

AURUM PHARMACEUTICALS LIMITED

COMPANY REGISTRATION NUMBER 02581060

AUDITORS REPORT TO THE DIRECTORS OF
AURUM PHARMACEUTICALS LIMITED PURSUANT TO
PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of the company for the year ended 30th June 1997. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 3 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 30th June 1997, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

On 15 April 1998 we reported, as auditors of the company, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1997, and our report was as follows:

'We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

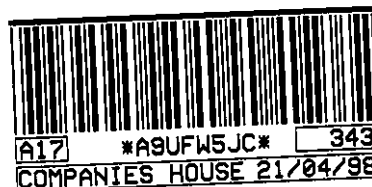
Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



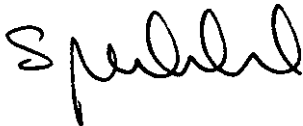
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AUDITORS REPORT TO THE DIRECTORS OF
AURUM PHARMACEUTICALS LIMITED PURSUANT TO
PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 - continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.''



Spofforths
Chartered Accountants and Registered Auditor
20 Old Mill Square
Storrington,
West Sussex,
RH20 4NQ.

Date: 15 April 1998

AURUM PHARMACEUTICALS LIMITED**BALANCE SHEET AS AT 30th JUNE 1997**

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	2		25,968		18,208
CURRENT ASSETS					
Stocks		36,112		12,181	
Debtors		294,561		155,194	
Cash at bank and in hand		189,494		66,652	
		<u>520,167</u>		<u>234,027</u>	
CURRENT LIABILITIES					
Creditors—amounts falling due within one year					
Trade creditors		319,031		88,151	
Sundry creditors		183,279		150,938	
		<u>502,310</u>		<u>239,089</u>	
NET CURRENT ASSETS/(LIABILITIES)			17,857		(5,062)
NET ASSETS			<u>£ 43,825</u>		<u>£ 13,146</u>
CAPITAL AND RESERVES					
Called up share capital	3		102		102
Profit and loss account			43,723		13,044
SHAREHOLDERS FUNDS			<u>£ 43,825</u>		<u>£ 13,146</u>

The directors have relied on the exemptions for abbreviated accounts conferred by Section A of Part III Schedule 8 of Companies Act 1985 on the grounds that the company satisfies the qualifying conditions for treatment as a small company.

APPROVED BY THE DIRECTORS:

M G Lanning

R J Gorman

Date: 3 April 1998

AURUM PHARMACEUTICALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 1997

1. ACCOUNTING POLICIES

a) Accounting convention

These financial statements have been prepared in accordance with historical cost convention.

b) Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

c) Depreciation of tangible assets

Depreciation is calculated so as to write down the cost or valuation of fixed assets to their estimated residual values over the period of their estimated useful economic lives.

The depreciation rates applied are as follows:-

Fixtures and fittings	:	20% straight line
Plant and machinery	:	20% straight line

d) Stocks

Stocks and work in progress are valued at the lower of cost, including related overheads, and net realisable value.

e) Research and development

Expenditure on research and development is written off as incurred.

AURUM PHARMACEUTICALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 1997 (continued)

2. FIXED ASSETS

	<u>Total</u>
Cost:	£
At 1st July 1996	30,004
Additions	16,697
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At 30th June 1997	46,701
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Depreciation:	
At 1st July 1996	11,795
Charge for year	8,938
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At 30th June 1997	20,733
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Net book value at 30th June 1997	£25,968
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30th June 1996	£18,209
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3. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
		1997	1996
	£	£	£
Ordinary "A" shares of £1 each	900	100	100
Ordinary "B" shares of £1 each	100	2	2
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