



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SE

FORM FOR SUBMISSION OF PAPER FORMAT EXHIBITS

BY ELECTRONIC FILERS

Hauser, Inc.
Exact Name of Registrant as Specified in Charter

0000773723
Registrant CIK Number

Form 8-K FOR 11-23-04
Electronic Report, Schedule or Registration
Statement of Which the Documents Are a Part
(give period of report)

0-17174
SEC File Number, if available

PROCESSED

NOV 24 2004 E

THOMSON
FINANCIAL

SIGNATURES

The Registrant has duly caused this form to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of El Segundo, State of California on the 18th day of November 2004.

HAUSER, INC.

By: 
Name: Kenneth C. Cleveland
Title: President and Chief Executive Officer

**IN ACCORDANCE WITH RULE 202 OF REGULATION S-T, THIS MONTHLY
OPERATING REPORT FOR THE MONTH ENDED OCTOBER 31, 2004 IS BEING
FILED IN PAPER FORMAT PURSUANT TO A CONTINUING HARDSHIP
EXEMPTION**

**MONTHLY OPERATING REPORT
FOR THE MONTH ENDED OCTOBER 31, 2004**

OF

**HAUSER, INC. AND ITS WHOLLY OWNED SUBSIDIARIES BOTANICALS
INTERNATIONAL EXTRACTS, INC., HAUSER TECHNICAL SERVICES, INC. AND
ZETAPHARM, INC.**

COPY

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Office of the United States Trustee

In re: Hauser, Inc.
A Delaware Corporation
Debtor
Chapter 11 Case No: LA 03-18795-BB

Debtor in Possession Interim Statement
Statement Number 19
For the period: NOV 16 P 3: 19
FROM: 10/1/2004
TO: 10/31/2004

CASH ACTIVITY ANALYSIS (Cash Basis Only) table with columns: General Account, Payroll Account, Tax Account. Rows include: A. Total Receipts per all Prior Interim Statements, B. Less: Total Disbursements per all Prior Statements, C. Beginning Balance (A less B), D. Receipts during Current Period (Describe each receipt; Attach Separate Listing if Necessary), E. Balance Available (C plus D), F. Less: Disbursements during Current Period (Describe "date", "Check#", "Payee/Purpose"; Attach separate listing if needed), G. Ending Balance (E less F).

H. Depositories table with columns: Depository Name, Depository Location, Account Number. Rows include: (1) General Account Wells Fargo Bank - Los Angeles, CA 4945 063790; (4) Tax Account none.

I. Other monies on hand (Specify type and location) (i.e. Certificates of Deposit, Petty Cash):

Table with columns: Type, Location, Amount. Rows include: Petty Cash San Marino, CA not to exceed \$100; Petty Cash Denver, CO not to exceed \$100.

I. (Print Name:) Thomas W. Hanlon, Chief Financial Officer, declare under penalty of perjury that the information contained in the above Debtor in Possession Interim Statement is true and complete to the best of my knowledge.

Dated: November 4, 2004

Signature of Thomas W. Hanlon
Debtor In Possession or Trustee Signature
Chief Financial Officer

In re: Hauser Technical Services, Inc.
A Delaware Corporation

Debtor
Chapter 11 Case No: LA 03-18798-BB

Debtor in Possession Interim Statement
Statement Number: 19
For the period-
FROM: October 1, 2004
TO: October 31, 2004

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2005 NOV 11

CASH ACTIVITY ANALYSIS (Cash Basis Only)	General Account	Payroll Account	Tax Account
A. Total Receipts per all Prior Interim Statements	7,118,944		
B. Less: Total Disbursements per all Prior Statements	7,108,263		
C. Beginning Balance (A less B)	10,681		
D. Receipts during Current Period (Describe each receipt; Attach Separate Listing if Necessary)			
10-18-04 - Customer Receipts	31,351		
From Detail Sheet "D"			
TOTAL RECEIPTS THIS PERIOD (D):	31,351		
E. Balance Available (C plus D)	42,032		
F. Less: Disbursements during Current Period (Describe "date", "Check#", "Payee/Purpose"; Attach separate listing if needed)			
From Detail Sheet "F"			
TOTAL DISBURSEMENTS THIS PERIOD (F):			
G. Ending Balance (E less F)	42,032		

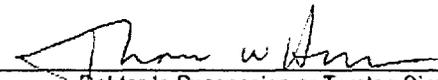
H. Depositories	Depository Name	Depository Location	Account Number
(1) General Account	Wells Fargo Bank - Los Angeles, CA		4945 063840
(2) Payroll Account	none		
(3) Tax Account	none		

I. Other monies on hand (Specify type and location) (i.e. Certificates of Deposit, Petty Cash):

Type	Location
none	

I, (Print Name:) Thomas W. Hanlon, Secretary / Treasurer, declare under penalty of perjury that the information contained in the above Debtor in Possession Interim Statement is true and complete to the best of my knowledge.

