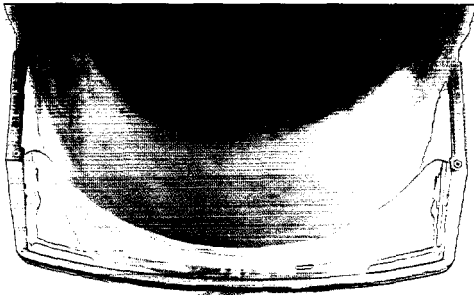


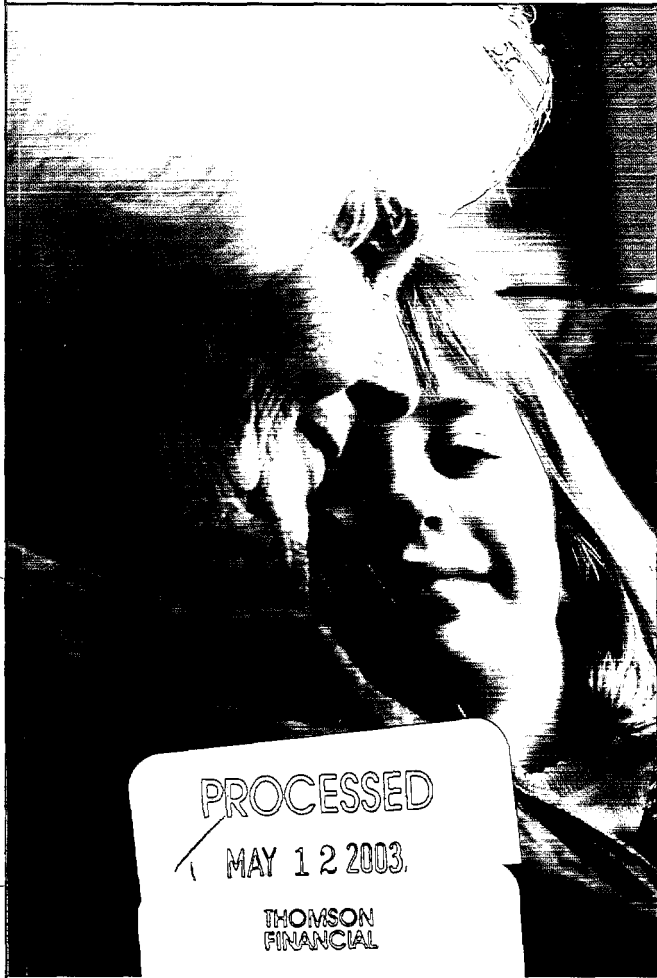
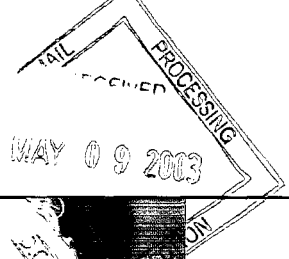
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SFBC covers  
the generations.

