and additional rent and other sums payable hereunder have been paid in advance.

21. SERVICES.

(a) *Standard Services*. Landlord shall operate the Building in a manner consistent with the operation of Class A office buildings in Southern Marin County. Landlord shall maintain the public and common areas of the Project and the Building, such as lobbies, stairs, corridors and restrooms, in good order and condition except for damage occasioned by the acts or omissions of Tenant Parties, which shall be repaired at Tenant's sole cost and expense. Landlord shall provide standard janitorial services to the Premises Monday through Friday, except for legal holidays. Such janitorial services shall not include the cleaning or maintenance of any refrigerator, sink, dishwasher, microwave oven, or any kitchenette area contained within the Premises. Landlord shall furnish the Premises with electricity for lighting and operation of low power usage office machines and elevator servi ce at all times during the Term. Landlord shall furnish the Premises with heating or normal office air conditioning between the hours of 7:00 a.m. and 6:00 p.m., Monday through Friday, except for legal holidays, and between the hours of 9:00 a.m. and 12:00 p.m. on Saturday. Air conditioning units and electricity therefor or special air conditioning requirements, such as for any computer centers, and after-hours heating and air conditioning shall be at Tenant's expense at an hourly rate established by the Landlord in its reasonable discretion from time to time. After hours heating and air conditioning shall be charged by the Landlord to the Tenant at the rate of $36.00/ hour and shall be payable by the Tenant as Additional Rent concurrently with the payment of Basic Rent hereunder. Tenant shall be solely responsible for the repair and maintenance of any separate heating, ventilating, air conditioning or other equipment installed in the Premises by the Tenant (with the Landlord's consent) or by the L andlord as part of the Tenant Improvements. Landlord shall also provide lighting replacement for Landlord-furnished lighting, toilet room supplies, window washing with reasonable frequency and customary janitorial service. Landlord shall not be liable to Tenant for any loss or damage caused by or resulting from any variation, interruption or failure of said services due to any cause whatsoever except to the extent caused by the gross negligence or willful misconduct of Landlord, its contractors acting within the scope of their contractual obligations with Landlord, and its employees acting within the scope of their employment; and no temporary interruption or failure of such services incident to the making of repairs, Alterations or improvements due to accident or strike or conditions or events not under Landlord's control shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder. Notwithstanding the foregoing, in the event of a failure or interruption of se rvices for a period of time longer than fourteen (14) consecutive calendar days which is not caused by any act or omission of any of the Tenant Parties, Tenant shall be entitled to abatement of Basic Rent proportionate to that portion of the Premises rendered unusable by such interruption of services for the period of time beyond fourteen (14) consecutive calendar days that such services remain suspended, so long as Tenant actually vacates and ceases to occupy such area as rendered unusable.

(b) *Overstandard Use*. Tenant shall not, without the Landlord's prior written consent, use heat-generating machines, machines other than normal office machines, a microwave, a dishwasher, a non-industrial refrigerator, or equipment or lighting other than the Building standard lights located in the Premises, which may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord. If such consent is given, Landlord shall have the right to install supplementary air conditioning units or other facilities in the Premises, including supplementary or additional metering devices, and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear on existing equipment and other similar charges, together with an administrative fee in the amount set forth in Section 8(c), shall be paid by Tenant to Landlord upon billing by Landlord. If Tenant uses water or electricity in excess of that supplied by Landlord pursuant to subsection (a) above, Tenant shall pay to Landlord, upon billing, the cost of such excess consumption, the cost of the installation, operation and maintenance of equipment which is installed in order to supply such excess consumption, and the cost of the increased wear and tear on existing equipment caused by such excess consumption; and Landlord may install devices to separately meter any increased use and in such event Tenant shall pay the increased cost directly to Landlord, on demand, including the cost of such additional metering devices (including installment costs).

22. SIGNS AND ADVERTISING. Landlord shall provide Tenant, at Landlord's sole cost and expense, with Building standard signage (as such standard is established from time to time by Landlord) on the Building directory in the lobby of the Building. Tenant shall not erect or install or otherwise utilize signs, lights, symbols, canopies, awnings, window coverings or other advertising or decorative matter (collectively, "**Signs**") on the windows, walls or exterior

doors or otherwise visible from the exterior of the Premises without first (a) submitting its plans to Landlord and obtaining Landlord's written approval thereof and (b) obtaining any required approval of any applicable governmental authority with jurisdiction at Tenant's sole cost and expense. All Signs approved by Landlord shall be professionally designed and constructed in a first-class workmanlike manner. Landlord shall have the right to promulgate from time to time additional reasonable rules, regulations and policies relating to the style and type of said advertising and decorative matter which may be used by any occupant, including Tenant, in the Building, and may change or amend such rules and regulations from time to time as in its discretion it deems advisable. Tenant agrees to abide by such rules, regulations and policies. At the expiration or earlier termination of this Lease, all such signs, lights, symbols, canopies, awnings or other advertising or decorativ e matter attached to or painted by Tenant upon the Premises, whether on the exterior or interior thereof, shall be removed by Tenant at its own expense, and Tenant shall repair any damage or injury to the Premises or the Building, and correct any unsightly condition, caused by the maintenance and removal thereof.

23. PARKING. Subject to the rules and regulations of the City and County where the Project is located, Tenant shall have the right to use the parking facilities for the Project in common with other tenants, guests and invitees of the Project during the Term of the Lease free of charge, subject to the rules and regulations applicable to the parking facilities, including, without limitation, hours of operation. The Project shall contain approximately four (4) parking spaces for each

1,000 square feet of usable office space. Access to and from the parking facilities shall be available in accordance with the Landlord's rules and regulations established therefor from time to time.

24. RULES AND REGULATIONS. Tenant agrees to observe and be bound by the Rules and Regulations applicable to the Project, a copy of which is attached hereto as Exhibit E. Landlord reserves the right to amend said Rules and Regulations as Landlord in its judgment may from time to time deem to be necessary or desirable for the safety, care and cleanliness of the Project and the preservation of good order therein, and Tenant agrees to comply therewith. Landlord may make concessions requested by a tenant without granting the same concessions to any other tenant. To the extent the Rules and Regulations conflict with this Lease, this Lease shall control**.**

25. TIME. Time is of the essence of this Lease**.**

26. QUIET ENJOYMENT. Landlord covenants to control its activities and personnel such that if and so long as Tenant pays the rent and performs the covenants contained in this Lease, Tenant shall hold and enjoy the Premises peaceably and quietly, subject to the provisions of this Lease.

27. DEFAULTS AND REMEDIES.

(a) *Defaults*. The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant (each an "**Event of Default**"):

(1) The failure by Tenant to make any payment of Basic Rent as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure § 1161 regarding unlawful detainer actions.

(2) The failure by Tenant to make any payment of additional rent, other charges or any other payment required to be made by Tenant hereunder (other than Basic Rent), as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant.

(3) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Section 27(a) above, where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant. Any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure § 1161 regarding unlawful detainer actions. If the nature of Tenant's default (other than a default specified in Section 27(a) above) is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said ten (10) day period and thereafter diligently prosecute such cure to completion, and such completion shall occur no t later than sixty (60) days from the date of such notice from Landlord.

(4) Any of the following: (i) The making by Tenant of any general assignment for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to

take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within thirty (30) days.

(b) *Remedies*. If an Event of Default exists, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the following rights and remedies:

(1) The right to terminate the Lease and pursue its rights and remedies provided by California Civil Code Section 1951.2, in which event Landlord may recover

(A) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; plus

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used hereinabove shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used herein, the "worth at the time of award" shall be computed by allowing interest at the rate of 12%, but in no case greater than the maximum amount of such interest permitted by law. As used herein, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(2) The rights and remedies provided by California Civil Code Section 1951.4, that allow Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Basic Rent, additional rent and other charges as they become due, for so long

as Landlord does not terminate Tenant's right to possession. Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not constitute a termination of Tenant's right to possession;

(3) The right to enter the Premises and remove therefrom all persons and property, store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and sell such property and apply the proceeds therefrom pursuant to applicable California law;

(4) The right to take steps necessary or appropriate to have a receiver appointed for Tenant in order to take possession of the Premises and apply any rental collected and exercise all other rights and remedies granted to Landlord; and

(5) If an Event of Default occurs within the first six (6) years of the Term, the right to recover the full amount of the Tenant Improvement Allowance and any free rent granted by Landlord.

(c) *Reentry*. If an Event of Default exists, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Section 27(c) shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction.

(d) *Remedies Cumulative; Waiver*. All rights, options and remedies of Landlord contained in this Lease or provided by law or in equity shall be construed and held to be cumulative, and no one of them shall be exclusive of the other. No waiver of any default hereunder shall be implied from any acceptance by Landlord of any Basic Rent, additional rent or other charges due hereunder or any omission by Landlord to take any action on account of such default, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

28. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer or transfers of Landlord's interest in the Project or the Building, other than a transfer for security purposes only, Tenant agrees that Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer and Tenant agrees to attorn to the transferee.

29. RIGHT TO PERFORM. If Tenant shall fail to pay any sum of money, other than Basic Rent required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) days after written notice thereof by Landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. Tenant shall reimburse Landlord for all costs incurred in connection with such payment or performance immediately upon demand.