Dated: November 4, 2004


 Debtor in Possession or Trustee Signature
 Secretary / Treasurer

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Office of the United States Trustee

In re: Botanicals International Extracts Inc.
 A Delaware Corporation
 Debtor
 Chapter 11 Case No: LA 03-18788-BB

Debtor In Possession Operating Report
 Report Number: 2004-16-19-3:19
 For the period: FROM: October 1, 2004 TO: October 31, 2004
 OFFICE OF THE TRUSTEE
 LOS ANGELES, CA.

1. Profit and Loss Statement (Accrual Basis Only)

A. Related in Business Operations:		INCOME	
Gross Sales			
(Sales Returns and Discounts)			
Net Sales			
Beginning Inventory at Cost			
Add: Purchases			
Less: Ending Inventory at Cost			
Cost of Goods Sold			
Gross Profit			
Other Operating Revenues - Rentals			
Total Income			
EXPENSES			
Officer Compensation			
Salaries and Wages - Other Employees			
Employee Benefits and Pensions			
Total Employee wages, benefits, and pensions			
Payroll Taxes			
Real Estate Taxes			
Federal and State Income Taxes			
Total Taxes			
Rent and Lease Exp. (Real and Personal Property)			
Interest Expense (Mortgage, Loan, etc.)			
Insurance			
Automobile Expense			
Utilities (Gas, Electricity, Water, Telephone, etc.)			
Depreciation and Amortization			
Repairs and Maintenance			
Advertising			
Supplies, Office Expenses, Photocopies, etc.			
Bad Debts			
Miscellaneous Operating Expenses (See Attached)			
Total other operating costs & Expenses			
Total Operating Expenses			
Net Gain/Loss from Business Operations			
B. Not Related to Business Operations:		INCOME	
Interest Income			
Other Non-Operating Revenues (Specify)			
Gross Proceeds on Sale of Assets			
Less: Original Cost of Assets plus Expenses of Sale			
Net Gain/Loss on Sale of Assets			
Total Non-Operating Income			
EXPENSES			
Legal and Professional Fees (Specify)			
Other Non-Operating Expenses (Specify)			
Total Non-Operating Expenses			
Net Gain/Loss Not from Business Operations			
NET INCOME / LOSS FOR PERIOD			

See Attached Sheet

2. Aging of Accounts Payable and Accounts Receivable*

*exclude pre-petition accounts payable

	Accounts Payable	Accounts Receivable
Current - Under 30 Days	-	-
Overdue - 31 - 60 Days	-	-
Overdue - 61 - 90 Days	-	-
Overdue - 91 - 120 Days	-	-
Overdue - Over 121 Days	-	390,622
TOTAL	-	390,622

3. Statement of Status of Payments to Secured Creditors and Lessors:

Creditor/Lessor	Frequency of Payments per Contract/Lease (i.e. mo/qtr)	Amount of Each Payment	Next Payment Due	Post-Petition Payments Not Made*	
				Number	Amount

* Explanation for Non-Payment: _____

4. Tax Liability:

Gross Payroll Expense for Period: N/A
 Gross Sales Subject to Sales Tax for Period: N/A

Type of Tax	Date Paid	Amount Paid*	Post-Petition Taxes Still Owing
Federal Payroll and Withholding Taxes			N/A
State Payroll and Withholding Taxes			N/A
State Sales and Use Taxes			-
Real Property Taxes			-

* Attach photocopies of depository receipts from taxing authorities or financial institutions to verify that such deposits or payments have been made.

5. Insurance Coverage:

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation Liability				
Fire and Extended Coverage				
Property				
Theft				
Life (list beneficiary)				
Vehicle				
Other (specify)				

Please see attachment for insurance coverage

6. Questions:

A. Has the Debtor in Possession provided compensation to any officers, directors, shareholders, or other principals without the approval of the Office of the United States Trustee?