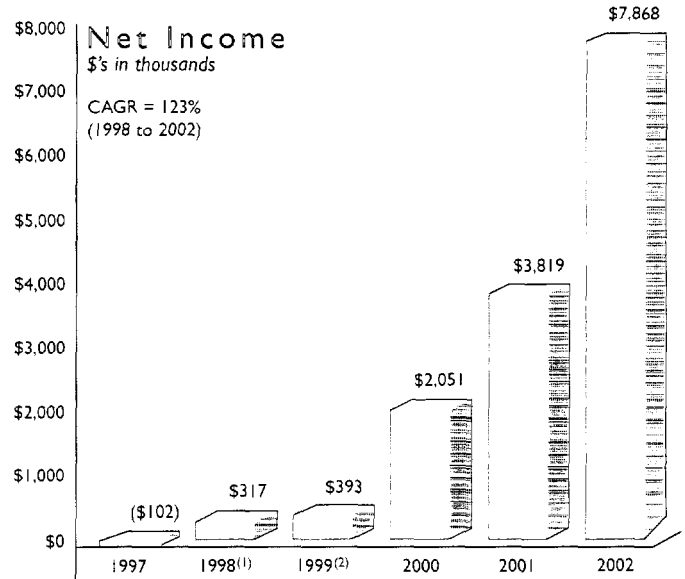
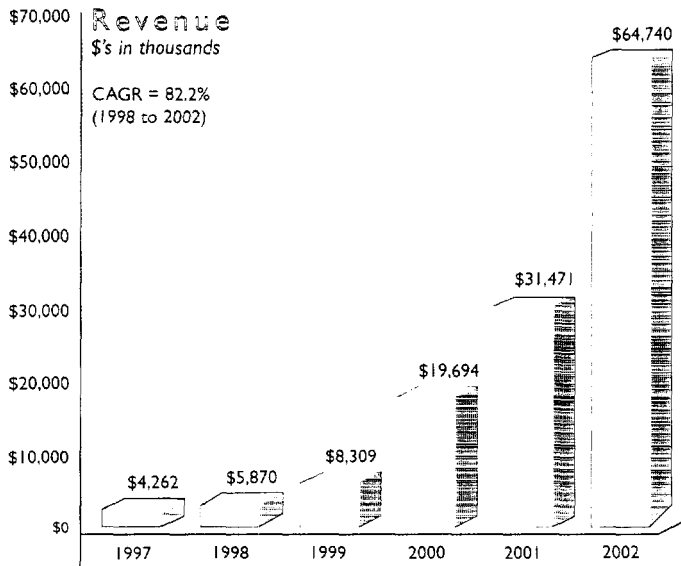
Annual Report 2002

Consolidated Statement of Earnings Data

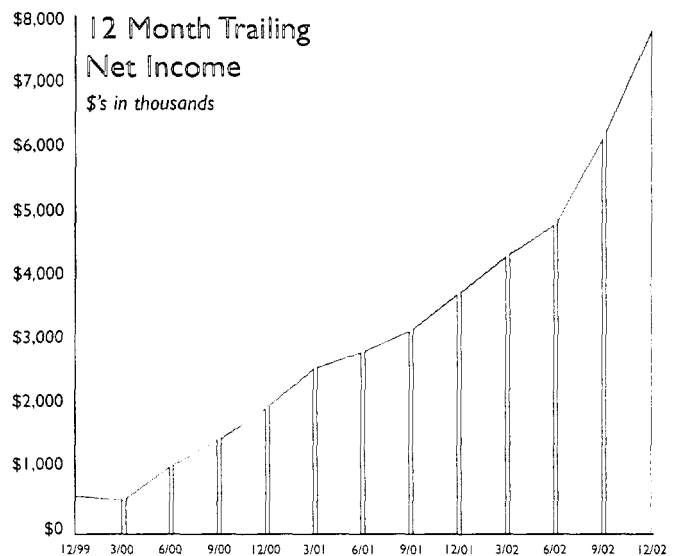
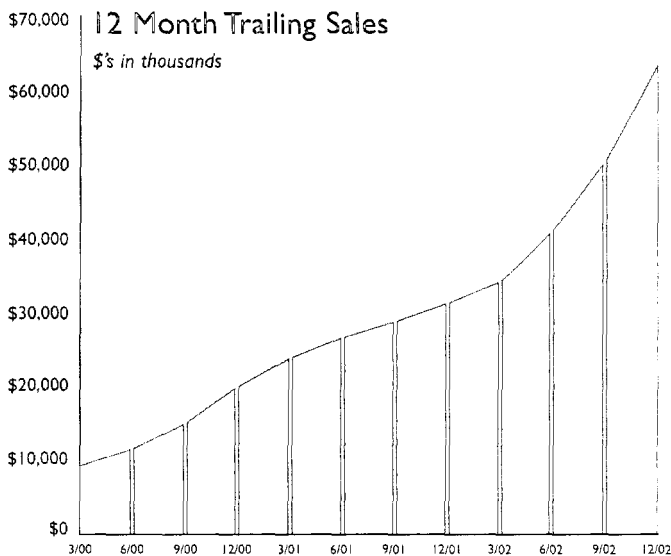
Financial Highlights