30. IMPROVEMENTS.

(a) *Delivery of Premises*. Landlord shall Substantially Complete (as hereinafter defined) the improvements to the Premises to be provided by Landlord pursuant to this Section 30, (the "Tenant Improvements") and deliver the Premises to Tenant on or before the Estimated Delivery Date (as specified in Paragraph 10 of the Basic Lease Information), subject to extension as provided in this Section 30. Landlord and Tenant acknowledge and agree that prior to the date hereof, Landlord and Tenant have each approved the Space Plan and the Final Plans (as such terms are defined in Section 30(c)). If there is any delay in substantial completion of the improvements to the Premises due to (i) Tenant's changes to the Space Plan or the Final Plans after the date hereof, (ii) any failure by Tenant to pay, on a timely basis, the Ten ant Portion (as defined in Section 30(c) below), (iii) any work performed by Tenant in the Premises, or (iv) any other delay to the extent requested or caused by Tenant Parties (collectively, "**Tenant's Delay**"), the Estimated Delivery Date and the Delivery Deadline (as specified in Paragraphs 10 and 11 of the Basic Lease Information) shall each be extended by one day for each day of such Tenant's Delay. Further, if there is a delay in Substantial Completion of the improvements to the Premises due to Force Majeure, the Estimated Delivery Date and the Delivery Deadline shall each be extended by one day for each day of delay caused by Force Majeure; provided, however that the outside date for extension of the Delivery Deadline solely due to Force Majeure shall be June 30, 2002. Landlord agrees that Landlord shall notify Tenant in writing of any Tenant's Delay. If the improvements in the Premises are not Substantially Complete on or before the Estimat ed Delivery Date, this Lease shall remain in full force and effect, provided that if such failure is not due to Force Majeure or Tenant's Delay, the Commencement Date and the Expiration Date shall be extended to reflect the delay occasioned by such failure, and provided further, that in the event the improvements to the Premises are not Substantially Complete by the Delivery Deadline (as same may be extended for Tenant's Delay and/or Force Majeure), Tenant may thereupon terminate this Lease by written notice to Landlord before the date that is ten (10) business days thereafter, in which event Landlord shall have no other or further liability or obligation hereunder to Tenant, except that Landlord shall promptly refund to Tenant the unused portion of the Rent paid to Landlord in advance, Security Deposit and/or the Tenant Improvement Deposit (as hereinafter defined). Landlord shall have no liability to Tenant due to delay in completing the Premises. No Basic Rent (as defined in Section 3) or additional rent shall accrue prior to the commencement of the Lease Term pursuant to Section 2(a) hereof. If any delay in substantially completing the improvements to the Premises is occasioned by Tenant's Delay, the Commencement Date shall be the date that the Premises would have been Substantially Complete but for the Tenant's Delay, but in no event sooner than the Estimated Delivery Date. "**Substantially Complete**" means that the improvements to the Premises have been completed in accordance with the Final Plans, even though minor details, adjustments or punch list items that do not materially interfere with Tenant's use or occupancy of the Premises for normal business operations may remain to be completed.

(b) *Tenant Improvement Allowance*. Landlord shall provide Tenant an allowance for tenant improvements to the Premises in an amount not to exceed the Tenant Improvement Allowance specified in Paragraph 19 of the Basic Lease Information. The Tenant Improvement Allowance shall be used in accordance with the terms and conditions of this Section 30 or be forfeited.

(c) *Plans and Drawings*. Landlord and Tenant acknowledge and agree that Tenant has submitted to Landlord and Landlord has approved Tenant's space plan for the Premises which is attached hereto as Exhibit F (the "**Space Plan**"). Further, Tenant has delivered to Landlord and Landlord has approved working drawings consisting of a floor plan, reflected ceiling plan, interior elevations, electrical plan, door schedule and finish schedule for the Premises prepared by Hannum & Associates (the "**Architect**") dated July 11, 2001 and revised July 16, 2001 (the "**Working Drawings**"). The Working Drawings as approved by Landlord are referred to as the "**Final Plans**." An amount equal to the difference between Landlord's reasonable estimate of the Construction Costs (as defined below) and the Tenant Impr ovement Allowance shall hereinafter be referred to as the "**Tenant Portion**". Landlord shall obtain all permits and approvals and

construct or modify the improvements to the Premises in accordance with the Final Plans, in a first-class workmanlike manner, and charge the Tenant and the Tenant Improvement Allowance, respectively, on a pro-rata basis according to the ratio, as determined by Landlord from time to time, of the Tenant Portion to the Tenant Improvement Allowance, for an amount equal to the costs incurred by Landlord in connection with the construction of the improvements pursuant to the Construction Contract (as defined below), construction management fees (not to exceed three percent (3%) of the total cost of constructing the Tenant Improvements), permit fees, and any increased construction costs incurred by Landlord as a result of any changes to the Final Plans requested by Tenant or any Tenant's Delay (collectively, "**Construction Costs**"), until the entire amo unt of the Tenant Improvement Allowance is applied to the Construction Costs, at which time Tenant shall be solely responsible for any remaining Construction Costs. Tenant shall pay or reimburse Landlord within five (5) days after delivery of Landlord's request pursuant to this Section 30(c) for Tenant's pro-rata share of Construction Costs. Such request for reimbursement shall be accompanied by reasonable backup information, such as copies for draw requests made by the contractor under the Construction Contract, invoices, or similar items reasonably requested by Tenant. If Tenant fails to reimburse Landlord for Tenant's pro-rata share of Construction Costs within (5) days after delivery of Landlord's request, Landlord may deliver a final demand letter to Tenant, and Tenant's failure to reimburse Landlord within five (5) days after delivery of Landlord's final demand letter shall constitute an Event of Default hereunder. Tenant shall retain and pay directly the Architect with re spect to the Working Drawings. Landlord and Tenant agree that the construction of the improvements shall be performed pursuant to a construction contract between Landlord and R.N. Field which contains a "stipulated sum" (subject to the terms of such contract) of $440,469 (the **"Construction Contract"**). Landlord agrees that it shall not agree to any material modification to the Construction Contract (including, but not limited to, any change to the "stipulated sum" as set forth therein) without the prior written consent of Tenant which consent shall not be unreasonably withheld or delayed.

(d) *Substantial Completion*. Landlord shall Substantially Complete the improvements and deliver the Premises to Tenant on or before the Delivery Deadline (as the same may be extended from time to time pursuant to this Section 30). Landlord shall use reasonable efforts to notify Tenant of the projected date of substantial completion of the Premises at least fifteen (15) days prior thereto.

(e) *Base Building Work*. Prior to commencing the improvements to the Premises pursuant to this Section 30, and in order to prepare the Premises for the commencement of the Tenant Improvements, Landlord shall perform such work to the Premises and/or the Building in a good and workman-like manner substantially in accordance with the plans and specifications for the Building prepared by Hannum Associates, dated June 28, 1999, approved by the County of Marin on July 15, 1999 (the "Building Plans"), so that the Premises and the Building substantially comply with the "Building Standard Shell Construction Specifications" set forth on Exhibit G attached hereto and made a part hereof (the "Base Building Work").

(f) *Acceptance of Premises*. Landlord shall have no obligation whatsoever to construct leasehold improvements for Tenant or to repair or refurbish the Premises, except as specifically set forth in this Section 30. Landlord or Landlord's agents have made no representations or promises with respect to the Project, the Building, the Premises or this Lease except as expressly set forth herein. Subject to completion of minor "punch-list" items, the taking of possession of the Premises by Tenant shall be conclusive evidence that Tenant accepts the same "as is" and that the Premises, the Project and the Building are suited for the use intended by Tenant and were in good and satisfactory condition at the time such possession was taken. Nothing contained herein shall be construed as a waiver of claims by Tenant with respect to latent defects affect ing the Premises, the Project or the Building. Tenant represents and warrants to Landlord that (a) its sole intended use of the Premises is for general office use which has no special requirements, including but not limited to, special security requirements, (b) it does not intend to use the Premises for any other purpose, and (c) prior to executing this Lease it has made such investigations as it deems appropriate with respect to the suitability of the Premises for its intended use and has determined that the Premises is suitable for such intended use. Landlord shall use commercially reasonable efforts to cause the appropriate Landlord Parties to complete any remaining "punch-list" items promptly following Tenant's acceptance of the Premises and

Landlord agrees that it shall withhold from its final payment to R.N. Field under the Construction Contract an appropriate amount of the retention thereunder, as reasonably determined by Lender, until the completion of all "punch-list" items.

(g) *Early Entry*. Provided that Tenant is then in compliance with this Lease, including, without limitation, its obligations to maintain insurance pursuant to Section 14, and subject to the limitations set forth herein, Landlord shall provide Tenant with reasonable access to the Premises fifteen (15) Business Days prior to the date Landlord estimates that the improvements to the Premises shall be Substantially Complete (as defined in Section 30) to install furniture, furniture systems, and communications equipment within the Premises. In the event Landlord determines, in its reasonable discretion, that the Tenant's or the Tenant Parties' (as defined in Section 6) presence and/or activities in the Premises prior to the Commencement Date is hindering the Substantial Completion of the Premises, Landlord shall provide Tenant with written notice thereof, and, notwithstan ding the provisions of paragraph 12 of the Basic Lease Information or Section 30 hereof, the Commencement Date shall be the date that the Premises would have been Substantially Complete but for Tenant's Delay, but in no event sooner than the Estimated Delivery Date. Nothing contained herein shall obligate the Tenant to pay Basic Rent pursuant to Section 3, or Additional Rent pursuant to Section 4, prior to the Commencement Date.

31. NOTICES. All notices under this Lease shall be in writing and sent to the parties at the following addresses or at such other address as any party hereto may designate to the other by notice delivered as provided herein:

To Landlord:	LB Strawberry LLC c/o GateCapital Properties, LLC 650 Delancy Street Suite 213 San Francisco, California 94107 Attention: David Hatch Telephone No.: (415) 227-9842 Facsimile No.: (415) 227-9843
To Tenant: (prior to occupancy)	AMARIN CORPORATION, PLC 651 Gateway Boulevard South San Francisco, California Attention: Donald R. Joseph Telephone No. (650) 877-7650 Facsimile No.: [to be provided by Tenant]
To Tenant: (after Occupancy)	AMARIN CORPORATION, PLC Two Belvedere Place, Suite 949

Mill Valley, California
Attention: Donald R. Joseph
Telephone No.:[to be provided by Tenant when available]
Facsimile No.: [to be provided by Tenant when available]

Any such notices shall be sent by (i) a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after timely deposit with such courier; (ii) personally delivered, in which case notice shall be deemed delivered upon receipt, or (iii) electronic communication, whether by telex, telegram or telecopying, in which case notice shall be deemed delivered on the date of confirmed dispatch.