<input type="checkbox"/>	YES (Explain:)
<input checked="" type="checkbox"/>	NO

Has the Debtor in Possession, subsequent to the filing of the petition, made any payments on its pre-petition unsecured debt except as have been authorized by the Court?

<input type="checkbox"/>	YES (Explain:)
<input checked="" type="checkbox"/>	NO

7. Statement of Unpaid Professional Fees (Post-Petition Amounts only).

Name of Professional	Type of Professional (Attorney, accountant, etc.)	Total Post-Petition Amount Unpaid
Unpaid Professional Fees are listed in		
Hauser, Inc.'s Operating Report		

8. Narrative Report of Significant Events and Events out of the Ordinary Course of Business*

*(Attach separate sheet if necessary) Please use this area for comments regarding the operation of the chapter 11 debtor

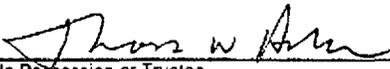
9. Quarterly Fees*

*This Fee must be paid to the United States Trustee every calendar quarter .

Quarterly Period Ending	Total Disbursements for Quarter	Quarterly Fee	Date Paid	Amount Paid	Check Number	Quarterly Fee Still Owing
6/30/2003	None	\$ 250	8/1/2003	\$ 250	3902	\$ -
9/30/2003	5,332,810	\$ 250	11/20/2003	\$ 250	4690	\$ -
9/30/2003	5,332,810	\$ 7,750	12/29/2003	\$ 7,750	4888	\$ -
12/31/2003	9,581,934	\$ 12,000	2/26/2004	\$ 12,000	5165	\$ -
3/31/2004	202,506	\$ 1,250	5/5/2004	\$ 1,250	5322	\$ -
6/30/2004	3,433	\$ 9,000	7/28/2004	\$ 9,000	6135	\$ -
9/30/2004	None	\$ -		\$ -		\$ -

I, (Name/Title): Thomas W. Hanson, Secretary / Treasurer, declare under penalty of perjury that the information contained in the above Debtor in Possession Operating Report is true and complete to the best of my knowledge

Dated: November 11, 2004


 Debtor In Possession or Trustee
 Secretary/Treasurer

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation	Wausau Insurance/Acordia	\$1MM/\$1MM/\$1MM	cancelled	
California	Incl			
Colorado	Incl			
Liability				
HTS	Evanston Insurance/Acordia	\$1MM	2/15/2005	11/15/2004
Hauser Longmont	Nautilus/Acordia		cancelled	
Hauser El Segundo	Essex Insurance		cancelled	
Property	Westchester Surplus Lines/Acordia		cancelled	
Real Property				
Personal Property	Westchester Surplus Lines/Acordia		"	"
Machinery	Westchester Surplus Lines/Acordia		"	"
Business Income	Westchester Surplus Lines/Acordia		"	"
Property of Others	Westchester Surplus Lines/Acordia		"	"
Theft-Money			cancelled	
Life (list beneficiary)				
Vehicle	St. Paul/Acordia		cancelled	
California	No Autos			
Other	1 vehicle in CO- to be sold			
Other (specify)				
Flood & Earthquake (DIC)			cancelled	
D&O	XL Specialty/Acordia	10,000,000	11/1/2009	12/31/2009
Excess	St. Paul/Acordia		cancelled	
Employment Practices Liabili	Hudson Insurance/Acordia		cancelled	
Cargo	St. Paul/Acordia		cancelled	
Foreign Liability	St. Paul/Acordia		cancelled	
Fiduciary	Chubb/Acordia	1,000,000	4/30/2005	4/30/2005
Crime/Employee Dishonesty	St. Paul/Acordia		cancelled	

Botanicals International Extracts, Inc.
October 31, 2004
(dollars in thousands)

	Current Month Actual	Six Months Ended Year-to-date Actual
Sales	-	593
Cost of Sales	-	3
Gross margin	<u>-</u>	<u>590</u>
Sales and marketing	-	-
G & A expenses	-	-
Total	<u>-</u>	<u>-</u>
Contribution	-	590
Corporate Services	-	-
Operating income (loss)	<u>-</u>	<u>590</u>
Interest expense	-	-
Profit (Loss) before Other Income (Expense) & Discontinued Operation	<u>-</u>	<u>590</u>
Gain/(Loss) on Disposal of Assets	-	142
Chapter 11 Reorganization Costs	-	-
Profit (loss) before tax	<u>-</u>	<u>732</u>
Income taxes	-	-
Net income (loss)	<u>-</u>	<u>732</u>