in thousands

	1998	1999	2000	2001	2002
Net Revenue	\$ 5,870	\$ 8,309	\$ 19,694	\$ 31,471	\$ 64,740
Income before income taxes	508	661	3,393	6,095	10,310
Provision for income taxes		410	1,342	2,276	2,442
Net Income	508	251	2,051	3,819	7,868



<sup>(1)</sup> 1998 includes pro-forma provision for income taxes  
<sup>(2)</sup> 1999 excludes \$256k in one-time charges.





Lisa Krinsky, M.D.  
Chairman of the Board  
and President



Arnold Hantman, CPA  
Chief Executive Officer



Dr. Gregory B. Holmes  
Executive Vice President  
for Clinical Operations



David Natan, CPA  
Vice President and  
Chief Financial Officer

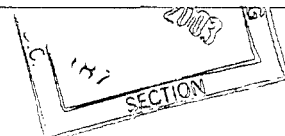
## Dear Shareholder:

2002 was an unprecedented year in SFBC's history. We remained committed to delivering the highest quality service to our clients while increasing value for our shareholders. During the year SFBC achieved several significant milestones that have further solidified our position within the drug development services industry. These milestones include: our continued strong financial performance; organic growth; the successful integration of several highly complimentary and acquisitions; and the expansion of our capacity and capabilities to meet growing client demand.

We believe our financial results validate the strength of our business model:

- Revenue increased 106 percent to \$64.7 million from \$31.5 million for 2001.
- Gross margins of 43.3 percent compared with gross margins of 42.3 percent in the prior year period.
- Net earnings increased 106 percent to \$7.9 million compared to \$3.8 million for 2001.
- Earnings per fully diluted share increased to \$1.05 compared to \$0.81
- Secured a \$10 million line of credit from Wachovia Bank, National Association.
- Ended the year with approximately \$8.75 million in cash and virtually no debt on the balance sheet.
- Strong cash flow

SFBC is a company that serves people. We serve our clients, which include prominent pharmaceutical and biotechnology companies, by working closely with them to move drug candidates through the clinical development process to gain FDA approval and bring them to market as quickly and cost-effectively as possible. We serve the public by enabling our clients to bring new and improved products to market that address the health care needs of families and improve the quality of life for the general public. We serve our shareholders by building our reputation within the industry, which enables us to continue to deliver strong operational and financial results.



To extend our reach and build a stronger organization, we have completed several acquisitions since our founding, including Anapharm and New Drug Services in 2002. We are now effectively

positioned within the marketplace as a comprehensive, full service drug development company for pharmaceutical and biotechnology companies. We can manage a drug's development process from the first time in a human through filing the regulatory submission with the U.S. Food and Drug Administration (FDA). We have already seen a high demand from both new and existing clients who are pleased to be able to outsource all of their drug development needs to one company that can provide a broad range of service offerings while delivering superior quality results.

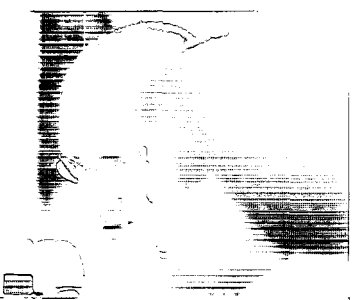
### Industry Trends

The drug development services industry has continued to advance as pharmaceutical and biotechnology companies look for solutions to decrease the time and cost to develop drugs. According to industry sources, the average cost of developing a drug exceeds \$500 million and on average takes almost 15 years. To support the need to drive new pharmaceutical and generic products quickly,

efficiently and accurately through the pipeline, outsourcing to clinically superior drug development services companies, like SFBC, becomes a cost-effective, and ultimately, critical component for our clients' business success.

