

**DIASORIN LIMITED**

**Report and Financial Statements**

**31 December 2008**

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**DIASORIN LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2008**

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# **DIASORIN LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

C M Even  
A Senaldi

#### **SECRETARY**

S A Barrett

#### **REGISTERED OFFICE**

Salisbury House  
54 Queens Road  
Reading  
Berkshire  
RG1 4AZ

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
Reading, United Kingdom

# **DIASORIN LIMITED**

## **DIRECTORS' REPORT**

The directors present their financial statements and the independent auditors' report for the year ended 31 December 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985. Accordingly, the company has taken advantage of the exemption from preparing an Enhanced Business Review applying to small companies.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company continued to be that of the sale of diagnostic kits and reagent to the biomedical industry until 1 May 2008. From 1 May 2008, the company entered an agreement with a sister company DiaSorin AB (Sweden), selling the client contracts to DiaSorin AB and continuing to service the UK clients on behalf of DiaSorin AB for cost plus 5%.

The loss made in 2008 was due to the restructuring and redundancy costs incurred in the first 4 months – not covered by the cost plus agreement from May onwards. The Directors believe that the Company is well placed to manage its business despite the operating loss in the current period. The company's cash levels have increased by £350,353 from £73,097 at the end of 2007 to £423,450 at the end of the current financial year.

Given the change in the business model, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and accounts.

### **DIRECTORS**

The directors who have held office during the period and to the date of the signing of the financial statements were as detailed on page 1.

### **REVIEW OF DEVELOPMENTS**

The company's turnover includes customer turnover for the period from January to April 2008 and cost plus 5% revenue from May to December. The overall growth in the UK market in 2008 was 23% (total UK revenue in 2008: £4,495,307 – £1,473,700 is included in turnover on page 6 and £3,021,607 was recognised in DiaSorin AB after 1<sup>st</sup> May). This follows a rise of 24% in 2007.

### **FUTURE PROSPECTS**

The company is planning further significant expansion in the coming years. It will both introduce and expand new products as well as putting together the staffing and infra-structure to achieve this growth.

### **RESULTS AND DIVIDENDS**

The company's loss for the financial year was £169,129 (2007: loss of £89,628). The directors are unable to recommend payment of a dividend (2007: Nil).

## **DIASORIN LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'Chen Even', written in a cursive style.

Chen Even

Director

18 March 2009

## **DIASORIN LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIASORIN LIMITED**

We have audited the financial statements of DiaSorin Limited for the year ended 31 December 2008 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 16. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

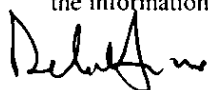
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

18 March 2009

## DIASORIN LIMITED

### PROFIT AND LOSS ACCOUNT Year ended 31 December 2008

	Note	2008 £	2007 £
<b>TURNOVER</b>	2	2,382,803	3,651,073
Cost of sales		(1,018,336)	(2,005,523)
Gross profit		1,364,467	1,645,550
Administrative expenses		(1,507,960)	(1,693,588)
<b>OPERATING LOSS</b>	3	(143,493)	(48,038)
Other interest receivable and similar income	4	3,175	4,202
Interest payable and similar charges	5	(28,811)	(30,675)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(169,129)	(74,511)
Tax on loss on ordinary activities	6	-	(15,117)
<b>LOSS FOR THE YEAR</b>	13	(169,129)	(89,628)

All amounts are derived from continuing operations.

There have been no recognised gains and losses other than the losses for the current and preceding financial periods and accordingly, no statement of total recognised gains and losses is shown.



# DIASORIN LIMITED

## BALANCE SHEET 31 December 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	7	42,957	372,078
<b>CURRENT ASSETS</b>			
Stocks		-	177,431
Debtors	8	428,444	542,319
Cash at bank and in hand		423,450	73,097
		851,894	792,847
<b>CREDITORS: amounts falling due within one year</b>	9	(923,166)	(1,064,107)
<b>NET CURRENT LIABILITIES</b>		(71,272)	(271,260)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(28,315)	100,818
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10	(39,996)	-
<b>NET (LIABILITIES)/ASSETS</b>		(68,311)	100,818
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	500	500
Profit and loss account	13	(68,811)	100,318
<b>SHAREHOLDER'S (DEFICIT)/FUNDS</b>	13	(68,311)	100,818

These financial statements 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 (effective January 2007).

Signed on behalf of the Board of Directors 18 March 2009



Chen Even  
Director

# DIASORIN LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2008

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in the foreseeable future. Accordingly, the Company continues to adopt a going concern basis in the preparing the accounts.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT and trade discounts. Revenue is recognised as the contractual activity progresses. Advance payments are treated as deferred income. From 1 May 2008 the turnover is based on a cost plus 5% basis in agreement with a sister company DiaSorin AB.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvement	20% on cost
Furniture and fixtures	20% on cost
Plant and machinery	25% to 33% on cost
Computer equipment	25% on cost

Residual value is calculated based on prices prevailing at the date of acquisition.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Pension costs**

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. They are included as part of staff costs. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## DIASORIN LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2008

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are included in the profit and loss account.

##### Cash flow statement

The company has taken advantage of the exception from the requirements of FRS 1 to prepare a cash statement because it is a wholly owned subsidiary of DiaSorin SpA which prepares consolidated financial statements which are publicly available.

#### 2. TURNOVER

Turnover from January to April 2008 amounted to £1,473,700. All consisted of sales of products and services to customers excluding VAT. All revenue is derived in the United Kingdom. Turnover from May to December 2008 represented the costs incurred and a 5% mark up which is charged to Diasorin AB, Sweden.