COPY

Office of the United States Trustee

In re: Hauser Inc.
 A Delaware Corporation
 Debtor
 Chapter 11 Case No: LA 03-18795-BB

Debtor In Possession Operating Report
 Report Number: 19
 For the period: FROM: October 1, 2004 TO: October 31, 2004

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 2004 NOV 16 P 3:19

1. Profit and Loss Statement (Accrual Basis Only)

A. Related in Business Operations:		INCOME	
Gross Sales			
(Sales Returns and Discounts)			
Net Sales			
Beginning Inventory at Cost			
Add: Purchases			
Less: Ending Inventory at Cost			
Cost of Goods Sold			
Gross Profit			
Other Operating Revenues - Rentals			
Total Income			
EXPENSES			
Officer Compensation			
Salaries and Wages - Other Employees			
Employee Benefits and Pensions			
Total Employee wages, benefits, and pensions			
Payroll Taxes			
Real Estate Taxes			
Federal and State Income Taxes			
Total Taxes			
Rent and Lease Exp. (Real and Personal Property)			
Interest Expense (Mortgage, Loan, etc.)			
Insurance			
Automobile Expense			
Utilities (Gas, Electricity, Water, Telephone, etc.)			
Depreciation and Amortization			
Repairs and Maintenance			
Advertising			
Supplies, Office Expenses, Photocopies, etc.			
Bad Debts			
Miscellaneous Operating Expenses (See Attached)			
Total other operating costs & Expenses			
Total Operating Expenses			
Net Gain/Loss from Business Operations			
B. Not Related to Business Operations:		INCOME	
Interest Income			
Other Non-Operating Revenues (Specify)			
Gross Proceeds on Sale of Assets			
Less: Original Cost of Assets plus Expenses of Sale			
Net Gain/Loss on Sale of Assets			
Total Non-Operating Income			
EXPENSES			
Legal and Professional Fees (Specify)			
Other Non-Operating Expenses (Specify)			
Total Non-Operating Expenses			
Net Gain/Loss Not from Business Operations			
NET INCOME / LOSS FOR PERIOD			

See Attached Sheet

2. Aging of Accounts Payable and Accounts Receivable*

*exclude pre-petition accounts payable

	Accounts Payable	Accounts Receivable
Current - Under 30 Days	4,424	-
Overdue - 31 - 60 Days	-	-
Overdue - 61 - 90 Days	-	-
Overdue - 91 - 120 Days	-	-
Overdue - Over 121 Days	(39)	369,169
TOTAL	4,386	369,169

3. Statement of Status of Payments to Secured Creditors and Lessors:

Creditor/Lessor	Frequency of Payments per Contract/Lease (I.e. mo/qtr)	Amount of Each Payment	Next Payment Due	Post-Petition Payments Not Made*	
				Number	Amount
GE Capital	Monthly	198	2/12/2004	1	198

* Explanation for Non-Payment:

The Hauser equipment under the GE Capital lease has been returned and we are awaiting a final reconciliation of amounts due.

4. Tax Liability:

Gross Payroll Expense for Period:

Gross Sales Subject to Sales Tax for Period:

N/A

Type of Tax	Date Paid	Amount Paid*	Post-Petition Taxes Still Owing
Federal Payroll and Withholding Taxes	None		
State Payroll and Withholding Taxes	None		
State Sales and Use Taxes	None		-
Real Property Taxes			

* Attach photocopies of depository receipts from taxing authorities or financial institutions to verify that such deposits or payments have been made.

5. Insurance Coverage:

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation Liability				
Fire and Extended Coverage Property Theft				
Life (list beneficiary)				
Vehicle				
Other (specify)				

