

Board of Trade.

2658906

ASPAR PHARMACEUTICALS LIMITED

ACCOUNTS AND REPORTS

FOR THE YEAR ENDED 30th SEPTEMBER, 1998.



ASPAR PHARMACEUTICALS LIMITED

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ASPAR PHARMACEUTICALS LIMITEDCOMPANY INFORMATION

DIRECTORS	T. E. PRUDHOE. S. J. PRUDHOE.
SECRETARY	S. J. PRUDHOE.
REGISTERED OFFICE	YORK HOUSE, CHURCH LANE, CHALFONT ST. PETER, GERRARDS CROSS, BUCKS. SL9 9RE.
COMPANY NUMBER	2658906
AUDITORS	BASS, SADLER & CO., YORK HOUSE, CHURCH LANE, CHALFONT ST. PETER, GERRARDS CROSS, BUCKS. SL9 9RE.
BANKERS	BARCLAYS BANK PLC., 126, STATION ROAD, EDGWARE, MIDDX. HA8 7RY.

ASPAR PHARMACEUTICALS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and Accounts for the Year ended 30th September, 1998 which disclose a Net Profit of £185,614. Full details are shown in the accompanying financial statements.

Principal Activity and Review of the Business

The principal activity of the Company is of Manufacturing, Packaging and Distribution of Pharmaceutical Products. The Directors are satisfied with the improved growth and the results for the year. In their opinion the Company is continuing to trade profitably with the expectation of increased growth in the future from the introduction of new products.

Directors and Interests in Shares of the Company

The Directors of the Company who held office during the year and their interests in the Share Capital are set out below:-

ORDINARY SHARES OF £1. EACH.

	<u>1998.</u>	<u>1997.</u>
Mr. T. E. Prudhoe.	45,099	45,099
Mr. R. J. Stagg. (Resigned 9.11.1998.)	-	-
Mrs. S. J. Prudhoe. (Appointed 26.6.1998.)	1	1

The remaining Shares are held by:-

Brunel Healthcare Ltd.	45,000	45,000
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In accordance with the Articles of Association no Director retires by rotation.

Director's Remuneration has been voted to as follows:-

	<u>1998.</u>	<u>1997.</u>
Mr. T. E. Prudhoe.	76,666	55,000
Mrs. S. J. Prudhoe.	3,986	-
	<hr/>	<hr/>
	£80,652	£55,000
	<hr/>	<hr/>

ASPAR PHARMACEUTICALS LIMITEDREPORT OF THE DIRECTORSDirectors Responsibility for the Financial Statements

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 apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue to operate.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed Assets

The movements in the Fixed Assets of the Company during the year are set out in the notes to the financial statements.

Political and Charitable Contributions

During the year the Company contributed £537. 00. to local charities.

Dividends

The Directors recommend that no dividend be paid in respect of the year.

Director's Liability Insurance

Policy effected on the life of Mr. T. E. Prudhoe. with a sum assured of £100,000. payable to the Company on his death.

ASPAR PHARMACEUTICALS LIMITEDREPORT OF THE DIRECTORSClose Company

The Company is a close Company for taxation purposes, within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

Auditors

Messrs. Bass, Sadler & Co. will be proposed for re-appointment as Auditors of the Company at the Annual General Meeting.

The Directors have taken advantage, in the preparation of their Report, of the exemptions applicable to small Companies.

On behalf of the Board.

v.  v.

T. E. Prudhoe.
Director.

Dated this 28th day of MAY, 1999.

AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ASPAR PHARMACEUTICALS LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain Fixed Assets and the accounting policies set out on page 10.

Respective responsibilities of Directors and Auditors

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30th September, 1998 and of its Profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Dated this 28th day of MAY, 1999.


BASS, SADLER & CO.,
PUBLIC ACCOUNTANTS AND
REGISTERED AUDITOR,
YORK HOUSE,
CHURCH LANE,
CHALFONT ST. PETER,
GERRARDS CROSS,
BUCKS. SL9 9RE.

ASPAR PHARMACEUTICALS LIMITED

PROFIT AND LOSS APPROPRIATION ACCOUNT for the YEAR ENDED
30th SEPTEMBER, 1998.

