

DiaSorin Limited
(formerly Incstar Limited)
Report and Accounts

31 December 1997



DiaSorin Limited (formerly Incstar Limited)

Registered No. 1993990

DIRECTORS

M Nicholas	
L Mancl	(resigned 30 June 1997)
S Gouze	(resigned 30 June 1997)
O Crivelli	(appointed 1 July 1997)
P L Duchene	(appointed 1 July 1997)

SECRETARY

S Barrett

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

BANKERS

National Westminster Bank plc
4th Floor Abbey House
282 Farnborough Road
Farnborough
Hants
GU14 7YT

SOLICITORS

Barrett & Co Solicitors
Salisbury House
54 Queens Road
Reading
Berks
RG1 4AZ

REGISTERED OFFICE

Salisbury House
54 Queens Road
Reading
Berks
RG1 4AZ

DiaSorin Limited (formerly Incstar Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The company continued to provide diagnostic kits and reagent to the biomedical industry.

RESULTS FOR THE YEAR AND BUSINESS REVIEW

The directors are satisfied with the trading performance of the company in an increasingly competitive market. The directors will continue to look for opportunities for growth and are optimistic that the company will consolidate its position in the market.

The results for the year are shown on page 6.

In July 1997 the company was acquired by American Standard Inc.

DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1997 and their interests in the share capital of the company were as follows:

	<i>At 1 January 1997 or subsequent date of December 1997 share options</i>	<i>At 1 January 1997 or subsequent date of December 1997 ordinary shares</i>	<i>At 1 January 1997 or subsequent date of December 1997 ordinary shares</i>
M Nicholas	-	2,000	300
L Mancl	-	-	-
S Gouze	-	-	-
O Crivelli	-	-	-
P L Duchene	-	-	-

During the year M Nicholas exercised all his share options and had disposed of all his shares by the year end.

DiaSorin Limited (formerly Incstar Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 accounts 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



Mervyn Nicholas
Director

date: 29/10/98

REPORT OF THE AUDITORS

to the members of DiaSorin Limited (formerly Incstar Limited)

We have audited the accounts on pages 6 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

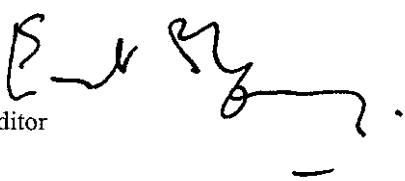
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Registered Auditor
Reading

Date:

29.10.98.

DiaSorin Limited (formerly Incstar Limited)

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

	Notes	1997 £	1996 £
TURNOVER			
Cost of sales	2	1,615,909 (832,075)	1,721,116 (924,116)
GROSS PROFIT		<u>783,834</u>	<u>797,000</u>
Distribution costs		401,015	411,756
Administrative expenses		430,430	441,912
		<u>(47,611)</u>	<u>(56,668)</u>
Other operating income		31,849	34,052
OPERATING LOSS		<u>(15,762)</u>	<u>(22,616)</u>
Other interest receivable and similar income	3	4,523	6,300
Interest payable and similar charges	5	(301)	(774)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(11,540)</u>	<u>(17,090)</u>
Tax on loss on ordinary activities	6	(6,013)	(2,236)
LOSS FOR THE FINANCIAL YEAR		<u>(17,553)</u>	<u>(19,326)</u>

STATEMENT OF TOTAL OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses in the period other than the loss of £17,553 (1996: £19,326).

DiaSorin Limited (formerly Incstar Limited)

BALANCE SHEET

as at 31 December 1997

	Notes	£ 1997	£ 1996
FIXED ASSETS			
Tangible assets	7	87,920	129,004
CURRENT ASSETS			
Stocks	8	24,774	37,963
Debtors	9	343,962	274,372
Cash at bank and in hand		108,868	83,364
		<u>477,604</u>	<u>395,699</u>
CREDITORS			
Amounts falling due within one year	10	(231,408)	(173,034)
NET CURRENT ASSETS		<u>246,196</u>	<u>222,665</u>
TOTAL NET ASSETS LESS CURRENT LIABILITIES		<u>334,116</u>	<u>351,669</u>
CAPITAL AND RESERVES			
Called up share capital	11	500	500
Profit and loss account		333,616	351,169
SHAREHOLDERS' FUNDS (ALL EQUITY INTERESTS)	12	<u>334,116</u>	<u>351,669</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Mary Nicholas

M Nicholas
Director

Date: 29/10/98

NOTES TO THE ACCOUNTS

for the year ended 31 December 1997

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company is exempt from preparing a cash flow statement due to its status as a small company as defined by the Companies Act 1985.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment -	20% per annum
Plant and equipment -	20% per annum
Fixtures and fittings -	20% per annum
Laboratory equipment -	30-33% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company contributes to the private pension schemes of employees. Costs are written off to the profit and loss account in the year in which they are paid.

DiaSorin Limited (formerly Incstar Limited)

NOTES TO THE ACCOUNTS

for the year ended 31 December 1997

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. 4.8% of turnover is attributable to geographical markets outside the United Kingdom.