Please see attachment for insurance coverage

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation	Wausau Insurance/Acordia	\$1MM/\$1MM/\$1MM	cancelled	
California	Incl			
Colorado	Incl			
Liability				
HTS	Evanston Insurance/Acordia	\$1MM	2/15/2005	11/15/2004
Hauser Longmont	Nautilus/Acordia		cancelled	
Hauser El Segundo	Essex Insurance		cancelled	
Property	Westchester Surplus Lines/Acordia		cancelled	
Real Property				
Personal Property	Westchester Surplus Lines/Acordia		"	"
Machinery	Westchester Surplus Lines/Acordia		"	"
Business Income	Westchester Surplus Lines/Acordia		"	"
Property of Others	Westchester Surplus Lines/Acordia		"	"
Theft-Money			cancelled	
Life (list beneficiary)				
Vehicle	St. Paul/Acordia		cancelled	
California	No Autos			
Other	1 vehicle in CO- to be sold			
Other (specify)				
Flood & Earthquake (DIC)			cancelled	
D&O	XL Specialty/Acordia	10,000,000	11/1/2009	12/31/2009
Excess	St. Paul/Acordia		cancelled	
Employment Practices Liabili	Hudson Insurance/Acordia		cancelled	
Cargo	St. Paul/Acordia		cancelled	
Foreign Liability	St. Paul/Acordia		cancelled	
Fiduciary	Chubb/Acordia	1,000,000	4/30/2005	4/30/2005
Crime/Employee Dishonesty	St. Paul/Acordia		cancelled	

In re: Hauser Inc.
A Delaware Corporation

Debtor In Possession Operating Report
Report Number: 19

Hauser, Inc.
October 31, 2004
(dollars in thousands)

	Current Month <u>Actual</u>	Five Months Ended Year-to-date <u>Actual</u>
Sales	\$0	\$85
Cost of Sales	<u>\$0</u>	<u>\$77</u>
Gross margin	0	8
Sales and marketing	0	0
G & A expenses	<u>74</u>	<u>661</u>
Total Operating Cost	<u>74</u>	<u>661</u>
Contribution	<u>(74)</u>	<u>(653)</u>
Corporate Services	0	(110)
Operating income (loss)	<u>(74)</u>	<u>(543)</u>
New products expense	0	0
Interest expense	<u>0</u>	<u>2</u>
Profit (Loss) before Other Income	<u>(74)</u>	<u>(541)</u>
Gain/Loss on Sale of Equipment	56	76
Income from Discontinued Operations	0	150
Chapter 11 Reorganization Costs	<u>(85)</u>	<u>(955)</u>
Profit (loss) before tax	<u>(102)</u>	<u>(1,270)</u>
Income taxes	<u>-</u>	<u>-</u>
Net income (loss)	<u><u>(\$102)</u></u>	<u><u>(\$1,270)</u></u>

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In re: Hauser Technical Services, Inc.
A Delaware Corporation

Debtor

Chapter 11 Case No: LA 03-18798-BB

Debtor In Possession Operating Report

Report Number: 19
For the period: FROM: October 1, 2004 TO: October 31, 2004

US TRUSTEE
ELES, CA.

1. Profit and Loss Statement (Accrual Basis Only)

A. Related in Business Operations:		INCOME	
Gross Sales			
(Sales Returns and Discounts)			
Net Sales			
Beginning Inventory at Cost			
Add: Purchases			
Less: Ending Inventory at Cost			
Cost of Goods Sold			
Gross Profit			
Other Operating Revenues - Rentals			
Total Income			
EXPENSES			
Officer Compensation			
Salaries and Wages - Other Employees			
Employee Benefits and Pensions			
Total Employee wages, benefits, and pensions			
Payroll Taxes			
Real Estate Taxes			
Federal and State Income Taxes			
Total Taxes			
Rent and Lease Exp. (Real and Personal Property)			
Interest Expense (Mortgage, Loan, etc.)			
Insurance			
Automobile Expense			
Utilities (Gas, Electricity, Water, Telephone, etc.)			
Depreciation and Amortization			
Repairs and Maintenance			
Advertising			
Supplies, Office Expenses, Photocopies, etc.			
Bad Debts			
Miscellaneous Operating Expenses (See Attached)			
Total other operating costs & Expenses			
Total Operating Expenses			
Net Gain/Loss from Business Operations			
B. Not Related to Business Operations:		INCOME	
Interest Income			
Other Non-Operating Revenues (Specify)			
Gross Proceeds on Sale of Assets			
Less: Original Cost of Assets plus Expenses of Sale			
Net Gain/Loss on Sale of Assets			
Total Non-Operating Income			
EXPENSES			
Legal and Professional Fees (Specify)			
Other Non-Operating Expenses (Specify)			
Total Non-Operating Expenses			
Net Gain/Loss Not from Business Operations			
NET INCOME / LOSS FOR PERIOD			