<u>1997.</u>		<u>NOTE</u>	<u>£.</u>
426,366	<u>NET TRADING PROFIT</u> (before charging the following expenses):-		402,830
55,000	Director's Remuneration	4	80,652
5,550	Director's Social Security Payments	3	8,065
9,999	Director's Pension Contributions	4	9,999
5,500	Audit Fee		6,000
3,671	Bank Interest	5	801
25,326	Finance Lease Interest	5	432
5,081	Hire Purchase Interest	5	10,497
7,550	Loan and Other Interest	5	4,316
-	Profit on Disposal of Motor Vehicle		(3)
	<u>Depreciation:-</u>	2	
9,160	Leasehold Property		9,160
61,703	Plant and Machinery		69,193
56,163	Plant and Machinery (re: Finance Leases)		5,603
4,999	Motor Vehicle		6,557
6,846	Fixtures and Fittings		5,943
			217,215
169,818	<u>NET PROFIT</u> for the Year before Taxation		185,615
55,298	TAXATION	13	35,946
114,520	<u>RETAINED PROFIT</u> for the Year after Taxation		149,669
38,154	DEFICIT BALANCE brought forward from previous Year		152,674
152,674	SURPLUS/(DEFICIT) BALANCE carried forward to next Year		302,343

There are no recognised gains or losses other than those dealt with through the Profit and Loss Account. The profit for the year was from continuing operations only.

The attached notes form an integral part of these Accounts

ASPAR PHARMACEUTICALS LIMITED

BALANCE SHEET as at 30th SEPTEMBER, 1998.

<u>1997.</u>		<u>NOTE</u>		<u>£.</u>
	<u>FIXED ASSETS</u>	2		
92,092	Leasehold Property			82,932
199,161	Plant and Machinery			236,358
14,545	Fixtures and Fittings			27,906
12,497	Motor Vehicle			24,438
318,295				371,634
	<u>CURRENT ASSETS</u>			
200,316	Stock	9	185,831	
369,939	Debtors and Prepayments	6	458,894	
300	Cash in Hand		300	
			645,025	
	<u>LESS: CURRENT LIABILITIES</u>			
	<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
446,706	Creditors and Accrued Charges	7	497,606	
69,604	Bank Overdraft		20,038	517,644
	<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>			
-	Bank Loan		19,133	
129,766	Creditors	8	87,439	106,572
				20,809
242,774	<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			392,443
	<u>REPRESENTED BY:-</u>			
	<u>CAPITAL AND RESERVES</u>			
90,100	Called Up Share Capital 12			90,100
152,674	Profit and Loss			302,343
	Appropriation Account			
242,774	<u>SHAREHOLDERS' FUNDS</u>			392,443

The attached notes form an integral part of these Accounts

ASPAR PHARMACEUTICALS LIMITED

BALANCE SHEET as at 30th SEPTEMBER, 1998.

The Directors have taken advantage, in the preparation of the Accounts of special exemptions applicable to small Companies. In the opinion of the Directors the Company qualifies as a small Company and it is entitled to make use of the special exemptions.

Approved by the Board of Directors and signed on their behalf by:-

X.....X

T. E. Prudhoe.
Director.

Dated this 28th day of MAY, 1999.

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1998.1. ACCOUNTING POLICIES(a) Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the Directors have adopted within the convention as set out below

(b) Exemptions

The Company qualifies as a small Company under the Companies Act 1985. The Directors have elected to take advantage of the exemption under FRSI not to prepare a cash flow statement. (If applicable: the Company has also taken advantage of the exemption available to small Companies under the Companies Act not to prepare consolidated accounts. Accordingly the financial statements present information about the Company as an individual undertaking and not about its group.)

(c) Turnover

Turnover represents the total amount receivable for goods supplied, excluding value added tax. This is attributable to the principal activity of the Company.

(d) Depreciation

Depreciation of Fixed Assets is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold Property straight line basis
over the period of the Lease.

Plant and Machinery:-

Purchased Outright straight line basis 20% p. a.

Purchased Finance Leases " " " 20% p. a.

Fixtures and Fittings " " " 20% p. a.

Motor Vehicle " " " 25% p. a.

(e) Finance Costs of Debt

The finance costs of debt, including interest and issue costs are allocated to each period over the term of the debt and charged to profit and loss account at a constant rate on the outstanding amount.

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1998.1. ACCOUNTING POLICIES(f) Leased Assets

Fixed Assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of the future rentals is shown as a liability. Interest payable in each period is charged to profit and loss account in proportion to the amount outstanding under the lease. Operating lease rentals are charged to profit and loss account as incurred.

(g) Stock

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items consistent with previous years.

(h) Taxation

The charge for taxation is based on the results for the year.

(i) Pensions

The Company operates a defined contributory pension scheme for staff to provide retirement benefits based upon total contributions paid to the insurance company. The Company's contributions are charged to the profit and loss account as incurred.