3. OPERATING LOSS

This is stated after charging/(crediting):

	1997 £	1996 £
Auditors' remuneration	6,000	5,200
Depreciation and other amounts written off tangible fixed assets:		
- Owned	66,502	64,486
- Leased	1,666	1,388
Operating lease rentals in respect of motor vehicles	43,296	42,840
Operating lease rentals in respect of office equipment	1,772	1,900
Directors' remuneration	59,400	64,060
Exchange (gain)/loss	(16,976)	11,996
Profit on disposal of tangible fixed assets	(9,100)	(34,052)
	<u> </u>	<u> </u>

4. STAFF COSTS

	1997 £	1996 £
Wages and salaries	296,310	295,508
Social security costs	33,597	31,153
Other pension costs	31,967	17,329
	<u>361,874</u>	<u>343,990</u>

The monthly average number of employees during the year was as follows:

	1997 No	1996 No
Office and management	7	7
Sales	5	5
	<u>12</u>	<u>12</u>

DiaSorin Limited (formerly Incstar Limited)

NOTES TO THE ACCOUNTS for the year ended 31 December 1997

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
On bank loans, overdrafts and other loans wholly repayable within five years	147	155
Finance charges payable in respect of finance leases and hire purchase contracts	154	619
	<u>301</u>	<u>774</u>

6. TAXATION

	1997 £	1996 £
UK corporation tax at 31½% (1996 - 33%) on adjusted loss for the year on ordinary activities	(6,100)	(3,800)
Over provision in prior year	87	1,564
	<u>(6,013)</u>	<u>(2,236)</u>

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Plant and equipment £	Fixtures and fittings £	Laboratory equipment £	Total £
<i>Cost</i>					
At 1 January 1997	56,497	17,186	39,457	289,447	402,587
Additions	15,356	5,665	496	14,400	35,917
Disposals	-	-	-	(27,000)	(27,000)
	<u>71,853</u>	<u>22,851</u>	<u>39,953</u>	<u>276,847</u>	<u>411,504</u>
<i>Depreciation</i>					
At 1 January 1997	42,745	11,894	35,130	183,814	273,583
Charge for year	7,878	2,857	3,140	52,626	66,501
Disposals	-	-	-	(16,500)	(16,500)
	<u>50,623</u>	<u>14,751</u>	<u>38,270</u>	<u>219,940</u>	<u>323,584</u>
<i>Net book value</i>					
At 31 December 1997	<u>21,230</u>	<u>8,100</u>	<u>1,683</u>	<u>56,907</u>	<u>87,920</u>
At 1 January 1997	<u>13,752</u>	<u>5,292</u>	<u>4,327</u>	<u>105,633</u>	<u>129,004</u>

DiaSorin Limited (formerly Incstar Limited)

NOTES TO THE ACCOUNTS

for the year ended 31 December 1997

8. STOCKS

	1997 £	1996 £
Finished goods and goods for resale	24,774	37,963

9. DEBTORS

	1997 £	1996 £
Trade debtors	233,842	220,522
Amounts owed by group undertakings	90,517	27,654
Prepayments and accrued income	19,603	26,196
	343,962	274,372

All the above debtors are due within one year.

10. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	35,805	30,929
Amounts owed to group undertakings	105,891	49,106
Corporation tax	6,100	3,800
Other taxes and social security costs	37,884	48,115
Accruals and deferred income	45,728	40,390
Obligations under finance leases and hire purchase contracts	-	694
	231,408	173,034

11. CALLED UP SHARE CAPITAL

	1997 & 1996 No	1997 & 1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	500	500

DiaSorin Limited (formerly Incstar Limited)

NOTES TO THE ACCOUNTS

for the year ended 31 December 1997

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Shareholders' funds at the beginning of the year	351,669	370,995
Loss for the year	(17,553)	(19,326)
Shareholders' funds at the end of the year	<u>334,166</u>	<u>351,669</u>

13. CONTINGENT LIABILITIES

As at 31 December 1997 there are guarantees totalling £20,000 (1996: £20,000) made to HM Customs and Excise in connection with deferment sums.

14. COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	1997 <i>Motor vehicles and plant and machinery</i> £	<i>Land and buildings</i> £	1996 <i>Motor vehicles and plant and machinery</i> £	<i>Land and buildings</i> £
Operating leases which expire:				
Within one year	1,248	-	17,677	3,850
Within two years to five years	40,331	-	15,840	-
Over five years	-	28,000	-	28,000
	<u>41,579</u>	<u>28,000</u>	<u>33,517</u>	<u>31,850</u>

15. PENSIONS

The company contributes to the private pension schemes of employees. During the period contributions payable amounted to £22,644 (1996: £17,329). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from the requirement to disclose transactions with other group companies conferred by FRS8 on the grounds that over 90% of the voting rights of the company are controlled within the group to which the company belongs, and the accounts of which are publicly available.

DiaSorin Limited (formerly Incstar Limited)

NOTES TO THE ACCOUNTS

for the year ended 31 December 1997

17. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of DiaSorin Corp incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by American Standard Inc incorporated in the United States of America. The smallest group in which they are consolidated is that headed by DiaSorin Corporation incorporated in the United States of America.

The consolidated accounts of DiaSorin Corporation are available to the public and may be obtained from 1991 Industrial Boulevard, PO Box 285, Stillwater, Minnesota, 55082-0285, United States of America.