See Attached Sheet

2. Aging of Accounts Payable and Accounts Receivable*

*exclude pre-petition accounts payable

	Accounts Payable	Accounts Receivable
Current - Under 30 Days	-	-
Overdue - 31 - 60 Days		-
Overdue - 61 - 90 Days		-
Overdue - 91 - 120 Days		-
Overdue - Over 121 Days		-
TOTAL		

3. Statement of Status of Payments to Secured Creditors and Lessors:

Creditor/Lessor	Frequency of Payments per Contract/Lease (i.e. mo/qtr)	Amount of Each Payment	Next Payment Due	Post-Petition Payments Not Made*	
				Number	Amount

* Explanation for Non-Payment: _____

4. Tax Liability:

Gross Payroll Expense for Period: 0
 Gross Sales Subject to Sales Tax for Period: N/A

Type of Tax	Date Paid	Amount Paid*	Post-Petition Taxes Still Owing
Federal Payroll and Withholding Taxes			-
State Payroll and Withholding Taxes			-
State Sales and Use Taxes			-
Real Property Taxes			

* Attach photocopies of depository receipts from taxing authorities or financial institutions to verify that such deposits or payments have been made.

5. Insurance Coverage:

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation Liability				
Fire and Extended Coverage Property				
Theft				
Life (list beneficiary)				
Vehicle				
Other (specify)				

Please see attachment for insurance coverage

6. Questions:

A. Has the Debtor in Possession provided compensation to any officers, directors, shareholders, or other principals without the approval of the Office of the United States Trustee?

YES (Explain.)
 NO

Has the Debtor in Possession, subsequent to the filing of the petition, made any payments on its pre-petition unsecured debt except as have been authorized by the Court?

YES (Explain.)
 NO

7. Statement of Unpaid Professional Fees (Post-Petition Amounts only).

Name of Professional	Type of Professional (Attorney, accountant, etc.)	Total Post-Petition Amount Unpaid
Unpaid Professional Fees are listed in Hauser, Inc.'s Operating Report		

8. Narrative Report of Significant Events and Events out of the Ordinary Course of Business*

*(Attach separate sheet if necessary) Please use this area for comments regarding the operation of the chapter 11 debtor

On September 16, 2004, the Debtors closed the sale of substantially all of the assets of Hauser Contract Research Organization to Integrated BioPharma, Inc.

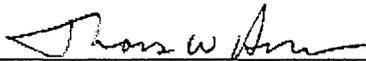
9. Quarterly Fees*

*This Fee must be paid to the United States Trustee every calendar quarter

Quarterly Period Ending	Total Disbursements for Quarter	Quarterly Fee	Date Paid	Amount Paid	Check Number	Quarterly Fee Still Owing
6/30/2003	1,287,397	5,000	8/12/2003	5,000	11613	0
9/30/2003	1,444,749	5,000	11/6/2003	5,000	11986	0
12/31/2003	1,284,036	5,000	2/12/2004	5,000	12324	0
3/31/2004	1,066,177	5,000	5/6/2004	5,000	12603	0
6/30/2004	882,339	5,000	7/21/2004	5,000	12787	0
9/30/2004	1,143,566	3,750	10/20/2004	3,750	6288	0

I, (Name/Title:) Thomas W. Hanton, Secretary / Treasurer, declare under penalty of perjury that the information contained in the above Debtor in Possession Operating Report is true and complete to the best of my knowledge

Dated: November 11, 2004


 Debtor In Possession or Trustee
 Title - Secretary / Treasurer

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation	Wausau Insurance/Acordia	\$1MM/\$1MM/\$1MM	cancelled	
California	Incl			
Colorado	Incl			
Liability				
HTS	Evanston Insurance/Acordia	\$1MM	2/15/2005	11/15/2004
Hauser Longmont	Nautilus/Acordia		cancelled	
Hauser El Segundo	Essex Insurance		cancelled	
Property	Westchester Surplus Lines/Acordia		cancelled	
Real Property				
Personal Property	Westchester Surplus Lines/Acordia		"	"
Machinery	Westchester Surplus Lines/Acordia		"	"
Business Income	Westchester Surplus Lines/Acordia		"	"
Property of Others	Westchester Surplus Lines/Acordia		"	"
Theft-Money			cancelled	
Life (list beneficiary)				
Vehicle	St. Paul/Acordia		cancelled	
California	No Autos			
Other	1 vehicle in CO- to be sold			
Other (specify)				
Flood & Earthquake (DIC)			cancelled	
D&O	XL Specialty/Acordia	10,000,000	11/1/2009	12/31/2009
Excess	St. Paul/Acordia		cancelled	
Employment Practices Liability	Hudson Insurance/Acordia		cancelled	
Cargo	St. Paul/Acordia		cancelled	
Foreign Liability	St. Paul/Acordia		cancelled	
Fiduciary	Chubb/Acordia	1,000,000	4/30/2005	4/30/2005
Crime/Employee Dishonesty	St. Paul/Acordia		cancelled	