In 2000, \$5.6 billion in trials were outsourced and this number is anticipated to grow between 14% and 17% per year. This increase in the number of trials outsourced is driven by a lack of infrastructure throughout our target client base, for both fixed capital and employee expertise, as well as regulatory trends that are requiring more defined clinical protocols and larger trial sizes to ensure safety and efficacy.

An extremely visible concern for the pharmaceutical industry is that \$41 billion dollars of branded drugs will come off patent by 2005. This drives our growth in two ways – (1) large pharmaceutical companies need to increase the number and speed at which they can file New Drug Applications (NDAs) and (2) generic companies are rapidly looking for opportunities to create substitute products.



"While the price of admission to the pharmaceutical/biotechnology industry has been scientific excellence, the reason for our success has been our reliable people. We offer total involvement and total commitment, with a personal touch. Our dedicated scientific personnel have the extensive expertise and pharmaceutical background to deliver the highest quality results."

Lisa Krinsky, M.D.  
Chairman and President

To make the most of these opportunities, SFBC is focused on the following operational goals:

**Building long-term value:** This translates into strengthening our operations, brand, and competitive position. We will also invest prudently for the future, enhance our client value proposition and avoid near-term wins that have negative longer-term consequences.

**Driving organic growth and complimentary acquisitions:** We will focus on attracting and retaining profitable clients, controlling costs and optimizing returns on investment for all spending. In addition, we will continue to look for acquisition opportunities that fit strategically into our business model.

**Generating cash flow:** We will remain dedicated to this goal by increasing our earnings, optimizing the management of working capital and executing on thoughtful and carefully developed capital spending.

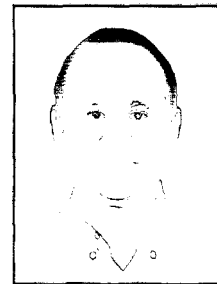
By building on our operating strengths, we can meet, if not exceed, shareholder expectations and deliver greater value.



Marc LeBel, Pharm. D.  
President and CEO  
SFBC Canada, Inc.



Michael Adams, Pharm. D.  
President and CEO  
SFBC New Drug Services, Inc.



Allan Xu, Ph.D.  
President  
SFBC Analytical Laboratories, Inc.



Barrie Phillips, Ph.D.  
President  
SFBC H. Myers, Inc.



*"We have brought together the resources of some of the most well-respected firms that the industry has trusted as independent organizations to form a comprehensive drug development company. Each of our acquisitions remain focused on providing the same quality of work from the same employees, only now we offer an even broader range of services."*

Arnold Hantman  
Chief Executive Officer

## SFBC Strengths

We experienced increased client diversification in 2002, with no one customer accounting for more than 10 percent of our revenue. The acquisitions of Anapharm and New Drug Services also expanded our client diversity and now our offerings appeal to branded and generic pharmaceutical companies, biotechnology companies and other drug development outsourcing companies.

In 2002, SFBC continued to deliver on one of our most important competitive advantages for our customers – our reputation for never failing to recruit for a trial on or ahead of schedule. As we have discussed previously, this is key to our customers and the industry, where recruiting problems delay 78% of all clinical trials in the industry.

We continually expand our database, which includes healthy populations, as well as many of the most challenging special populations where we have expertise, such as Cardiac, Diabetes, Dermatology, Pediatrics, and Post Menopausal Women. The strength of our databases enable us to speed the process of recruitment, while driving down costs, reducing lead-time to dosing, and facilitating our ability to conduct larger trials. All of these elements are critical to our clients who have a very high opportunity cost for delays.

### Acquisitions

We began the year with approximately \$40 million in cash and cash equivalents, which included the successful completion of our secondary offering in December 2001. The strength of our balance sheet enabled us to aggressively pursue several key acquisitions to round out our portfolio of services. During the year, we successfully closed and integrated two acquisitions, Anapharm in March and New Drug Services in September. These acquisitions, combined with our position as a leader in early clinical development outsourcing, helped the company achieve

its most profitable year in our 18-year history. In addition, these acquisitions have expanded our service offerings to enable SFBC to better meet our clients' needs, which includes our clients' interest to work more closely with SFBC from early drug testing in human through filing the results with the Food and Drug Administration.

