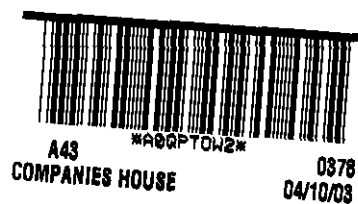


**DiaSorin Limited**

**Directors' report and financial  
statements**

Registered number 1993990

31 December 2002



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### **Principal activities**

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

### **Business review**

The directors have responded to the difficult market conditions and have refocused the marketing efforts of the company. Indications are that the opportunities for growth in the newer areas and the performance of its products in traditional markets are improving the trading performance of the company. The directors will continue to seek further opportunities for growth 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	(resigned 1 November 2002)
S Cranmer	(appointed 5 August 2002)
C Rosa	
CM Even	
A Boniolo	

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

### **Political and charitable contributions**


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

## Directors' report *(continued)*

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
27/8/03  
Stuart Cranmer  
Director

Salisbury House  
54 Queens Road  
Reading  
Berkshire  
RG1 4AZ

## 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 year. 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.



**KPMG LLP**

Arlington Business Park  
Theale  
Reading  
RG7 4SD  
United Kingdom

**Independent auditor's report to the members of DiaSorin Limited**

We have audited the financial statements on pages 5 to 15.

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 auditor's 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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

3 October 2003

**KPMG LLP**

*Chartered Accountants  
Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2002*

	Note	2002 £	2001 (as restated) £
<b>Turnover</b>	1	1,911,753	1,609,214
Cost of sales		(1,044,394)	(877,637)
<b>Gross profit</b>		867,259	731,577
Administrative expenses		(912,551)	(773,124)
<b>Operating loss</b>		(45,192)	(41,547)
Interest receivable	5	1,021	16,453
Interest payable	6	(2,180)	-
<b>Loss on ordinary activities before taxation</b>	2-6	(46,351)	(25,094)
Tax on loss on ordinary activities	7	9,020	4,751
<b>Loss for the year</b>		(37,331)	(20,343)

All activities of the company are continuing.

There is no significant difference between the results shown above and those that would be disclosed under a historical costs basis.

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2002*

	2002 £	2001 (as restated) £
<b>Loss for the year</b>	(37,331)	(20,343)
<b>Total recognised gains and losses relating to the year</b>	(37,331)	(20,343)
Prior year adjustment (see note 14)	8,112	
<b>Total recognised gains and losses recognised since last annual report</b>	(29,219)	

## Balance sheet

At 31 December 2002

	Note	2002	2001
		£	(as restated) £
<b>Fixed assets</b>			
Tangible assets	8	83,464	206,042
<b>Current assets</b>			
Stocks	9	167,695	61,177
Debtors	10	352,316	385,059
Cash at bank and in hand		33,448	41,547
		<u>553,459</u>	<u>487,783</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(307,983)</u>	<u>(327,554)</u>
<b>Net current assets</b>		<u>245,476</u>	<u>160,229</u>
<b>Total assets less current liabilities</b>		<u>328,940</u>	<u>366,271</u>
<b>Capital and reserves</b>			
Called up share capital	13	500	500
Profit and loss account	14	328,440	365,771
<b>Equity shareholders' funds</b>		<u>328,940</u>	<u>366,271</u>

These financial statements were approved by the board of directors on signed on its behalf by:

and were



**Stuart Cranmer**  
Director



**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2002*

	2002 £	2001 (as restated) £
At start of year as previously stated	358,159	367,154
Prior year adjustment	8,112	11,460
	<hr/>	<hr/>
At start of year as restated	366,271	386,614
Loss for the financial year	(37,331)	(20,343)
	<hr/>	<hr/>
Shareholder funds at the end of the year	<u>328,940</u>	<u>366,271</u>

## 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. The company has adopted FRS 19 'Deferred Tax' in these financial statements. The comparative figures have been restated accordingly, see notes 7 and 14.

#### *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 17.

#### *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

Plant and equipment include laboratory equipment that the company leases to third parties for the majority of the asset's useful economic life and where the company retains the significant risks and rewards of ownership.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *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.

Income generated on assets held by the company and leased to customers is recognised evenly 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.

#### *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. Stock includes laboratory equipment held for resale and is valued at the lower of cost and net realisable value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents invoiced amounts (excluding value added tax) derived from the provision of goods and services to customers. Turnover is derived almost entirely within the United Kingdom and the Republic of Ireland.

### 2 Loss on ordinary activities before taxation

	2002 £	2001 £
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging:</i>		
Auditors' remuneration: Audit	11,500	7,500
Auditors' remuneration: Other	-	625
Depreciation and other amounts written off owned tangible fixed assets:	78,232	40,231
Net exchange losses	12,256	6,930
Hire of plant and machinery - rentals payable under operating leases	31,757	31,473
Hire of other assets - operating leases	37,500	35,529
	<hr/>	<hr/>
<i>after crediting:</i>		
Operating lease income	43,723	33,347
	<hr/>	<hr/>

## Notes (continued)

### 3 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	93,068	79,567
Compensation for loss of office	27,751	-
	<u>120,819</u>	<u>79,567</u>

Included within directors' emoluments are pension contributions of £5,855 (2001: £4,555) in respect of two (2001: one) directors. Benefits are accruing to one (2001: one) director under defined contribution pension schemes.