Hauser Technical Services
Hauser Contract Research Organization
Summary Income Statement

October 31, 2004

(dollars in thousands)

	<u>Month</u> Actual	<u>Year-to-date</u> Actual
Sales	\$0	\$928
Cost of sales	0	\$1,515
Gross margin	<u>0</u>	<u>(\$587)</u>
Sales and marketing	0	\$54
G & A expenses	0	\$80
Total	<u>0</u>	<u>\$134</u>
Contribution	-	(\$721)
Corporate Services	0	\$110
Operating income (loss)	<u>0</u>	<u>(\$831)</u>
Interest expense	0	\$0
Disposal of Assets	(20)	1,086
Reorganization Costs	0	(\$10)
Profit (loss) before tax	<u>(\$20)</u>	<u>\$245</u>

COPY

Office of the United States Trustee

In re: Zetapharm Inc.
 A New York Corporation

Debtor

Chapter 11 Case No: LA 03-18802-BB

Debtor In Possession Operating Report

Report Number: 19

For the period-

FROM: October 1, 2004
 TO: 2005 NOV 16 2004

1. Profit and Loss Statement (Accrual Basis Only)

OFFICE OF US TRUSTEE
 LOS ANGELES, CA.

A. Related in Business Operations:		INCOME	
Gross Sales			
(Sales Returns and Discounts)			
Net Sales			
Beginning Inventory at Cost			
Add: Purchases			
Less: Ending Inventory at Cost			
Cost of Goods Sold			
Gross Profit			
Other Operating Revenues - Rentals			
Total Income			
EXPENSES			
Officer Compensation			
Salaries and Wages - Other Employees			
Employee Benefits and Pensions			
Total Employee wages, benefits, and pensions			
Payroll Taxes			
Real Estate Taxes			
Federal and State Income Taxes			
Total Taxes			
Rent and Lease Exp. (Real and Personal Property)			
Interest Expense (Mortgage, Loan, etc.)			
Insurance			
Automobile Expense			
Utilities (Gas, Electricity, Water, Telephone, etc.)			
Depreciation and Amortization			
Repairs and Maintenance			
Advertising			
Supplies, Office Expenses, Photocopies, etc.			
Bad Debts			
Miscellaneous Operating Expenses (See Attached)			
Total other operating costs & Expenses			
Total Operating Expenses			
Net Gain/Loss from Business Operations			
B. Not Related to Business Operations:		INCOME	
Interest Income			
Other Non-Operating Revenues (Specify)			
Gross Proceeds on Sale of Assets			
Less: Original Cost of Assets plus Expenses of Sale			
Net Gain/Loss on Sale of Assets			
Total Non-Operating Income			
EXPENSES			
Legal and Professional Fees (Specify)			
Other Non-Operating Expenses (Specify)			
Total Non-Operating Expenses			
Net Gain/Loss Not from Business Operations			
NET INCOME / LOSS FOR PERIOD			

No activity for this period

2. Aging of Accounts Payable and Accounts Receivable*

*exclude pre-petition accounts payable

	Accounts Payable	Accounts Receivable
Current - Under 30 Days	None	-
Overdue - 31 - 60 Days		-
Overdue - 61 - 90 Days		-
Overdue - 91 - 120 Days		-
Overdue - Over 121 Days		-
TOTAL	-	-

3. Statement of Status of Payments to Secured Creditors and Lessors:

Creditor/Lessor	Frequency of Payments per Contract/Lease (i.e. mo/qtr)	Amount of Each Payment	Next Payment Due	Post-Petition Payments Not Made*	
				Number	Amount
None					

* Explanation for Non-Payment: _____

4. Tax Liability:

Gross Payroll Expense for Period: None
 Gross Sales Subject to Sales Tax for Period: None

Type of Tax	Date Paid	Amount Paid*	Post-Petition Taxes Still Owing
Federal Payroll and Withholding Taxes	None		
State Payroll and Withholding Taxes	None		
State Sales and Use Taxes	None		
Real Property Taxes	None		

* Attach photocopies of depository receipts from taxing authorities or financial institutions to verify that such deposits or payments have been made.