32. ATTORNEYS' FEES. If either party places the enforcement of this Lease or any part hereof, or the collection of any Basic Rent, additional rent or other charges due or to become due hereunder, or recovery of the possession of the Premises, in the hands of an attorney, or files suit upon the same, the non-prevailing (or defaulting) party shall pay the other party's reasonable legal and attorneys' fees, costs and expenses, including legal and attorneys' fees, costs and expenses incurred in connection with any appeals and any bankruptcy or insolvency proceedings involving Tenant or this Lease. If Landlord is named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy hereunder, Tenant shall pay to Landlord its costs and expenses in such suit, including its reasonable attorneys' fees. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Lease shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other

provisions of this Lease and to survive and not be merged into any such judgment. The terms "attorneys' fees" and "attorneys' fees, costs and expenses" shall mean the fees, costs and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding, and shall include, specifically, all fees, costs and expenses of expert witnesses. For purposes of this Paragraph 32, the term "prevailing party" shall include a prevailing party as defined in California Code of Civil Procedure Section 998.

33. HOLDING OVER. If Tenant holds over after the expiration or earlier termination of the Term without the express prior written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the Basic Rent, additional rent and other charges in effect upon the date of such expiration (subject to adjustment as provided in Section 4 hereof and prorated on a daily basis), and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease and shall not waive Landlord's right to bring an unlawful detainer action against Tenant or otherwise remove Tenant from the Premises. If Tenant fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hol d Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

34. SURRENDER OF PREMISES. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation hereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any subleases or subtenancies.

35. NON-WAIVER. Neither the acceptance of rent nor any other act or omission of Landlord at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Lease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof, or deprive Landlord of its right to cancel or forfeit this Lease, upon the notice required by law, at any time that cause for cancellation or forfeiture may exist, or be construed so as to at any future time stop Landlord from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease.

36. MORTGAGEE PROTECTION. In the event of any default on the part of Landlord, Tenant will give written notice by registered or certified mail to any beneficiary of a deed of trust or mortgagee under a mortgage covering the Project or the Building whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Project or the Building by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure.

37. INTENTIONALLY DELETED.

38. CHANGES TO THE PROJECT. Landlord reserves the right at any time to make changes, alterations, reductions and additions to the Project, including the construction of other buildings or improvements in the Project, the leasing of space to restaurant uses, the building of additional stories on any building, without any liability or responsibility to Tenant. Landlord will not block ingress and egress to the Premises. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to the Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

39. WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION TO ENFORCE THE SPECIFIC PERFORMANCE OF THIS LEASE, FOR DAMAGES FOR THE BREACH HEREOF, OR OTHERWISE FOR ENFORCEMENT OF ANY REMEDY HEREUNDER. If either party commences litigation against the other for the specific performance of this Lease, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred, including any and all costs incurred in enforcing, perfecting and executing such judgment.

40. OPTION TO EXTEND THE TERM

a. *Extension Term*.

(1) Landlord grants to Tenant the option to extend the Term (the "**Extension Option**") with respect to all (but not less than all) of the rentable area of the Premises leased by Tenant as of the Expiration Date of the Initial Term for six (6) years (the **"Extension Term"**). The Extension Term shall commence immediately following the Expiration Date of the Initial Term. The Extension Option shall be exercised, if at all, by written notice to Landlord at any time during the Initial Term on or before the date that is twelve (12) months prior to the Expiration Date, which notice shall be irrevocable by Tenant. Notwithstanding the foregoing, if an Event of Default exists and is continuing under this Lease either at the time Tenant exercises the Extension Option or at any time thereafter prior to or upon the commencement of the Extension Term, Landlord shall ha ve, in addition to all of Landlord's other rights and remedies under this Lease, the right to terminate the Extension Option and to cancel unilaterally Tenant's exercise of the Extension Option, in which event the Expiration Date of this Lease shall be and remain the then scheduled Expiration Date, and Tenant shall have no further rights under this Lease to renew or extend the Term.

b. *Extension Term Rent*.

(1) The Extension Term shall be upon and subject to all of the terms, covenants and conditions of this Lease; provided, however, that the Basic Rent for the Extension Term shall be equal to the Fair Market Rental Value. Such Basic Rent shall be determined by Landlord not later than four (4) months prior to the commencement of the Extension Term. Tenant shall send to Landlord a written notice, within twenty (20) days after the date of Landlord's notice setting forth the Fair Market Rental Value for the Extension Term, which notice shall state that Tenant either (x) agrees with Landlord's determination of Fair Market Rental Value for the Extension Term or (y) disagrees with Landlord's determination of Fair Market Rental Value for the Extension Term and elects to resolve the disagreement as provided in Section 40(b)(2) below. If Tenant does not se nd to Landlord a notice as provided in the previous sentence within the said twenty (20) day period, Landlord's determination of the Fair Market Rental Value shall be determinative. Until the disagreement is resolved as provided in Section 40(b)(2) below, Tenant's monthly payments of Basic Rent during the Extension Term shall be in an amount not less than the greater of (x) Tenant's determination of the Fair Market Rental Value and (y) the Basic Rent payable for the twelve (12) month period immediately preceding the commencement of the Extension Term. Within ten (10) business days following the resolution of such dispute by the parties or the decision of the brokers/appraisers, as applicable, one party shall make any necessary payment to the other party in order to adjust the amount previously paid by Tenant during the Extension Term to the Fair Market Rental Value as determined. Notwithstanding anything to the contrary set forth in this Section 40, in no event shall th e Basic Rent for the Extension Term be less than the effective Basic Rent payable immediately preceding the commencement of the Extension Term. Tenant shall in any event pay all applicable additional charges with respect to the Premises, in the manner and at the times provided in this Lease, effective upon the commencement of the Extension Term, and notwithstanding any dispute regarding the Basic Rent for the Extension Term.

(2) Any disagreement regarding the Fair Market Rental Value as defined in this Section 40 shall be resolved as follows:

(i) Within twenty (20) days after Tenant's response to Landlord's notice of the Landlord's initial determination of the Fair Market Rental Value, Landlord and Tenant shall meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

(ii) If, within the twenty (20) day consultation period described in subsection (i) above, Landlord and Tenant cannot reach an agreement as to the Fair Market Rental Value, they shall each make a separate determination of the Fair Market Rental Value within five (5) business days after the expiration of the said twenty (20) day period, and such determinations shall be submitted to arbitration in accordance with subsection (iii) below; provided that, if only one (1) determination of Fair Market Rental Value is submitted to arbitration within the said five (5) business day period, then such determination shall equal the Basic Rent for the Extension Term and the parties shall not proceed with arbitration.

(iii) If the Basic Rent has not been determined pursuant to the procedures outlined above, Landlord and Tenant shall each appoint one arbitrator who shall be either a real estate broker or MAI appraiser and shall have been active over the five (5) year period ending on the date of such

appointment in the leasing of commercial mid-rise and/or high-rise properties in Marin County. Each such arbitrator shall be appointed within five (5) business days after the expiration of the twenty (20) day period described in subsection (ii) above. The two (2) arbitrators so appointed shall within ten (10) days of the date of appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the first two (2) arbitrators. The determination of the arbitrators shall be limited solely to the issue of whether the Landlord's or the Tenant's submitted Fair Market Rental Value is the closest to the actual fair market rental value of the Premises, as determined by the arbitrators. The three (3) arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use the Landlord's or the T enant's submitted Fair Market Rental Value as the Basic Rent for the Extension Term, and shall notify Landlord and Tenant thereof. The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant. If either Landlord or Tenant fails to appoint an arbitrator within the five (5) business day period provided above, then the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant. If the two (2) arbitrators fail to agree upon and appoint a third arbitrator within the ten (10) day period provided above, or both parties fail to appoint an arbitrator within the five (5) business day period provided above, then the Landlord shall prepare and submit to Tenant a list of three (3) proposed arbitrators that possess the required qualifications as set forth above; provided that none of arbitrators on such list or otherwise appointed by either party pursuant to any pro vision of this Section 40(b), nor the firm for which any of them works shall be a current or past affiliate of either the Landlord or the Tenant or currently retained or employed by the Landlord or the Tenant. Within five (5) business days after receipt of such list, the Tenant shall select an arbitrator therefrom and such person shall be the third or single, as the case may be, arbitrator hereunder. If Tenant fails to make such selection with such five (5) business day period, then the Landlord shall select the third or single, as the case may be, arbitrator from such list. Each party shall pay the cost of the arbitrator which it first selects and the parties shall share equally the cost of the third arbitrator.

(c) *Notice Regarding Vacant Space*.

During the Initial Term and the Extension term, if applicable, Landlord agrees that it shall notify Tenant regarding any office space within the Building that becomes vacant and available for leasing, and that is not subject to the rights of any other tenant in the Project. The parties hereto agree that nothing contained herein shall require Landlord to lease to Tenant, or to reserve for Leasing by Tenant, any space in the Project other than the Premises.

41. GENERAL PROVISIONS

(a) *Entire Agreement*. This Lease contains all of the agreements of the parties, and there are no verbal or other agreements which modify or affect this Lease. This Lease supersedes any and all prior agreements made or executed by or on behalf of the parties hereto regarding the Premises.

(b) *Terms and Headings*. The words "**Landlord**" and "**Tenant**" include the plural as well as the singular, and words used in any gender include all genders. The titles to sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(c) *Successors and Assigns*. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon Landlord and Tenant and their respective permitted successors in interest and assigns.

(d) *No Brokers*. Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person, *except* for Tenant's Broker (as defined in Paragraph 23 of the Basic Lease Information) who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease and shall indemnify, defend and hold harmless Landlord from and against any claim, demand, damage, loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person, except for Tenant's Broker or Landlord's Broker (as defined in Paragraph 22 of the Basic Lease Information) on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. The provisions of this section shall not apply to brokers with whom Landlord h as an express written broker agreement. Landlord shall be responsible for paying all leasing commissions due Landlord's Broker and Tenant's Broker in connection with this Lease.

