

DiaSorin Limited

**Directors' report and financial
statements**

Registered number 1993990

31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

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

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 5.

Dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The following directors held office during the financial year:

M Nicholas
C Rosa
CM Even
A Boniolo

None of the directors have any disclosable interest in the shares of DiaSorin Limited or any group company.

Directors' report *(continued)*


Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

Our auditors KPMG have indicated to the directors that their business is to transfer to a limited liability partnership, KPMG LLP. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG LLP as auditors of the company.

By order of the board



Mervyn Nicholas
Director

Salisbury House
54 Queens Road
Reading
Berkshire
RG1 4AZ

29 April 2002

Statement of directors' responsibilities

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Arlington Business Park
Theale
Reading RG7 4SD
United Kingdom

Independent auditors' report to the members of DiaSorin Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

2 May 2002

Profit and loss account
for the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	1,609,214	1,510,410
Cost of sales		(877,637)	(841,091)
Gross profit		731,577	669,319
Administrative expenses		(773,124)	(672,256)
Operating loss		(41,547)	(2,937)
Other interest receivable and similar income	<i>5</i>	16,453	13,142
(Loss) / profit on ordinary activities before taxation	<i>2-4</i>	(25,094)	10,205
Tax on (loss) / profit on ordinary activities	<i>6</i>	16,099	(12,177)
Loss for the year		(8,995)	(1,972)

The company has no other recognised gains or losses other than those noted above, which are derived entirely from continuing operations.

Balance sheet

At 31 December 2001

	<i>Note</i>	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	7		206,042		10,000
Current assets					
Stocks	8	61,177		31,406	
Debtors	9	376,947		525,640	
Cash at bank and in hand		41,547		49,417	
		479,671		606,463	
Creditors: amounts falling due within one year	10	(327,554)		(249,309)	
Net current assets			152,117		357,154
Total assets less current liabilities			358,159		367,154
Capital and reserves					
Called up share capital	12		500		500
Profit and loss account			357,659		366,654
Equity shareholders' funds			358,159		367,154

These financial statements were approved by the board of directors on 29 April 2002 and were signed on its behalf by:



Mervyn Nicholas
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2001

	2001 £	2000 £
Loss for the financial year	(8,995)	(1,972)
Reduction in shareholders' funds	(8,995)	(1,972)
Opening shareholders' funds	367,154	369,126
Closing shareholders' funds	358,159	367,154

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As the company is a wholly owned subsidiary of DiaSorin Srl, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of DiaSorin Srl, within which this company is included, can be obtained from the address given in note 16.

Fixed assets and depreciation

Depreciation is provided 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	-	5 years
Plant and equipment	-	3 - 5 years

Foreign currencies

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

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

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.

Research and development expenditure

Expenditure on research and development is written off in the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out basis is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 (Loss) / profit on ordinary activities before taxation

	2001 £	2000 £
<i>(Loss) / profit on ordinary activities before taxation is stated</i>		
<i>after charging:</i>		
Auditors' remuneration: Audit	7,500	7,250
Auditors' remuneration: Other	625	-
Depreciation and other amounts written off owned tangible fixed assets:	40,231	21,503
Exchange losses	6,930	5,859
Hire of plant and machinery - rentals payable under operating leases	31,473	39,786
Hire of other assets - operating leases	35,529	37,488
Loss on disposal of tangible fixed assets	-	7,265
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Notes (continued)

3 Remuneration of directors

	2001 £	2000 £
Directors' emoluments	79,567	76,291

Included within directors emoluments are pension contributions of £4,555 (2000: £4,555) in respect of one director.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2001	2000
Finance and administration	6	6
Sales	3	3
	<u>9</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	297,723	286,588
Social security costs	34,851	34,458
Other pension costs	33,548	32,307
	<u>366,122</u>	<u>353,353</u>

5 Other interest receivable and similar income

	2001 £	2000 £
Receivable from group undertakings	15,355	11,995
Bank interest	1,098	1,147
	<u>16,453</u>	<u>13,142</u>

Notes (continued)

6 Taxation

	2001 £	2000 £
<i>UK corporation tax</i>		
Current tax on income for the period at 30% (2000: 30%)	-	12,000
Overprovision in respect of prior periods	(16,099)	177
	<u>(16,099)</u>	<u>12,177</u>

7 Tangible fixed assets

	Computer equipment £	Plant and equipment £	Total £
Cost			
At beginning of year	84,390	97,093	181,483
Additions	1,200	231,378	232,578
Disposals	-	(32,800)	(32,800)
	<u>85,590</u>	<u>295,671</u>	<u>381,261</u>
Depreciation			
At beginning of year	74,555	96,928	171,483
Charge for year	5,718	34,513	40,231
	<u>-</u>	<u>(36,495)</u>	<u>(36,495)</u>
At end of year	<u>80,273</u>	<u>94,946</u>	<u>175,219</u>
Net book value			
At 31 December 2001	<u>5,317</u>	<u>200,725</u>	<u>206,042</u>
At 31 December 2000	<u>9,835</u>	<u>165</u>	<u>10,000</u>

Notes (continued)

8 Stocks

	2001 £	2000 £
Finished goods and goods for resale	61,177	31,406

9 Debtors

	2001 £	2000 £
Trade debtors	215,090	180,519
Amounts owed by group undertakings	121,789	319,350
Corporation tax recoverable	12,000	-
Prepayments and accrued income	28,068	25,771
	<u>376,947</u>	<u>525,640</u>

All the above debtors are due within one year.

10 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	59,932	69,156
Amounts owed to group undertakings	164,920	94,325
Corporation tax	-	12,000
Other taxation and social security	42,199	33,477
Accruals and deferred income	60,503	40,351
	<u>327,554</u>	<u>249,309</u>

11 Provision for liabilities and charges

	Provided 2001 £	2000 £	Unprovided 2001 £	2000 £
Difference between accumulated depreciation and capital allowances	-	-	(5,112)	(16,460)
Other short term timing differences	-	-	(3,000)	(3,000)
	<u>-</u>	<u>-</u>	<u>(8,112)</u>	<u>(19,460)</u>
Deferred tax asset	-	-	(8,112)	(19,460)

Notes (continued)

12 Called up share capital

	2001 £	2000 £
<i>Authorised</i>		
Equity: 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 500 Ordinary shares of £1 each	500	500
	<hr/>	<hr/>

13 Contingent liabilities

As at 31 December 2001 there are guarantees totalling £20,000 (2000: £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:

	2001 Land and buildings £	Other £	2000 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	5,423	-	4,589
In the second to fifth years inclusive	37,500	10,865	37,500	21,171
	<hr/>	<hr/>	<hr/>	<hr/>
	37,500	16,288	37,500	25,760
	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

15 Pension scheme

The company contributes to the private pension schemes of employees. During the period contributions payable amounted to £33,548 (2000: £32,307). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Ultimate parent company

The company is a subsidiary undertaking of DiaSorin Srl incorporated in Italy.

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

The ultimate parent company is FIN 2001 SA, incorporated in Luxemburg. The accounts of this company are not available to the public.