### 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 2002	2001
Finance and administration	5	5
Sales	4	3
	<u>9</u>	<u>8</u>

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	354,883	297,723
Social security costs	37,323	34,851
Other pension costs	39,376	33,548
	<u>431,582</u>	<u>366,122</u>

### 5 Interest receivable

	2002 £	2001 £
Interest from group undertakings	434	15,355
Bank interest	587	1,098
	<u>1,021</u>	<u>16,453</u>

## Notes (continued)

### 6 Interest payable

	2002 £	2001 £
Interest payable to group undertakings	2,180	-

### 7 Taxation

#### Analysis of charge in year

	2002 £	2001 (as restated) £
<i>UK corporation tax</i>		
Current tax on income for the year	-	(10,956)
Adjustments in respect of prior year	1,044	(5,143)
Total current tax charge/(credit)	1,044	(16,099)
<i>Deferred tax (see note 12)</i>		
Origination and reversal of timing differences	(10,064)	11,348
Tax on loss on ordinary activities	(9,020)	(4,751)

The current tax charge for the year is different from than the standard rate of corporation tax in the UK 30%, (2001: 30%). The differences are explained below.

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(46,351)	(25,094)
Current tax at 30% (2001: 30%)	(13,905)	(7,528)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,234	7,919
Adjustment for capital allowances and depreciation	10,064	(11,347)
Other short term timing differences	5,615	-
Adjustments to tax charge in respect of prior year	1,044	(5,143)
Tax losses carried forward	7,222	-
Total current tax charge/(credit) (see above)	1,044	(16,099)

**Notes (continued)**

**8 Tangible fixed assets**

	<b>Computer equipment £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<i><b>Cost</b></i>			
At beginning of year	85,590	295,671	381,261
Additions	3,433	21,840	25,273
Transfers to stock	-	(94,313)	(94,313)
	<hr/>	<hr/>	<hr/>
At end of year	89,023	223,198	312,221
	<hr/>	<hr/>	<hr/>
<i><b>Depreciation</b></i>			
At beginning of year	80,273	94,946	175,219
Charge for year	3,800	74,432	78,232
Transfers to stock	-	(24,694)	(24,694)
	<hr/>	<hr/>	<hr/>
At end of year	84,073	144,684	228,757
	<hr/>	<hr/>	<hr/>
<i><b>Net book value</b></i>			
<b>At 31 December 2002</b>	<b>4,950</b>	<b>78,514</b>	<b>83,464</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2001	5,317	200,725	206,042
	<hr/>	<hr/>	<hr/>

Assets held by the company and leased to customers under operating leases are as follows:

	<b>2002 £</b>	<b>2001 £</b>
Cost	33,805	33,805
Accumulated depreciation	(16,872)	(5,708)
	<hr/>	<hr/>
Net book value	16,933	28,097
	<hr/>	<hr/>

**Notes (continued)**

**9 Stocks**

	2002 £	2001 £
Finished goods and goods for resale	48,886	61,177
Laboratory equipment	118,809	-
	<hr/> 167,695	<hr/> 61,177

**10 Debtors**

	2002 £	2001 (as restated) £
Trade debtors	203,327	215,090
Amounts owed by group undertakings	83,767	121,789
Corporation tax recoverable	11,147	12,000
Net deferred tax assets (see note 12)	18,176	8,112
Prepayments and accrued income	35,899	28,068
	<hr/> 352,316	<hr/> 385,059

The company has recognised a deferred tax asset which is recoverable as the timing differences reverse.

**11 Creditors: amounts falling due within one year**

	2002 £	2001 £
Bank loans and overdrafts	55	-
Trade creditors	56,384	59,932
Amounts owed to group undertakings	136,888	164,920
Other taxation and social security	59,866	42,199
Accruals and deferred income	54,790	60,503
	<hr/> 307,983	<hr/> 327,554

## Notes (continued)

### 12 Deferred tax

	Provided 2002	2001 (as restated)	Unprovided 2002	2001 (as restated)
	£	£	£	£
Difference between accumulated depreciation and capital allowances	15,176	5,112	-	-
Other short term timing differences	3,000	3,000	-	-
Tax losses carried forward	-	-	7,222	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset	18,176	8,112	7,222	-
	<hr/>	<hr/>	<hr/>	<hr/>

A deferred tax asset is recognised within debtors (see note 10).

No deferred tax asset has been recognised on the tax losses carried forward.

### 13 Called up share capital

	2002 £	2001 £
<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/>

### 14 Profit and loss account

	2002 £	2001 (as restated) £
At start of year as previously stated	357,659	366,654
Prior year adjustment (see note 7)	8,112	11,460
	<hr/>	<hr/>
At start of year as restated	365,771	386,114
Loss for the financial year	(37,331)	(20,343)
	<hr/>	<hr/>
Profit and loss account at the end of the year	328,440	365,771
	<hr/>	<hr/>

As explained in note 1 FRS 19 "Deferred taxation" has been adopted in the year. A deferred tax asset is now recognised in full on all timing differences other than those in relation to tax losses that are not expected to reverse in the immediate future. As a result a prior period adjustment was required for £8,112. The effect of this change in policy on the reported loss has been to increase the tax credit in the current year by £10,064 (2001: increase by £11,348) (see notes 7).



## Notes (continued)

### 15 Contingent liabilities

As at 31 December 2002 there are guarantees totalling £20,000 (2001: £20,000) made to HM Customs and Excise in connection with deferment sums.

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

	2002		2001	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	500	-	5,423
In the second to fifth years inclusive	37,500	27,989	37,500	10,865
	<u>37,500</u>	<u>28,489</u>	<u>37,500</u>	<u>16,288</u>

### 16 Pension scheme

The company contributes to the private pension schemes of employees. During the year contributions payable amounted to £39,376 (2001: £33,548). There were no (2001: nil) outstanding or prepaid contributions at either the beginning or end of the financial year.

### 17 Ultimate parent company

The company is a subsidiary undertaking of DiaSorin SpA (formerly DiaSorin SrL) incorporated in Italy.

The consolidated accounts of this company are available to the public and may be obtained from DiaSorin SpA (formerly 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.