(e) *Liability of Landlord*. Landlord's obligations and liability to Tenant under this Lease shall be limited solely to Landlord's interest in the Project, and neither Landlord nor any of the members in Landlord, nor any officer, director, shareholder or partner of or in Landlord or any members in Landlord shall have or incur any personal liability whatsoever with respect to this Lease.

(f) *Independent Covenants*. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of amounts owing hereunder against Landlord; provided, however, that the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Building or the Project or any portion thereof, and an opportunity is granted to Landlord and such mortgage holder to correct such violations as provided above.

(g) *Waiver of Redemption by Tenant*. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

(h) *Severability*. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(i) *Force Majeure*. Except as may be otherwise specifically provided herein, time periods for Landlord's or Tenant's performance under any provisions of this Lease not involving the payment of money shall be extended for periods of time during which the nonperforming party's performance is prevented due to circumstances beyond the party's control, including, without limitation, strikes, embargoes, governmental regulations, acts of God, weather, war or other strife. Tenant hereby waives and releases its right to terminate this Lease under Section 1932(1) of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

(j) *Identification of Tenant*. If more than one person executes this Lease as Tenant:

(1) Each of such persons is jointly and severally liable for the performance of all of the terms, covenants and conditions of this Lease, and

(2) The term "**Tenant**" shall mean each of them jointly and severally. The act or notice from, or notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant.

(k) *Examination of Lease*. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option to lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(l) *No Warranty*. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising additional rent or the amount of the additional rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

(m) *Right to Lease*. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building and the Belvedere Place office center. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Term, occupy any space in the Building or the Belvedere Place office center.

(n) *Transportation Management*. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Project by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any

Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.

(o) *Modification for Lender*. If, in connection with Landlord's obtaining construction, interim or permanent financing for the Building or Project, the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

(p) *Requirements of Law*. Landlord shall comply with all laws, rules and regulations (including, without limitation, the Americans with Disabilities Act) applicable to the common areas of the Building, other than such laws, rules and regulations with which Tenant is obligated to comply under the terms of this Lease.

(q) *Recording*. Neither Landlord nor Tenant shall record this Lease nor a short form memorandum hereof without the consent of the other.

(r) Applicable *Laws*. This Lease shall be governed by and construed pursuant to the laws of the State of California.

(s) *Relationship of Parties*. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of rent nor any act or omission of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

(t) *Landlord's Title*. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

(u) *Project or Building Name and Signage*. Landlord shall have the right at any time to change the name of the Building or Project and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or the Building (including the name Belvedere Place) or use pictures or illustrations of the Project or the Building in advertising or other publicity, without the prior written consent of the Landlord.

(v) *Survival of Obligations*. All provisions of this Lease which require the payment of money or the delivery of property after the termination of this Lease or require Tenant to indemnify, defend or hold Landlord harmless shall survive the termination of this Lease.

(w) *Authority*. Each individual executing this Lease represents that it has all requisite power and authority to execute and deliver this Lease on behalf of the entity for which it is signing, and by his or her signature, will bind such party to the terms of this Lease.

(x) *Execution in Counterparts*. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

LB STRAWBERRY LLC,
a Delaware limited liability company

GCP BELVEDERE, LLC
By: a California limited liability company,
its Development Manager

By: _____

Name: _____
Title: _____

***TENANT*:**

AMARIN CORPORATION, PLC, a
United Kingdom public limited company

By: _____

Its _____

EXHIBIT A

Legal Description of the Property

EXHIBIT B

Description of the Premises

B-1

EXHIBIT C

Notice Of Lease Term Dates

To: _____
_____
_____
_____

Re: Office Lease dated _____, 2001, between LB Strawberry LLC, a Delaware limited liability company (**"Landlord"**), and _____, a _____ (**"Tenant"**), concerning Suite _____ on floor(s) _____of the office building located within the Belvedere Place office center at _____ Belvedere Place, Mill Valley, California

Ladies and Gentlemen:

In accordance with the referenced Office Lease (the **"Lease"**), we wish to advise you and/or confirm as follows:

1. The Substantial Completion of the Premises has occurred, and the Term shall commence on or has commenced on _____ for a term of _____ months ending on _____.

2. Rent commenced to accrue on _____, in the amount of $_____ **[INSERT BASIC RENT AND ADDITIONAL RENT].**

3. If the Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to _____ at _____.

Initially capitalized terms used herein without definition shall have the respective meanings given such terms in the Lease.

***LANDLORD**:*

LB STRAWBERRY LLC,
a Delaware limited liability company

By: GCP BELVEDERE, LLC

a California limited liability company,
its Development Manager

C-1

By: _____

Name:_____
Title:_____

***TENANT*:** _____

By: _____

Its _____

Agreed to and Accepted
as of _____:

"Tenant"

_____
a _____

By: _____
Name: _____
Title: _____

EXHIBIT D

Form of Tenant Estoppel Certificate

TENANT ESTOPPEL CERTIFICATE

To: _____
_____
_____
_____

Ladies and Gentlemen:

_____, a _____ (**"Tenant"**) hereby certifies as follows:

1. The undersigned is the Tenant under that certain Office Lease dated _____ (the **"Lease"**), executed by LB STRAWBERRY LLC, a Delaware limited liability company (**"Landlord"**), as Landlord, and the undersigned, as Tenant, covering a portion of the building located at _____ Belvedere Place, Mill Valley, California designated as Suite _____ and located on Floor(s) _____ (the **"Premises"**). Initially capitalized terms used herein without definition shall have the respective meanings given such terms in the Lease.

2. The Premises consists of approximately _____ rentable square feet of space. Tenant has paid to Landlord a security deposit of $_____. The Term of the Lease commenced on _____ and the expiration of the Lease is _____. Tenant has paid rent through _____. The next rental payment in the amount of $___&n bsp;_____ is due on _____. Tenant is required to pay _____ percent (___%) of all annual operating expenses for the Project in excess of _____.

3. The Lease provides for an option to extend the Term of the Lease for _____ years. The rental rate for such extension term is as follows: _____. Except as expressly provided in the Lease, and other documents attached hereto, Tenant does not have any right or option to renew or extend the Term of the Lease, to lease other space at the Project, nor any preferential right to purchase all or any part of the Premises, the Building or the Project.

4. True, correct and complete copies of the Lease and all amendments, modifications and supplements thereto are attached hereto and the Lease, as so amended, modified and supplemented is in full force and effect, and represents the entire agreement between Tenant and Landlord with respect to the Premises, the Building and the Project. There are no amendments, modifications or supplements to the Lease, whether oral or written, except as follows (include the date of such amendment, modification or supplement): _____
_____&nbs p;.

5. All space and improvements leased by the Tenant have been completed and furnished in accordance with the provisions of the Lease, and the Tenant has accepted and taken possession of the Premises.

6. To Tenant's actual knowledge, Landlord is not in any respect in default in the performance of the terms and provisions of the Lease. Tenant is not in any respect in default under the Lease and has not assigned, transferred or hypothecated the Lease or any interest therein or subleased all or any portion of the Premises.

7. There are no offsets or credits against rentals payable under the Lease and no free rent periods or rental concessions have been granted to Tenant, except as follows: _____
_____&nb sp;_____.

8. Tenant has no actual knowledge of any processing, use, storage, disposal, release or treatment of any hazardous or toxic materials or substances on the Premises, the Building or the Project except as follows (if none, state "none"): _____
_____;_____.

9. There are no actions pending against the Tenant under the bankruptcy or similar laws of the United States or any state.

10. If Tenant is a corporation or partnership, each individual executing this Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Certificate and that each person signing on behalf of Tenant is authorized to do so.

11. This Certificate is given to _____ with the understanding that _____ will rely hereon in connection with the conveyance/financing of the Building or Project of which the Premises is a part. Following any such conveyance/financing, Tenant agrees that this Lease shall remain in full force and effect and sh all bind and inure to the benefit of _____ and its lenders, successors and assigns. Tenant hereby expressly acknowledges and agrees that _____ is relying upon this Certificate.

"Tenant"

_____,
a_____

By:_____
Name:_____
Title:_____

EXHIBIT E

RULES AND REGULATIONS

1. Tenant shall have access to the Building and the Premises at all times during the Term, except to the extent otherwise necessary for emergencies, maintenance or repairs, which maintenance and repairs shall be accomplished with as little interference to Tenant as commercially reasonable. On all hours other than normal business hours for the Project (as defined in Paragraph 19(iii) of these Rules and Regulations below), or such other hours as Landlord shall determine from time to time, access to the Project and/or to the passageways, entrances, exits, shipping areas, halls, corridors, elevators or stairways and other areas in the Project may be restricted and access gained by use of a key/card key to the outside doors of the Project, or pursuant to such security procedures as Landlord may from time to time impose. All such areas, and all roofs, are not for use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Project and its tenants, provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant deals in the normal course of Tenant's business unless such persons are engaged in activities which are illegal or violate these Rules. No Tenant Parties shall enter into areas reserved for the exclusive use of Landlord Parties. Tenant shall keep doors to corridors and lobbies closed except when persons are entering or leaving.

2. Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Project, or on any part of the inside of the Premises which can be seen from the outside of the Premises, without the prior consent of Landlord, and then only such name or names or matter and in such color, size, style, character and material as may be first approved by Landlord in writing. Landlord shall prescribe the suite number and identification sign for the Premises (which shall be prepared and installed by Landlord at Tenant's expense). Landlord reserves the right to remove at Tenant's expense all matter not so installed or approved without notice to Tenant.

3. Tenant shall not in any manner use the name of the Project for any purpose other than that of the business address of the Tenant, or use any picture or likeness of the Project, in any letterheads, envelopes, circulars, notices, advertisements, containers or wrapping material without Landlord's express written consent.

4. Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window which may be unsightly from outside the Premises, and Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the exterior walls. Blinds, shades, awnings or other forms of inside or outside window ventilators or similar devices, shall not be placed in or about the outside windows in the Premises except to the extent, if any, that the character, shape, color, material and make thereof are first approved by Landlord in writing.