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 1998.2. FIXED ASSETS

	LEASE- HOLD PROPY.	PLANT & MACH. PURCH. OUTR.	FINAN. LEASES	FIXT. & FIT'S	MOTOR VEH.	TOTAL
<u>At Cost (or Acquisition)</u>						
Balance as at 1st October, 1997.	130,755	340,575	324,352	37,009	19,995	852,686
Transfer of Title		324,352	(324,352)			
Additions during the Year		58,145	53,848	19,304	30,995	162,292
Disposal					(19,995)	(19,995)
Balance as at 30th September, 1998.	130,755	723,072	53,848	56,313	30,995	994,983
<u>DEPRECIATION:-</u>						
Balance as at 1st October, 1997.	38,663	159,808	305,958	22,464	7,498	534,391
Transfer of Title		305,958	(305,958)			
Charge for the Year	9,160	69,193	5,603	5,943	6,557	96,456
Disposal					(7,498)	(7,498)
Balance as at 30th September, 1998.	47,823	534,959	5,603	28,407	6,557	623,349
<u>NET BOOK VALUE</u>						
At 30th September, 1998.	82,932	188,113	48,245	27,906	24,438	371,634
At 30th September, 1997.	92,092	180,767	18,394	14,545	12,497	318,295

COMMITMENTS FOR CAPITAL EXPENDITURE

There are no amounts contracted for but not provided or authorised by the board but not contracted for.

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1998.3. EMPLOYEES AND PENSIONS

Average number of people (including Directors) employed by the Company during the Year:-

	<u>1998.</u>	<u>1997.</u>
Manufacturing	42	41
Administration	4	4
	—	—
	46	45
	—	—

Costs in respect of these employees:-

Salaries	508,233	455,968
Social Security Costs	40,352	33,648
Other Pension Costs	11,199	11,199
	—	—
	£559,784	£500,815
	—	—

4. DIRECTOR'S REMUNERATION

Management Remuneration	80,652	55,000
Pension Costs	9,999	9,999
	—	—
	£90,651	£64,999
	—	—

5. INTEREST PAYABLE

Bank Overdraft Interest	801	3,671
Finance Lease Interest	432	25,326
Hire Purchase Interest	10,497	5,081
Loan and Other Interest	4,316	7,550
	—	—
	£16,046	£41,628
	—	—

The Overdraft is secured by a debenture in favour of Barclays Bank PLC.

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1998.6. DEBTORS (Due within one Year):-

	<u>1998.</u>	<u>1997.</u>
Trade Debtors	368,864	282,360
Other Debtors	380	350
Prepayments and Accrued Income	89,650	87,229
	<hr/>	<hr/>
	£458,894	£369,939
	<hr/>	<hr/>

7. CREDITORS (Amounts falling due within one Year):-

Trade Creditors	350,377	282,760
Corporation Tax	35,946	55,298
Other Taxes and Social Security	40,561	38,014
Accruals and Deferred Income	34,326	28,676
Obligations under Finance Leases and Hire Purchase Contracts	36,396	41,958
	<hr/>	<hr/>
	£497,606	£446,706
	<hr/>	<hr/>

8. CREDITORS (Amounts falling due after
more than one Year):-

Obligations under Finance Leases and Hire Purchase Contracts	87,439	69,766
Loan Account - Brunel Healthcare Ltd.	-	30,000
Director's Loan Account - T. E. Prudhoe.	-	30,000
	<hr/>	<hr/>
	£87,439	£129,766
	<hr/>	<hr/>

The Hire Purchase Contracts and Finance Leases
expire between two and five years.

9. STOCKS

Raw Materials	£105,506	76,361
Finished Goods and Goods for resale	80,325	123,955
	<hr/>	<hr/>
	£185,831	£200,316
	<hr/>	<hr/>

ASPAR PHARMACEUTICALS LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 1998.10. DIRECTORS

Mr. R. Stagg is also a Director of Brunel Healthcare Ltd. A Company with whom the Company trades at arm's length and which is a significant Shareholder in the Company.

11. DEFERRED TAXATION

No provision has been made in the Accounts for the potential tax liability that would arise if the Fixed Assets were disposed of at Balance Sheet values. The potential liability at 30th September, 1998 amounted to £11,641. (1997 £2,680.) and is calculated at the current rate of Corporation Tax on the difference between the tax written down value of assets qualifying for tax allowances and the net book value of those Assets.

12. CALLED UP SHARE CAPITAL

	<u>1998.</u>	<u>1997.</u>
Authorised 100,000 Ordinary Shares of £1. each.	100,000	100,000
Allotted and Fully Paid 90,100 Ordinary Shares of £1. each.	90,100	90,100

13. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1998.</u>	<u>1997.</u>
U. K. Corporation Tax at the prevailing rate based on profit for the Year	£35,946	£55,298