### Anapharm

On March 18, 2002, we acquired Anapharm, Inc. which was the largest privately-held Canadian provider of drug development services. Anapharm derives approximately 50% of its revenues from each of Phase I clinical trials and bioanalytical laboratory services. As a result of the acquisition, we gained a substantial number of new clients primarily generic drug manufacturers located in North America, Europe and Asia.



*"We created a new brand identity to unify SFBC's reputation for delivering the highest quality. The distinct "pill shape" design of the new logo makes our identity instantly recognizable and separates SFBC from our competition."*

*Gregory B Holmes, Pharm.D.  
Executive Vice President for  
Clinical Operations*



### **New Drug Services**

Through the acquisition of New Drug Services, we now offer regulatory expertise, and Biostatistics and Data Management services. New Drug Services possesses substantial technical experience in three functional areas: early clinical pharmacology research; Biostatistics and Data Management; and Regulatory and Drug application (NDA) services.



Based on the success of our previous acquisitions, we remain open to future acquisitions that meet our stringent clinical, operational and financial requirements. The companies must be immediately accretive, while enhancing our expertise in therapeutic areas or geographical regions, building our management strength and our reach into existing and new customers. We believe that the market for early clinical development companies is highly fragmented and we have an active pipeline of acquisition candidates that we are currently pursuing.

### Expansion

We operate two new state-of-the-art clinical laboratories. We opened our first laboratory in Miami, Florida in December 2001 and the second laboratory in Montreal, Canada in February 2003. The Miami facility serves all of our United States facilities and enables us to screen clinical trial subjects more quickly and efficiently than in the past as well as providing more enhanced services to our clients. We outsourced approximately \$1 million in central laboratory work in 2001. Our goal for 2002 was to exceed this \$1 million mark for our internal operations.



With the Miami lab, we were able to improve the quality of our lab results and surpass the \$1 million mark by the third quarter of 2002. We expect to operate the Montreal facility in a similar manner in Canada.

In April 2003, we opened a new Fort Myers, Florida Phase I and Phase II 20,000 sq. ft. facility with a 120-bed capacity. Based on our capacity issues and clients' desires, we moved from a smaller Fort Myers facility with 7,500 square feet and 48 beds.