5. Furniture, freight and other large or heavy articles, and all other deliveries may be brought into the Project only at times and in the manner designated by Landlord, and always at Tenant's sole responsibility and risk. Landlord may impose reasonable charges for use of freight elevators after or before normal business hours. All damage done to the Project by moving or maintaining such furniture, freight or articles shall be repaired by Landlord at Tenant's expense. Landlord may inspect items brought into the Project or Premises with respect to weight or dangerous nature. Landlord may require that all furniture, equipment, cartons and similar articles removed from the Premises or the Project be listed and a removal permit therefor first be obtained from Landlord. Tenant shall not take or permit to be taken in or out of other entrances or elevators of the Project any item norma lly taken, or which Landlord otherwise reasonably requires to be taken, in or out through service doors or on freight elevators. Tenant shall not allow anything to remain in or obstruct in any way, any lobby, corridor, sidewalk, passageway, entrance, exit, hall, stairway, shipping area, or other such area. Tenant shall move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste (other than waste customarily removed by Project employees) that are at any time being taken from the Premises directly to the areas designated for disposal. Any handcarts used at the Project shall have rubber wheels.

6. Tenant shall not overload any floor or part thereof in the Premises, or Project, including any public corridors or elevators therein bringing in or removing any large or heavy articles, and Landlord may direct and control the location of safes and all other heavy articles and require supplementary supports at Tenant's expense of such material and dimensions as Landlord may deem necessary to properly distribute the weight.

7. Tenant shall not attach or permit to be attached additional locks or similar devices to any door or window, change existing locks or the mechanism thereof, or make or permit to be made any keys for any door other

than those provided by Landlord. If more than two keys for one lock are desired, Landlord will provide them upon payment therefor by Tenant. Tenant, upon termination of its tenancy, shall deliver to Landlord all keys of offices, rooms and toilet rooms which have been furnished Tenant or which Tenant shall have had made, and in the event of loss of any keys so furnished shall pay Landlord therefor.

8. If Tenant desires signal, communication, alarm or other utility or similar service connections installed or changed, Tenant shall not install or change the same without the prior approval of Landlord, and then only under Landlord's direction at Tenant's expense. Tenant shall not install in the Premises any equipment which requires more electric current than Landlord is required to provide under this Lease, without Landlord's prior written approval, and Tenant shall

ascertain from Landlord the maximum amount of load or demand for or use of electrical current which can safely be permitted in the Premises, taking into account the capacity of electric wiring in the Building and the Premises and the needs of tenants of the Building, and shall not in any event connect a greater load than such safe capacity.

9. Tenant shall not obtain for use upon the Premises ice, drinking water, towel, janitorial and other similar services, except from Persons approved by Landlord in writing. Any Person engaged by Tenant to provide janitor or other services shall be subject to direction by the manager or security personnel of the Project.

10. The toilet rooms, urinals, washbowls and other such apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this Rule shall be borne by Tenant who, or whose employees or invitees, shall have caused it. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness in and around the Project.

11. The janitorial closets, utility closets, telephone closets, broom closets, electrical closets, storage closets, and other such closets, rooms and areas shall be used only for the purposes and in the manner designated by Landlord, and may not be used by tenants, or their contractors, agents, employees, or other parties, without Landlord's prior written consent.

12. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules. Tenant shall not at any time manufacture, sell, use or give away, any spirituous, fermented, intoxicating or alcoholic liquors on the Premises, nor permit any of the same to occur (except in connection with occasional social or business events conducted in the Premises which do not violate any laws nor bother or annoy any other tenants). Tenant shall not at any time sell, purchase or give away food in any form by or to any of the other Tenant Parties or any other parties on the Premises, nor permit any of the same to occur (other than in lunchrooms or kitchens for employees as may be permitted or installed by Landlord, which does not violate any l aws or bother or annoy any other tenant).

13. Tenant shall not make any room-to-room canvass to solicit business or information or to distribute any article or material to or from other tenants or occupants of the Project and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the Premises unless ordinarily embraced within the Tenant's use of the Premises specified in the Lease.

14. Tenant shall not waste electricity, water, heat or air conditioning or other utilities or services, and agrees to cooperate fully with Landlord to ensure the most effective and energy-efficient operation of the Project and shall not allow the adjustment (except by Landlord's authorized Project personnel) of any controls. Tenant shall keep corridor doors closed and shall not open any windows, except that if the air circulation shall not be in operation, windows which are openable may be opened with Landlord's consent. As a condition to claiming any deficiency in the air-conditioning or ventilation services provided by Landlord, Tenant shall close any blinds or drapes in the Premises to prevent or minimize direct sunlight.

15. Tenant shall conduct no auction, fire or "going out of business" sale or bankruptcy sale in or from the Premises, and such prohibition shall apply to Tenant's creditors.

16. Tenant shall cooperate and comply with any reasonable safety or security programs, including fire drills and air raid drills, and the appointment of "fire wardens" developed by Landlord for the Project, or required by law. Before leaving the Premises unattended, Tenant shall close and securely lock all doors or other means of entry to the Premises and shut off all lights and water faucets in the Premises (except heat to the extent necessary to prevent the freezing or bursting of pipes).

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17. Tenant will comply with all municipal, county, state, federal or other governmental laws, statutes, codes, regulations and other requirements, including without limitation, environmental health, safety and police requirements and regulations respecting the Premises, now or hereinafter in force, at its sole cost, and will not use the Premises for any immoral purposes.

18. Tenant shall not (i) carry on any business, activity or service except those ordinarily embraced within the permitted use of the Premises specified in the Lease and more particularly, but without limiting the generality of the foregoing, shall not (ii) install or operate any internal combustion engine, boiler, machinery, refrigerating, heating or air conditioning equipment in or about the Premises, (iii) use the Premises for housing, lodging or sleeping purposes or for the washing of clothes, (iv) place any radio or television antennae other than inside of the Premises, (v) operate or permit to be operated any musical or sound producing instrument or device which may be heard outside the Premises, (vi) use any source of power other than electricity, (vii) operate any electrical or other device from which may emanate electrical or other waves which ma y interfere with or impair radio, television, microwave, or other broadcasting or reception from or in the Project or elsewhere, (viii) bring or permit any bicycle or- other vehicle, or dog (except in the company of a blind person or except where specifically permitted) or other animal or bird in the Project, (ix) make or permit objectionable noise or odor to emanate from the Premises, (x) do anything in or about the Premises tending to create or maintain a nuisance or do any act tending to injure the reputation of the Project, (xi) throw or permit to be thrown or dropped any article from any window or other opening in the Building, (xii) use or permit upon the Premises anything that will invalidate or increase the rate of insurance on any policies of insurance now or hereafter carried on the Project or violate the certificates of occupancy issued for the Premises or the Project, (xiii) use the Premises for any purpose, or permit upon the Premises anything, that may be danger ous to persons or property (including but not limited to flammable oils, fluids, paints, chemicals, firearms or any explosive articles or materials), (xiv) do or permit anything to be done upon the Premises in any way tending to disturb any other tenant at the Project or the occupants of neighboring property, or (xv) at any time go upon the roof of the Building without prior approval from Landlord.

19. The following Rules shall apply regarding the parking area:

(i) Parking shall be available in areas designated generally for tenant parking. Tenant shall have card-key access to the parking facilities 24 hours a day, seven day a week. In all cases, parking for Tenant and the other Tenant Parties shall be on a "first come, first served," unassigned basis, with Landlord and other tenants at the Project, and their employees and visitors, and other Persons to whom Landlord shall grant the right or who shall otherwise have the right to use the same, all subject to these Rules, as the same may be amended or supplemented, and applied on a non-discriminatory basis. Notwithstanding the foregoing to the contrary, Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped individuals, and other tenants, visitors of tenants or other Persons, and Tenant Parties shall not park in any such assigne d or reserved spaces. Landlord may restrict or prohibit full size vans and other large vehicles.

(ii) In case of any violation of these provisions, Landlord may refuse to permit the violator to park, and may remove the vehicle owned or driven by the violator from the Project without liability whatsoever, at such violator's risk and expense. Landlord reserves the right to close all or a portion of the parking areas or facilities in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the same, or if required by casualty, strike, condemnation, act of God, law or governmental requirement, or any other reason beyond Landlord's reasonable control. In the event access is denied for any reason, any monthly parking charges shall be abated to the extent access is denied, as Tenant's sole recourse. Tenant acknowledges that such parking areas or facilities may be operated by an independent contractor not affiliated with Landlord, and T enant acknowledges that in such event, Landlord shall have no liability for claims arising through acts or omissions of such independent contractor.

(iii) Normal business hours for the Project shall be 7 A.M. to 6 P.M., Monday through Friday, and 9:00 A.M. to 12:00 P.M. on Saturdays, or such other hours as may be reasonably established by Landlord or its parking operator from time to time. During such normal business hours, cars must be parked entirely within the stall lines, and only small cars may be parked in areas reserved for small or compact cars; all directional signs and arrows must be observed; the speed limit shall be 5 miles per hour; spaces reserved for handicapped parking must be used only by vehicles properly designated; every parker is required to park and lock his own car; washing, waxing, cleaning or servicing of any vehicle is prohibited; parking spaces may be used only for parking automobiles; parking is prohibited in areas: (a) not striped or designated for parking, (b) aisles, (c) where "no parking" sign s are posted, (d) on ramps, and (e) loading areas and other specially designated areas. Delivery trucks and vehicles shall use only those areas designated therefor.

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20. The directory of the building will be provided for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom. Any additional name that Tenant shall desire to be placed upon the directory must first be approved by Landlord, and if so approved, a charge will be made therefor.

21. Landlord may waive any one or more of these Rules for the benefit of a particular tenant, but no such waiver by Landlord shall be construed as a waiver of these Rules in favor of any other tenant nor prevent Landlord from thereafter enforcing any such Rules against any or all of the tenants of the building.

22. Landlord reserves the right to make such other and reasonable rules as in its sole and absolute discretion may from time to time be needed for the safety, care, efficiency, cleanliness, management and operation of the building, and for the preservation of good order therein.