#### 3. OPERATING LOSS

	2008 £	2007 £
Operating loss is stated after charging		
-Depreciation of tangible assets	69,133	202,120
-Auditors' remuneration	15,668	15,407
-Operating lease – others	89,200	90,893
Foreign exchange loss	189,693	79,368

The directors receive remuneration from other group companies in respect of services to the group. The allocation of these amounts to the company is £nil (2007: £nil).

#### 4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank interest	3,175	4,202

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Intercompany loan interest	28,166	26,807
Finance lease charges	645	3,868
	28,811	30,675

# DIASORIN LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2008

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
UK corporation tax	-	-
<b>Current tax charge</b>	-	-
<b>Deferred tax</b>		
Deferred tax adjustments	-	15,117
	-	15,117

#### Factors affecting the current period tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are reconciled below.

	2008 £	2007 £
Loss on ordinary activities before taxation	(169,129)	(74,511)
Loss on ordinary activities before taxation multiplied by the standard rate of Corporation tax in the UK of 28% (2007: 30%)	(50,738)	(22,353)
Non taxable income and disallowable expenses	13,966	-
Depreciation in excess of capital allowances	16,251	-
Tax losses carried forward	17,139	22,353
	-	-

### 7. TANGIBLE FIXED ASSETS

	Leasehold improve- ment £	Furniture and fixtures £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2008	-	-	990,921	6,382	997,303
Additions	15,886	28,480	-	-	44,366
Disposals	-	-	(990,921)	(6,382)	(997,303)
At 31 December 2008	15,886	28,480	-	-	44,366
<b>Depreciation</b>					
At 1 January 2008	-	-	622,498	2,727	625,225
Charge for the year	265	1,144	67,022	702	69,133
Disposals	-	-	(689,520)	(3,429)	(692,949)
At 31 December 2008	265	1,144	-	-	1,409
<b>Net book value</b>					
At 31 December 2008	15,261	27,336	-	-	42,957
At 31 December 2007	-	-	368,423	3,655	372,078

# DIASORIN LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2008

### 7 TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of tangible fixed assets includes £0 (2007: £7,322) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £0 (2007: £19,511) for the year.

### 8. DEBTORS

	2008 £	2007 £
Trade debtors	24,318	514,317
Other debtors	44,749	28,002
VAT receivable	27,905	-
Amount owing from Group companies	331,472	-
	<u>428,444</u>	<u>542,319</u>

### 9. CREDITORS

#### Amounts falling due within one year:

	2008 £	2007 £
Net obligations under hire purchase contracts	-	3,895
Trade creditors	-	148,094
Amount owed to group company	815,877	639,040
Taxation and social security	13,890	191,113
Accruals and deferred income	59,529	81,965
Other creditors	33,870	-
	<u>923,166</u>	<u>1,064,107</u>

The net obligations under hire purchase contracts were secured against the related assets.

### 10. PROVISIONS FOR LIABILITIES AND CHARGES

The provision for liabilities and charges consist of the following:

	2008 £	2007 £
Balance at 1 January	-	-
Provision for dilapidation	39,996	-
Balance at 31 December	<u>39,996</u>	<u>-</u>

Provision for dilapidation relates to associated costs for the lease property in the United Kingdom and is expected to be utilised within a year.

# DIASORIN LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2008

### 10. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The deferred tax asset is made up as follows:

	2008 £	2007 £
Balance at 1 January	-	(15,117)
Profit and loss account	-	15,117
	<u>-</u>	<u>15,117</u>
Balance at 31 December	<u>-</u>	<u>-</u>

The unrecognised deferred tax asset consists of:

	2008 £	2007 £
Depreciation in (deficit)/excess of capital allowances	(3,007)	27,277
Other timing differences:		
Short term timing differences	(11,199)	-
Tax losses carried forward	54,406	52,967
	<u>40,200</u>	<u>70,244</u>
Total undiscounted deferred tax asset	<u>40,200</u>	<u>70,244</u>

The net deferred tax asset of £40,200 (2007: £70,244) has not been recognised in the accounts since the timing of the utilisation of these losses is uncertain due to change in trade in the current year.

### 11. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

	2008 £	2007 £
Contributions payable by the company for the year	<u>27,925</u>	<u>21,737</u>

### 12. SHARE CAPITAL

	2008 £	2007 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid 500 ordinary shares of £1 each	<u>500</u>	<u>500</u>

# DIASORIN LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2008

### 13. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT AND SHAREHOLDER'S (DEFICIT)/FUNDS

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total shareholder's (deficit)/funds £</b>
At 1 January 2007	500	189,946	190,446
Loss for the year	-	(89,628)	(89,628)
	<hr/>	<hr/>	<hr/>
At 1 January 2008	500	100,318	100,818
Loss for the year	-	(169,129)	(169,129)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<u>500</u>	<u>(68,811)</u>	<u>(68,311)</u>

### 14. FINANCIAL COMMITMENTS

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the next year.

	<b>2008 £</b>	<b>2007 £</b>
Operating leases which expire:		
- Within one year	56,792	7,398
- Between two and five years	21,855	68,948
	<hr/>	<hr/>
	<u>78,647</u>	<u>76,346</u>

### 15. RELATED PARTY TRANSACTIONS

The amounts due to group companies are shown separately in the creditors within one year. The directors have taken advantage of the exemption available in respect of group transactions on the grounds that details of the subsidiaries' results are included and publicly available in the consolidated accounts of the parent entity.

### 16. ULTIMATE PARENT COMPANY

The company regard DiaSorin SpA as the immediate and ultimate undertaking company and ultimate controlling party. DiaSorin SpA is the parent undertaking of the largest and smallest group of which DiaSorin Limited is a member and for which group accounts are drawn up.

The consolidated accounts of DiaSorin SpA are available to the public and may be obtained from DiaSorin SpA Via Crescentino, 13040 Saluggia, Italy.