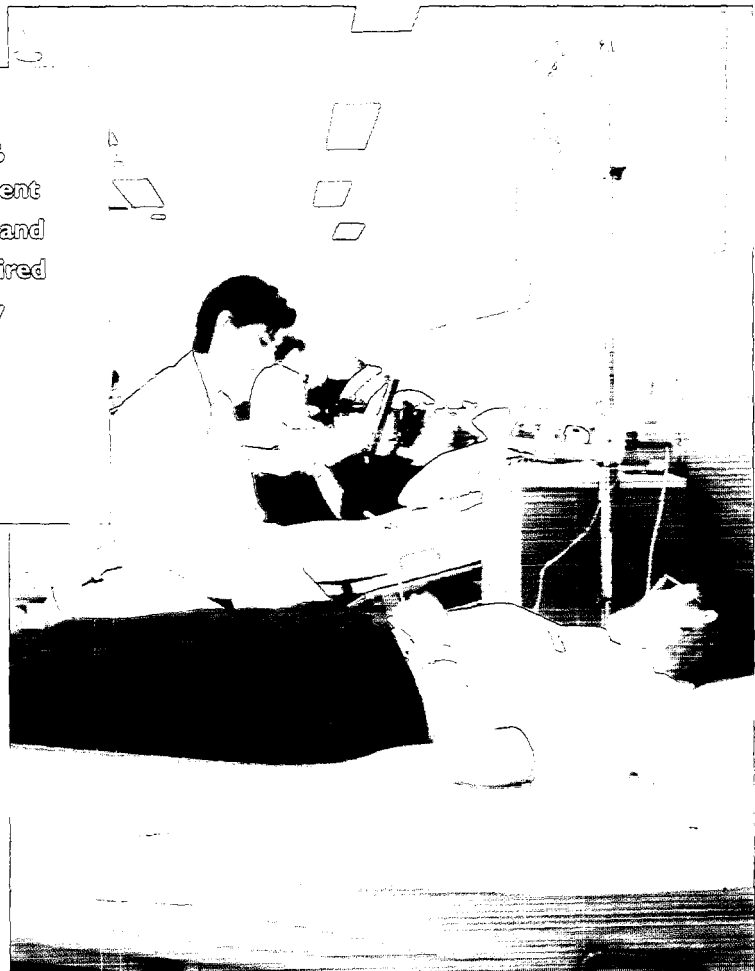
### Conclusion

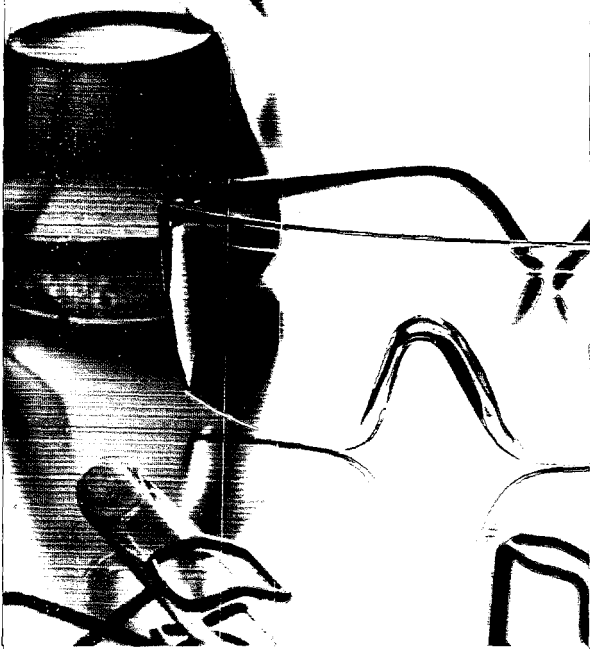
Today SFBC is one of the leading providers of Phase I and Phase II clinical trials in North America as well as a provider of specialized Phase III and Phase IV trial management services. The company currently provides cost-effective, accurate information to more than 100 of the largest branded and generic pharmaceutical and biotechnology companies globally. With a total of more than 880 beds and 13 discrete clinical units, SFBC's facilities are located in Miami and Fort Myers, Florida; Charlotte, North Carolina; Kennett Square and Philadelphia, Pennsylvania; and Montreal and Quebec City, Canada. These sites

"The seamless integration of our companies has created a stronger, more competitive drug development services provider that is sensitive and responsive to the rapid pace required by the market, which is evident by our results."

Dr. Marc LeBel, Pharm.D.  
Chief Executive Officer and  
President of SFBC Anapharm

include two state-of-the-art-bio-analytical laboratories and two clinical laboratories. The Company has significant experience recruiting some of the most challenging special populations, including geriatrics, pediatrics, post-menopausal women, cardiac disease, diabetes, kidney disease, ophthalmology, dermatology and HIV.





*"The opportunity provided by SFBC's entrepreneurial approach, diverse customer base and strong reputation in the industry offered us an unprecedented opportunity to maximize the growth potential for the services we offer."*

Michael P. Adams, Pharm.D  
President of SFBC  
New Drug Services

We were pleased to be recognized in 2002 by some prestigious organizations for our achievements. Dr. Lisa Krinsky was honored as Ernst & Young's 2002 Florida Entrepreneur of the Year in the Health and Sciences Division. SFBC was ranked by Forbes as one of the 200 Best Small Companies in America for 2002. We were also named one of Florida Trend's Top 250 Public Companies in 2002. We believe that these awards are a reflection of the efforts of our executive team, clinical staff and all the employees at SFBC who have worked diligently to make us one of the renowned names in the drug development services industry.