EXHIBIT F

[Space Plan]

EXHIBIT G

BASE BUILDING STANDARD SHELL CONSTRUCTION SPECIFICATIONS

Floor:	Concrete floors are ready to accept tenant's floor covering.
Exterior Bldg. Walls:	Walls are insulated and ready to receive tenant's drywall and wall finish. Windows are ready to receive tenant's trim and paint or special finish.
Interior Demising Walls:	Demising walls are finish taped drywall and ready to receive tenant's wall finish.
Ceiling:	Ceilings are left open to underside of slab above.
Fire Sprinklers:	Fire sprinklers are in upright pendant heads in general protective pattern.
Structural Elements:	Columns and roof trusses are exposed and can be used as architectural elements by the tenant or encased in drywall. *(These elements do not require fireproofing.)*
Mechanical:	Each floor contains a central water loop with approximately one zone per 2,000 square feet of space. The tenant is responsible for the distribution and thermostatic controls in the tenant space. Tenants may add additional zones (which require additional heat pumps) for private offices, heat-generating equipment or special requirements.
Electrical:	A panel board at the designated building electrical room is provided.
	The building has specified an ambient, indirect light fixture to be used by the tenant improvement contractors. The building will

	stipulate the layout of the lighting along the curtain wall for consistency.
Telecommunications:	The building provides phone and cable connections to the designated main electrical/communications room for each floor.
Drapery:	A building standard window covering will be provided.
Toilet rooms:	Toilet rooms are fully improved.
Multi-Tenant Floor:	The Building provides exit corridors, elevator lobbies and an entry door to each tenant space. Doors are wood birch, door frames are hollow metal, lobbies have a stone floor with carpet inset, door hardware is brushed aluminum and the storefront and railings are aluminum and glass.

STOCK and INTELLECTUAL PROPERTY RIGHT
PURCHASE AGREEMENT

THIS AGREEMENT is made in the City of Buenos Aires, Argentina, on November 30, 2001, by and between:

Amarin Pharmaceuticals Company Limited (hereinafter the "Vendor"), a corporation organized under the laws of England, domiciled at 7 Curzon Street, London W1J 5HG, United Kingdom;

Amarin Corporation plc (hereinafter "Amarin"), a corporation organized under the laws of England, domiciled at 7 Curzon Street, London W1J 5HG, United Kingdom;

Abriway Int. S.A., a private corporation validly organized and existing under the laws of Uruguay (hereinafter the "Purchaser"), domiciled at San Josè 807, Apartamento 804, Montevideo, Uruguay;

Sergio Lucero (hereinafter "Lucero"), a current Director of the Company (as hereinafter defined);

Francisco Stefano (hereinafter "Stefano"), a current Director of the Company;

Amarin Technologies S.A. (hereinafter, the "Company"), a corporation organized under the laws of Argentina, domiciled at Marcelo T. de Alvear 624, 1° Floor, Buenos Aires, Argentina.

WHEREAS:

(a) Vendor is the owner, free of any lien and encumbrance, of 11,900 ordinary, nominative, single-vote shares with a par value of $1 (Pesos one), representing 99,16% of the outstanding capital stock and voting rights of the Company (the "Shares").

(b) The Company is the owner, free of any lien and encumbrance, of 10,000 shares ("Dofistone Shares") with a par value of US$1 each representing 100% of the issued capital stock and voting rights of Dofistone Company S.A. ("Dofistone"), a corporation organized under the laws of Uruguay, domiciled at Ruta 8 km17,500 - Local H1, Edificio M.I., Zona Franca de Montevideo, Uruguay.

(c) Vendor intends to sell, and Purchaser intends to purchase, the Shares.

(d) Vendor is the owner, by reason of assignment by Amarin, of the patent listed in Schedule 1, (hereinafter, the "Patent) and the know-how relating thereto;

(e) Vendor intends to sell, and Purchaser intends to purchase, the Patent.

(f) Lucero and Stefano are willing to release the Vendor from any existing or future liability in relation to the Service Agreements mentioned in Clause 7.

THEREFORE, Vendor and Purchaser (hereinafter "the Parties") agree to execute this Stock and Intellectual Property Right Purchase Agreement (hereinafter "the Agreement") which will be governed by the following terms and conditions:

1. Object:

1.1. Vendor hereby sells, assigns and transfers the Shares to the Purchaser which the latter proceeds to purchase.

The Shares are sold and delivered in the form of a single indivisible unit, since the sale is agreed upon "in their entirety" and includes all corporate and financial rights and obligations pertaining thereto.

1.2. Vendor hereby sells, assigns and transfers the Patent and the know-how relating thereto to the Purchaser, which the latter proceeds to purchase.

2. Price:

2.1. The sale price of the Shares is fixed at the aggregate amount of Unites States Dollars Twenty Thousand (US$20,000), (hereinafter, the "Share Purchase Price") which the Purchaser shall pay to the Vendor as follows:

a) The amount of US$10,000 at Closing, by wire transfer to account nbr. 11866788 at Lloyds TSB plc, Minister Place, Ely Branch, Sort Code: 30-93-05

b) The balance, together with the first installment of the Patent Purchase Price (as hereinafter defined).

2.2. The sales price of the Patent is fixed at the aggregate amount of Unites States Dollars Two Hundred and Forty-Two Thousand (US$242,000), (hereinafter, the "Patent Purchase Price") which the Purchaser shall pay to the Vendor in yearly installments according to the following schedule:

i) May 2nd, 2003: Purchaser shall pay an amount equal to 2% of the Company's annual turnover of years 2001 and 2002.

ii) May 2nd, 2004: Purchaser shall pay an amount equal to 2% of the Company's annual turnover of year 2003

iii) May 2nd, 2005: Purchaser shall pay an amount equal to 2% of the Company's annual turnover of year 2004

iv) May 2nd, 2006: Purchaser shall pay an amount equal to 2% of the Company's annual turnover of year 2005

vi) May 2nd, 2007: Purchaser shall pay the balance, if any, between the Patent Purchase Price and the aggregate amount of the payments made under the precedent installments.

In no case, the aggregate amounts of payments under the installments calculated on the Company's annual revenues shall exceed the Patent Purchase Price plus the outstanding balance of the Share Purchase Price.

Should any payment date be a holiday in Argentina or in the United Kingdom, such installment shall be payable on the following working day, by wire transfer to account nbr. 11866788 at Lloyds TSB plc, Minister Place, Ely Branch, Sort Code: 30-93-05 or to any other bank to be designated by Vendor at least 5 days prior to each payment date. For purposes of this clause, the term "turnover" shall mean, for any period, total gross sales billed or charged to third parties, net of ordinary and customary trade discounts and commissions and Value Added Tax, resulting from the Company's audited annual Financial Statements corresponding to the fiscal year closed on December 31 of the year precedent to each payment date. It is also agreed that for purposes of this clause credit notes on sales issued to Wyeth as payment of the Climaderm reimbursement shall be deducted from turnover.

3. Closing. Deliveries at Closing:

3.1. Closing shall take place on December 4, at 1:00 p.m. Buenos Aires time at the offices of the law firm of Brons & Salas, Marcelo T. de Alvear 624, 1°, Buenos Aires, Argentina.

3.2. At Closing, the Parties shall perform the following acts:

a. The Purchaser shall make the wire transfer pursuant to Article SECOND hereof.

b. The Vendor shall deliver the transfer notice of the Shares to the Purchaser, substantially in the form of Schedule II.

c. The Vendor shall deliver the Shares and the Dofistone Shares to the Purchaser.

d. The Vendor shall deliver the original copies of the By-Laws, the corporate books and records corresponding to the Company and Dofistone, to the Purchaser.

e. The Vendor shall deliver title documentation to the Patent.

f. The Vendor shall deliver title documentation to Intellectual Property Rights registered in the Company's name. For purposes of this Agreement, Intellectual Property Rights shall mean property rights over the patents listed in Schedule 3.2.f. In case there is any deficiency, Vendor and any of its affiliates shall make all actions necessary to complete registration of such Patents in the name of the Company, at Vendor cost.

g. The Vendor and the Company shall execute the assignment agreement mentioned in Section 9.1. pursuant to the model enclosed as Schedule III.

h. The Vendor and the Purchaser shall execute all such other document as the Purchaser shall reasonably require in order to perfect the right title and interest of Purchaser to the Patent and to Shares and to the Dofistone Shares.

3.3 Each Director of the Company and/or of Dofistone except for Mr. Lucero and Stefano, shall deliver to Purchaser a letter addressed to the Company and/or to Dofistone as the case may be, whereby each of them will tender his resignation from the office as Board Member and Director of the Board(s) of the Company and/or Dofistone, and waive and disclaim the right to any fees and benefits to which he may be entitled by reason of holding such office or position.

3.4. Within a term of five working days as from Closing, a Company Shareholders' Meeting will be held by the Company, at which Purchaser, as shareholder of the Company, shall favorably vote: (i) acceptance of the resignation tendered by the resigning Directors of the Company; (ii) approval of all actions and decisions taken up to date by the Directors appointed by the Vendor or in office prior to Closing; (iii) designation of new Directors or change of the number of Directors to be appointed so as to replace the vacancies left by the resigning Directors of the Company and acceptance of their offices by the newly appointed Directors. Purchaser shall deliver to Vendor a certified copy of the respective resolution of the Shareholders' Meeting of the Company and shall accept that Vendor's attorneys proceed with the registration of resignation of resigning Directors and appointment of newly elected Directors.

3.5. Within a term of five working days as from Closing, a Dofistone Shareholders' Meeting will be held by Dofistone, at which the Company, as shareholder of Dofistone, shall favorably vote: (i) acceptance of the resignation tendered by the resigning Directors of Dofistone; (ii) approval of all actions and decisions taken up to date by the Directors appointed by the Vendor or in office prior to Closing; (iii) designation or change of the number of Directors to be appointed so as to replace the vacancies left by the resigning Directors of Dofistone and acceptance of their offices by the newly appointed Directors. Purchaser shall deliver to Vendor a certified copy of the respective resolution of the Shareholders' Meeting of Dofistone and shall accept that Vendor's attorneys proceed with the registration of resignation of resigning Directors and appointment of newly elected Directors.