5. Insurance Coverage:

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation Liability				
Fire and Extended Coverage Property				
Theft				
Life (list beneficiary)				
Vehicle				
Other (specify)				

Please see attachment for insurance coverage

6. Questions:

A. Has the Debtor in Possession provided compensation to any officers, directors, shareholders, or other principals without the approval of the Office of the United States Trustee?

<input type="checkbox"/>	YES (Explain:)
<input checked="" type="checkbox"/>	NO

Has the Debtor in Possession, subsequent to the filing of the petition, made any payments on its pre-petition unsecured debt except as have been authorized by the Court?

<input type="checkbox"/>	YES (Explain:)
<input checked="" type="checkbox"/>	NO

7. Statement of Unpaid Professional Fees (Post-Petition Amounts only).

Name of Professional	Type of Professional (Attorney, accountant, etc.)	Total Post-Petition Amount Unpaid
Unpaid Professional Fees are listed in Hauser, Inc.'s Operating Report.		

8. Narrative Report of Significant Events and Events out of the Ordinary Course of Business*

*(Attach separate sheet if necessary) Please use this area for comments regarding the operation of the chapter 11 debtor

None

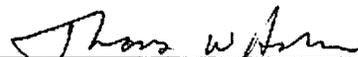
9. Quarterly Fees*

*This Fee must be paid to the United States Trustee every calendar quarter

Quarterly Period Ending	Total Disbursements for Quarter	Quarterly Fee	Date Paid	Amount Paid	Check Number	Quarterly Fee Still Owning
6/30/2003	None	\$ 250	8/1/2003	\$ 250	3903	\$ -
9/30/2003	None	\$ 250	11/6/2003	\$ 250	4630	\$ -
12/31/2003	None	\$ 250	2/26/2004	\$ 250	5166	\$ -
3/31/2004	None	\$ 250	5/4/2004	\$ 250	5323	\$ -
6/30/2004	None	\$ 250	7/28/2004	\$ 250	6147	\$ -
9/30/2004	None	\$ 250	10/20/2004	\$ 250	6296	\$ -

I, (Name/Title): Thomas W. Hanlon, Secretary / Treasurer, declare under penalty of perjury that the information contained in the above Debtor in Possession Operating Report is true and complete to the best of my knowledge

Dated: November 11, 2004


 Debtor in Possession or Trustee
 Secretary/Treasurer

In re: Zetapharm Inc.
A New York Corporation

Debtor In Possession Operating Report
Report Number: 19

Type of Insurance	Carrier/Agent Name	Amount Of Coverage	Policy Expiration Date	Premium Paid Through Date
Workers' Compensation	Wausau Insurance/Acordia	\$1MM/\$1MM/\$1MM	cancelled	
California	Incl			
Colorado	Incl			
Liability				
HTS	Evanston Insurance/Acordia	\$1MM	2/15/2005	11/15/2004
Hauser Longmont	Nautilus/Acordia		cancelled	
Hauser El Segundo	Essex Insurance		cancelled	
Property	Westchester Surplus Lines/Acordia		cancelled	
Real Property				
Personal Property	Westchester Surplus Lines/Acordia		"	"
Machinery	Westchester Surplus Lines/Acordia		"	"
Business Income	Westchester Surplus Lines/Acordia		"	"
Property of Others	Westchester Surplus Lines/Acordia		"	"
Theft-Money			cancelled	
Life (list beneficiary)				
Vehicle	St. Paul/Acordia		cancelled	
California	No Autos			
Other	1 vehicle in CO- to be sold			
Other (specify)				
Flood & Earthquake (DIC)			cancelled	
D&O	XL Specialty/Acordia	10,000,000	11/1/2009	12/31/2009
Excess	St. Paul/Acordia		cancelled	
Employment Practices Liability	Hudson Insurance/Acordia		cancelled	
Cargo	St. Paul/Acordia		cancelled	
Foreign Liability	St. Paul/Acordia		cancelled	
Fiduciary	Chubb/Acordia	1,000,000	4/30/2005	4/30/2005
Crime/Employee Dishonesty	St. Paul/Acordia		cancelled	