In conclusion, all of us at SFBC are extremely proud of our accomplishments in 2002. Our record results for the year and the positive momentum that exists entering 2003 validates the company's growth initiatives. Going forward, we continue to see excellent opportunities to bolster our strong base of operations in early clinical development, as well as pursuing opportunities to expand market share with our newer services, such as

bioanalytical labs, biostatistics and data management, and regulatory and drug submission services. We will continue to focus on providing the highest quality clinical development research services to our clients worldwide, increasing revenue and earnings growth internally and through acquisitions, and maintaining strong cash flow in 2003.

Sincerely,

Lisa Krinsky, M.D.  
Chairman and President

Arnold Hantman  
Chief Executive Officer

## Board of Directors

**Lisa Krinsky, M.D.**  
*Chairman of the Board  
and President*

**Arnold Hantman, CPA**  
*Director and Chief Executive Officer*

**Jack Levine, CPA**  
*Director*

**Leonard Weinstein, Ph D.**  
*Director*

**David Lucking**  
*Director*

## Executive Officers and Senior Management

**Lisa Krinsky, M.D.**  
*Chairman of the Board  
and President*

**Arnold Hantman, CPA**  
*Director and Chief Executive Officer*

**Gregory Holmes, Pharm. D.**  
*ABCP, FCP  
Executive Vice President*

**David Natan, CPA**  
*Vice President of Finance  
and Chief Financial Officer*

**Ramiro Casañas, MBA**  
*Chief Accounting Officer*

**Marc LeBel, Pharm. D.**  
*President and CEO  
SFBC Canada, Inc.*

**Johane Boucher-Champagne, DSA**  
*Chief Operating Officer  
SFBC Canada, Inc.*

**Michael P. Adams, Pharm. D.**  
*President and CEO  
SFBC New Drug Services, Inc.*

**Ray R. Carr, RPh**  
*Executive Vice President  
and Chief Operating Officer  
SFBC New Drug Services, Inc.*

**George Gessner, MBA**  
*Vice President of  
Business Development*

**Barrie Phillips, Ph D.**  
*President  
SFBC Ft. Myers, Inc.*

**Francois Vallee, M.Sc.**  
*Vice President  
Bioanalysis Division  
SFBC Canada, Inc.*

**Allan Xu, Ph D.**  
*President  
SFBC Analytical Laboratories  
Philadelphia*

**Thomas Pillsworth, M.Sc., Ph D.**  
*Vice President of  
Business Development*

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## Shareholder Information

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Fax: (305) 895-8616  
www.sfbci.com

**Transfer Agent and Registrar**  
Continental Stock Transfer & Trust Company  
2 Broadway  
New York, NY 10004  
Tel: (212) 509-4000  
Fax: (212) 509-5150

**Independent Auditors**  
Grant Thornton, LLP  
2700 S. Commerce Parkway  
Suite 300  
Weston, FL 33331  
Tel: (954) 768-9900  
Fax: (954) 768-9908

**Legal Counsel**  
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Fax: (561) 478-1817  
mharris@flseclaw.com

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Ana Lopez  
Tel: (305) 895-0304  
Fax: (305) 895-8616  
alopez@sfbci.com

## Annual Report and Form 10KSB

A copy of the Company's Form 10-KSB filed with the Securities and Exchange Commission, which is provided in this Annual Report is available with out charge upon request. Please contact: SFBC Investor Relations  
Ana Lopez  
Tel: (305) 895-0304

## Annual Meeting

The annual meeting of shareholders will be held at 11:00am on Thursday, June 12, 2003 at the Sheraton Bal Harbour, 9701 Collins Avenue, Bal Harbour, FL 33154.

SFBC International  
A NASDAQ listed company  
"SFCC"-common stock symbol



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