4. Representations and warranties of the Parties:

4.1 Each of the Parties represent and warrant to each other that they have absolute power and authority to execute this Agreement and fully discharge its/their obligations hereunder.

4.2. The Vendor represents and warrants that:

a. The Shares and the Dofistone Shares are free from any obligation, pledge, encumbrance or lien.

b. The Vendor has full, perfect and unrestricted title and ownership to the Shares and to the Dofistone Shares.

c. The Vendor has full right to exercise both the economic and voting rights of the Shares and of the Dofistone Shares.

d. The Vendor has full, perfect and unrestricted title and ownership to the Patent.

4.3. Except for those contained in this Section FOUR, the Vendor does not assume any additional obligation nor does it make any representation and/or warranty, whether express or implied, with regard to the Patent, the Shares and/or the Dofistone Shares, and/or the Company and/or Dofistone. Without this implying any limitation whatsoever, the Vendor does not make any representation with regard to the value of the Patent, the Shares and of the Dofistone Shares, nor to the value of the assets of the Company and/or of Dofistone.

4.4. Without prejudice of the above the Purchaser expressly waives any claim against Vendor and/or the Directors or managers of the Company and/or Dofistone on the basis of disclosed or undisclosed liabilities, hidden flaws or any other cause or title, either referred to the Shares or to the Dofistone Shares or to the Company or to Dofistone.

4.5. Purchaser acknowledges to be fully aware of the financial situation and corporate affairs of the Company and of Dofistone.

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5. Intellectual Property Rights:

In consideration to the representations and warranties made by the Vendor in Clause 4.2. above:

5.1. The Parties acknowledge that pursuant to the sale of the Patent mentioned in section 1.2., Purchaser shall have perfect right title and interest over the Patent and any applications therefore.

5.2. Purchaser acknowledges that no further right, input, or assistance from Vendor and/or from Amarin is required to carry out the Company's and/or Dofistone's business, whether in the ordinary course or not. Purchaser further acknowledges that the Company and/or the Purchaser have no claims against Vendor and/or Amarin on the basis of the transfer, title, interest, or lack thereof, over any intellectual property right, and hereby waives the right to make any such claim in the future.

5.3. The Company and Dofistone acknowledge that there are no claims against Vendor and/or Amarin on the basis of the transfer, title, interest, or lack thereof, over any intellectual property right and hereby waive the right to make any such claim in the future.

6. Pledge

6.1. In order to duly guarantee the obligations assumed hereunder, simultaneously with the execution of this Agreement, Purchaser executes a pledge contract (the "Pledge") in the form of Schedule IV. regarding the Shares and the full stock equity representing 100% of Beta Pharmaceuticals Corporation corporate capital.

6.2. As long as the obligations guaranteed by the Pledge are outstanding, the Company shall not sell or dispose the Dofistone Shares to any third party. However, it may transfer the Dofistone Shares to Beta Pharmaceuticals Corporation.

7. Service Agreement:

7.1. Mr. Lucero, Mr. Stefano, Purchaser, the Company and Dofistone, represent and warrant that they have made no claims, joint or individual, and further represent that they have no claims, joint or individual, against Vendor and/or Amarin arising from that certain Service Agreement dated June 28, 1996, copy of which is attached hereto as Schedule V, nor from that certain Amendment and Renewal N°1 to the Service Agreement, dated February 26, 2001 copy of which is attached hereto as Schedule VI and hereby waive the right to make any claim for any reason, clause or title whatsoever.

8. Labor Contingency Agreement:

The Company and Purchaser hereby assume exclusive responsibility and agree to hold Vendor and/or Amarin harmless from and against any claim, including, without limitation, attorney's fees and court costs and expenses, arising from that certain Labor Contingency Agreement dated June 28, 1996, copy of which is attached hereto as Schedule VII.

9. Assignment of agreements:

9.1. Amarin hereby assigns to the Company all its rights and obligations arising from that certain Know-How License Agreement dated November 4, 1999 (the "Cadila Agreement"), copy of which is attached hereto as Schedule VIII, pursuant to Section 22.1. thereof. The corresponding assignment agreement is attached as Schedule III.

The Company hereby accepts such assignment and agrees to hold Amarin and/or Vendor harmless from and against any claim including, without limitation, attorney's fees and court costs and expenses, arising from the Cadila Agreement or otherwise.

9.2. The Company hereby agrees to hold Vendor and/or Amarin harmless from and against any claim, including, without limitation, attorney's fees and court costs and expenses, arising from that certain Development Agreement dated April 27, 1999 (the "Lek Pharmaceuticals Agreement"), copy of which is attached hereto as Schedule IX, or otherwise.

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10. Authorization:

Vendor and Amarin hereby authorize Purchaser and the Company to continue using the commercial name “Amarin”. Purchaser acknowledges that Amarin and Vendor have legitimate rights over the name “Amarin”. Purchaser and the Company undertake not to use, in any possible way, the name “Amarin” in North America (i.e. Mexico, United States of America and Canada)

Additionally, Purchaser and the Company agree to hold Vendor and/or Amarin harmless from and against any claim, including, without limitation, attorneys’ fees and court costs and expenses, arising from the use of the name “Amarin” pursuant to this clause TEN.

11. Notices:

All notices and other communications required or permitted to be given hereunder will be made in writing and shall be deemed given on the date of their receipt, either by personal delivery or by mail, postage prepaid, acknowledgment of receipt requested, addressed as follows:

If to Vendor, to:

Brons & Salas
Att: Alfredo L. Rovira / Enrique Schinelli Casares
Marcelo T. de Alvear 624, 1st. Floor
Buenos Aires, C1058AAH
Argentina

With copy to:

Nigel Bell
Chief Financial Officer
Amarin Corporation plc
7 Curzon Street, London
W1J 5HG
United Kingdom

If to Purchaser, to:

Abriway Int. S.A.
San Josè 807, Apartamento 804
Montevideo, Uruguay.

With copy to:

Jorge Tützer
Corrientes 311, 13° Floor
Buenos Aires,
Argentina

If to the Company, to:

Sr. Presidente
Amarin Technologies S.A.
Av. San Juan 2266
C1232AAR Buenos Aires
Argentina

If to Lucero, to:

Sergio Lucero
Brasil 886
(B1643EGR) Beccar
Prov. Buenos Aires
Argentina

If to Stefano, to:
Francisco Stefano
J.M.Gutiérrez 3950 3° “A”
(1425) Buenos Aires
Argentina

12. Press Releases and Public Announcements

Purchaser acknowledges that Vendor and Amarin are subject to regulations enacted by the London Stock Exchange and therefore agrees that any press release and/or public announcement relating to the subject matter of this Agreement shall be subject to Purchaser’s approval prior to its issuance.

13. Entire Agreement:

This Agreement and its Annexes constitute the entire understanding of the Parties with respect to the subject matter contained herein and supersedes all prior contracts, agreements, understandings, or commitments relative to the subject matter contained herein and may not be modified save by written accord executed by both parties.

14. Costs and Expenses:

Each Party shall bear the costs and/or expenses incurred by it by reason of this Agreement.

15. Counterparts.:

This Agreement is executed in six (6) counterparts, to be delivered to the Purchaser, to the Vendor, to Amarin, to the Company, to Lucero, and to Stefano respectively.

16. Tolerance:

The fact that one of the parties does not, at any given time, demand that the other should comply with any one of the provisions hereof, shall in no way detrimentally affect the full right to require such compliance at any future time. Should one of the parties excuse the other in respect of infringement of the provisions hereof, this dispensation shall not imply the excuse of any subsequent infringement of the same or any other provision, nor will it represent a waiver of the provision itself. Omission by one of the parties to exercise any right granted by this Agreement shall not constitute a waiver of such right.

17. Governing Law. Jurisdiction: (a) This Agreement shall be governed by and construed in accordance with laws of Argentina. (b) All disputes arising from this Agreement, shall be submitted to the jurisdiction of the competent Courts of the Republic of Argentina with competence in commercial matters. Purchaser, the Company, Mr. Lucero and Mr. Stefano waive the right to claim a bond for costs.

In witness whereof, six (6) counterparts of this Agreement are executed on the date and at the place first above written.

By: **AMARIN PHARMACEUTICALS COMPANY LIMITED**

Signature: _____
Name: Enrique Schinelli Casares
Title : Attorney-in-fact

[MORE SIGNATURES FOLLOW]

By: **AMARIN CORPORATION plc**

Signature: _____
Name: Enrique Schinelli Casares
Title : Attorney-in-fact

By: **ABRIWAY INT. S.A.**

Signature:
Name:
Title:

By: **AMARIN TECHNOLOGIES S.A.**

Signature:
Name:
Title:

Sergio Lucero:

Francisco Stefano:

SCHEDULE I

Topical Spironolactone

Country: Europe
Application/Patent Nbr.: 0 582 458

	Revalidation Number
Austria	E 130 515
Belgium	0.582.458
Denmark	DK/EP 0.582.458
France	0.582.458
Germany	69300854.7
Italy	20.417 BE/96
Spain	0.582.458
Sweden	0.582.458
Switzerland	0.582.458
The Netherlands	0.582.458
U.Kingdom	0.582.458

Exhibit 2.4

STOCK PURCHASE AGREEMENT

THIS AGREEMENT is made in the City of Buenos Aires, Argentina, on November 30, 2001, by and between:

1) Amarin Corporation plc (hereinafter the "Vendor"), a corporation organized under the laws of England, domiciled at 7 Curzon Street, London W1J 5HG, United Kingdom.

2) Abriway Int. S.A., a corporation organized under the laws of Uruguay (hereinafter the "Purchaser"), domiciled at San Josè 807, Apartamento 804, Montevideo, Uruguay;

3) Beta Pharmaceuticals Corporation, a private corporation validly organized and existing under the laws of Panama (the "Company"), domiciled at Juncal 1305, Ap. 1201, Montevideo, Uruguay.

WHEREAS:

(a) Vendor is the owner, free of any lien and encumbrance, of 2 single-vote shares (the "Shares") with a par value of United States Dollars Ten (US$10) each, representing 100% of the issued capital stock and voting rights of the Company.

(b) Vendor intends to sell, and Purchaser intends to purchase, the Shares.

THEREFORE, Vendor and Purchaser (hereinafter "the Parties") agree to execute this Stock Purchase Agreement (hereinafter "the Agreement") which will be governed by the following terms and conditions:

1. Object:

Vendor hereby sells, assigns and transfers the Shares to the Purchaser which the latter proceeds to purchase.

The Shares are sold and delivered in the form of a single indivisible unit, since the sale is agreed upon "in their entirety" and includes all corporate and financial rights and obligations pertaining thereto.

2. Price:

The sales price of the Shares is fixed at the amount of Unites States Dollars One (US$1)which the Purchaser shall pay to the Vendor at Closing (as hereinafter defined).

3. Closing. Deliveries at Closing:

3.1. Closing shall take place on December 4, 2001, at 12:00 a.m. Buenos Aires time, at the offices of the law firm of Brons & Salas, Marcelo T. de Alvear 624, 1°, Buenos Aires, Argentina.

3.2. At Closing, the Parties shall perform the following acts:

a. The Vendor shall deliver the Shares to the Purchaser.

b. The Vendor shall deliver the transfer notice of the Shares to the Purchaser, substantially in the form of Annex 3.2.b.

c. The Vendor shall deliver the original copies of the By-Laws, the corporate books and records corresponding to the Company, to the Purchaser.

d. The Vendor shall deliver title documentation to Intellectual Property Rights registered in the Company's name. For purposes of this Agreement, Intellectual Property Rights shall mean property rights over the Patents (as hereinafter defined) listed in Schedule 3.2.d. If there is any deficiency, Vendor and any of its affiliates shall make all actions necessary to complete registration of such Patents in the name of the Company's, at Vendor cost.

e. The Vendor and the Purchaser shall execute all such other document as the Purchaser shall reasonably require in order to perfect the right title and interest of Purchaser to the Shares.

3.3. Mr. Richard A.B. Stewart and Martyn Pitman, in their capacity as Directors of the Company, shall deliver to Purchaser a letter addressed to the Company, whereby they will tender their resignation from the office as Board Members, and President of the Company in the case of Mr. Stewart, and waive and disclaim the right to any fees and benefits to which they may be entitled by reason of holding such office or position.

3.4. A Company Shareholders' Meeting will be held by the Company, at which Purchaser, as shareholder of the Company, shall favorably vote: (i) acceptance of the resignation tendered by the resigning Director of the Company; (ii) approval of all actions and decisions taken up to date by the Directors appointed by the Vendor or in office prior to Closing; (iii) designation of new Directors or change of the number of Directors to be appointed so as to replace the vacancies left by the resigning Directors of the Company and acceptance of their offices by the newly appointed Directors. Purchaser shall deliver to Vendor a certified copy of the respective resolution of the Shareholders' Meeting of the Company and shall accept that Vendor's attorneys proceed with the registration of resignation of resigning Directors and appointment of newly elected Directors.

4. Representations and warranties of the Parties:

4.1 Each of the Parties represent and warrant to each other that they have absolute power and authority to execute this Agreement and fully discharge its/their obligations hereunder.

4.2. The Vendor represents and warrants that:

a. The Shares are free from any obligation, pledge, encumbrance or lien.

b. The Vendor has full, perfect and unrestricted title and ownership to the Shares.

c. The Vendor has full right to exercise both the economic and voting rights of the Shares.

4.3. Except for those contained in this Section FOUR, the Vendor does not assume any additional obligation nor does it make any representation and/or warranty, whether express or implied, with regard to the Shares and/or the Company. Without this implying any limitation whatsoever, the Vendor does not make any representation with regard to the value of the Shares, nor to the value of the assets of the Company.

4.4. Without prejudice of the above, the Purchaser expressly waives any claim against Vendor and/or the Directors or managers of the Company on the basis of disclosed or undisclosed liabilities, hidden flaws or any other cause or title either referred to the Shares or to the Company.

4.5. Purchaser acknowledges to be fully aware of the financial situation and corporate affairs of the Company.

5. Intellectual Property Rights:

In consideration to the representations and warranties made by the Vendor above:

5.1. Purchaser acknowledges that no further right, input, or assistance from Vendor is required to carry out the Company's business, whether in the ordinary course or not. Purchaser further acknowledges that the Company and/or Purchaser have no claims against Vendor on the basis of the transfer, title, interest, or lack thereof, over any intellectual property right, and hereby waives the right to make any such claim in the future.

5.2. The Company acknowledges that there are no claims against Vendor on the basis of the transfer, title, interest, or lack thereof, over any intellectual property right and hereby waive the right to make any such claim in the future.

6. Exclusive Supply Agreement:

Purachaser and the Company ackowledge the existence and validity of that certain Exclusive Supply Agreement dated July 1, 1992. copy of which is attached hereto as Schedule I as well as of that certain Amendment to the Exclusive Supply Agreement dated May 1, 1994, copy of which is attached as Schedule II, as well as the fact that there are or could be outstanding liabilities arising therefrom.

7. Notices:

All notices and other communications required or permitted to be given hereunder will be made in writing and shall be deemed given on the date of their receipt, either by personal delivery or by mail, postage prepaid, acknowledgment of receipt requested, addressed as follows:

If to Vendor, to:

Brons & Salas
Att: Alfredo L. Rovira / Enrique Schinelli Casares
Marcelo T. de Alvear 624, 1st. Floor

Buenos Aires, C1058AAH
Argentina

With copy to:

Nigel Bell
Chief Financial Officer
Amarin Corporation plc
7 Curzon Street, London
W1J 5HG
United Kingdom

If to Purchaser, to:

Abriway Int. S.A.
San Josè 807, Apartamento 804
Montevideo, Uruguay.

With copy to:

Jorge Tützer
Corrientes 311, 13° Floor

Buenos Aires,
Argentina

If to the Company, to:

Beta Pharmaceuticals Corporation

Juncal 1305, Ap. 1201, Montevideo, Uruguay.

7. Press Releases and Public Announcements

Purchaser acknowledges that Vendor is subject to regulations enacted by the London Stock Exchange and therefore agrees that any press release and/or public announcement relating to the subject matter of this Agreement shall be subject to Purchaser's approval prior to its issuance.

8. Entire Agreement:

This Agreement and its Annexes constitute the entire understanding of the Parties with respect to the subject matter contained herein and supersedes all prior contracts, agreements, understandings, or commitments relative to the subject matter contained herein and may not be modified save by written accord executed by both parties.

9. Costs and Expenses:

Each Party shall bear the costs and/or expenses incurred by it by reason of this Agreement.

10. Counterparts:

This Agreement is executed in three (3) counterparts, to be delivered to the Purchaser, to the Vendor, and to the Company, respectively.

11. Tolerance:

The fact that one of the parties does not, at any given time, demand that the other should comply with any one of the provisions hereof, shall in no way detrimentally affect the full right to require such compliance at any future time. Should one of the parties excuse the other in respect of infringement of the provisions hereof, this dispensation shall not imply the excuse of any subsequent infringement of the same or any other provision, nor will it represent a waiver of the provision itself. Omission by one of the parties to exercise any right granted by this Agreement shall not constitute a waiver of such right.

12. Governing Law. Jurisdiction: (a) This Agreement shall be governed by and construed in accordance with laws of Argentina. (b) All disputes arising from this Agreement, shall be submitted to the jurisdiction of the competent

Courts of the Republic of Argentina with competence in commercial matters. Purchaser and the Company waive the right to claim a bond for costs.

In witness whereof, three (3) counterparts of this Agreement are executed on the date and at the place first above written.

By **AMARIN CORPORATION PLC**

Signature:
Name: Enrique Schinelli Casares
Title: Attorney-in-fact

By: **ABRIWAY INT. S.A.**

Signature:
Name:
Title:

By: **BETA PHARMACEUTICALS CORPORATION**

Signature:
Name:
Title:

Exhibit 2.5

NOVATION AGREEMENT

THIS AGREEMENT is made on November 30, 2001, by and between:

Amarin Corporation plc (hereinafter "Amarin"), a corporation organized under the laws of England, domiciled at 7 Curzon Street, London W1J 5HG, United Kingdom;

Beta Pharmaceuticals Corporation, a private corporation validly organized and existing under the laws of Panama (hereinafter "Beta");

Amarin Technologies S.A. (hereinafter, the "Company"), a corporation organized under the laws of Argentina, domiciled at Marcelo T. de Alvear 624, 1° Floor, Buenos Aires, Argentina.

WHEREAS:

(a) The amount of US$ 187,681,53 (United States Dollars One Hundred and Eighty Seven Thousand Six Hundred and Eighty One with 53/00) (hereinafter, the "Debt") is currently due and outstanding to the Company by Amarin.

(b) Beta wishes to assume the Debt as its own, therefore releasing Amarin from the Debt.

(c) The Company wishes to release Amarin from the Debt.

THEREFORE, Amarin, Beta, and the Company (hereinafter "the Parties") agree to execute this Novation Agreement (hereinafter "the Agreement") which will be governed by the following terms and conditions:

1. OBJECT

Beta hereby assumes the Debt as its own, in the terms of Section 801, subsequent and related Sections of the Argentine Civil Code.

The Company hereby accepts such assumption of the Debt by Beta and further releases Amarin from the Debt.

2. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with laws of Argentina.

In witness whereof, three (3) counterparts of this Agreement are executed on the date and at the place first above written.

By: **AMARIN CORPORATION plc**

Signature:
Name: Enrique Schinelli Casares
Title : Attorney-in-fact

By: **BETA PHARMACEUTICALS CORPORATION**

Signature:
Name:
Title:

By: **AMARIN TECHNOLOGIES S.A.**

Signature:
Name:
Title:

Exhibit 8.1

Subsidiaries of Amarin Corporation plc

Subsidiary Name	**Country of incorporation or registration**
Amarin Development AB	Sweden
Amarin Pharmaceuticals, Inc.	United States