

Oxoid Group Holdings Limited

Report and Financial Statements

31 December 2002

Registered Number: 3977334



Oxoid Group Holdings Limited

Directors' and Professional Advisers

DIRECTORS

A R Fryer (Chairman) * †
M J Smith †
R J Best
S D Flanagan * †
N P MacDougall * †
H G Fuellbrunn
C J F Madden OBE * †
J-P Papillon
P B Roberts
T H Floyd

* Non-Executive Directors and Members of Audit Committee
† Members of Remuneration Committee

SECRETARY

I C Hixon

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London
SE1 7EU

BANKERS

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39979
2½ Devonshire Square
London
EC2M 4WS

REGISTERED OFFICE

Wade Road
Basingstoke
Hampshire
RG24 8PW

Oxoid Group Holdings Limited

Directors' Report

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

RESULTS AND DIVIDENDS

The Group's profit for the year, after taxation, amounted to £4,140,000 (2001: £3,443,000), as set out in the profit and loss account on page 7. No ordinary dividends have been declared. Preference dividends of £202,000 (2001: £204,000) have been declared.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Group's principal activity is the provision of diagnostic products to microbiology laboratories in the Healthcare, Food and Pharmaceutical Industries.

The turnover increased by 8.74% to £81,781,000 (2001: £75,206,000) during the year and the Directors expect growth to continue.

The results of the Oxoid Group continue to demonstrate that it is both profitable and cash generative. The Directors seek to further develop and expand the business, enhancing the existing strong reputation of the Oxoid product range and brand name.

FUTURE DEVELOPMENTS

It is envisaged that future growth of the business will come principally from new products, further gains in market share, geographical expansion and appropriate acquisitions.

RESEARCH AND DEVELOPMENT

In the year to 31 December 2002 investment in research and development continued at 4.7% of sales. The Group will continue to invest in research and development with the focus of attention being the rapid detection of pathogenic organisms.

POLITICAL AND CHARITABLE DONATIONS

During the year the company and its Subsidiary undertakings made various charitable contributions totalling £6,897 (2001: £6,766). No donations were made to political parties during the year.

Oxoid Group Holdings Limited

Directors' Report

DISABLED EMPLOYEES

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

Management and employee development is considered vital to the future success of the Group. The Group aims to provide training relevant to individuals and their role in the business.

The Group has a policy of providing employees with information about the Group's performance and future plans within the Group. Meetings are held between local management and employees to allow a free flow of information and ideas. Employees are also encouraged to present suggestions on how to improve procedures in their area.

The Group has a good record of safety performance and places a high priority on ensuring that health and safety standards are maintained.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2002 and 1 January 2002 and their interests in the share capital of the company were as follows:

	<i>At 31 December 2002 Ordinary shares</i>	<i>At 1 January 2002 Ordinary shares</i>	<i>At 31 December 2002 Preference shares</i>	<i>At 1 January 2002 Preference shares</i>
A R Fryer	5,000 (B)	5,000 (B)	96,334	96,334
M J Smith	17,200 (B)	17,200 (B)	385,334	385,334
R J Best	11,200 (B)	11,200 (B)	269,734	269,734
S D Flanagan	1,313 (A)	1,313 (A)	-	-
N P MacDougall	3,282 (A)	3,282 (A)	-	-
H G Fuellbrunn	10,000 (B)	10,000 (B)	308,266	308,266
C J F Madden	-	-	-	-
J-P Papillon	10,000 (B)	10,000 (B)	308,266	308,266
P B Roberts	11,200 (B)	11,200 (B)	308,266	308,266

In addition, T H Floyd was appointed as a director of the company on 26 September 2002. He had no disclosable interests in the share capital of the company at the year end.

Since the year end a new class of shares has been created with broadly similar rights to existing Ordinary 'B' shares save for specific valuation rights. An issue of these shares has been made to T H Floyd (10,000) on 15 January 2003.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the period the Group purchased and maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

Oxoid Group Holdings Limited

Directors' Report

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'I C Hixon', with a long horizontal stroke extending to the right.

I C Hixon
Secretary

6 March 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 Group and of the profit or loss of the Group 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Oxoid Group Holdings Limited

Independent Auditors' Report to the Members of Oxoid Group Holdings Limited

We have audited the Group's financial statements for the year ended 31 December 2002 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Total Recognised Gains and Losses, Reconciliation of Consolidated Shareholders' Funds, Consolidated Statement of Cash Flows and Company Balance Sheet and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Group 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 United Kingdom 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 Group'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 affairs of the company and of the Group as at 31 December 2002 and the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

6 March 2003

Oxoid Group Holdings Limited**Consolidated Profit and Loss Account for the year ended 31 December 2002**

	<i>Notes</i>	2002 £'000	2001 £'000
TURNOVER			
Continuing operations	2	81,781	75,206
Cost of sales		(39,143)	(36,535)
GROSS PROFIT		42,638	38,671
Selling and distribution costs		(18,196)	(16,807)
Administrative expenses		(5,492)	(4,131)
Investment in research and development		(3,816)	(3,569)
		(27,504)	(24,507)
OPERATING PROFIT			
Continuing operations	3	15,134	14,164
Interest receivable		95	219
Interest payable and similar charges	7	(8,607)	(8,980)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,622	5,403
Tax on profit on ordinary activities	8	(2,482)	(1,960)
PROFIT FOR THE FINANCIAL YEAR		4,140	3,443
Dividends:			
Accrued/paid preference dividends on non-equity shares	9	(202)	(204)
RETAINED PROFIT FOR THE YEAR	20	3,938	3,239

Oxoid Group Holdings Limited

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December 2002

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Profit on ordinary activities after taxation	4,140	3,443
Exchange differences on re-translation of net assets of subsidiary undertakings	747	(273)
Exchange differences on loans	<u>(747)</u>	<u>273</u>
Total recognised gains and losses relating to the year	<u>4,140</u>	<u>3,443</u>

Reconciliation of Consolidated Shareholders' Funds for the year ended 31 December 2002

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Shareholders' funds at the beginning of the year	6,669	3,381
Shares issued (including share premium)	-	49
Total recognised gains and losses relating to the year	4,140	3,443
Non-equity dividends accrued/paid	<u>(202)</u>	<u>(204)</u>
Shareholders' funds at the end of the year	<u>10,607</u>	<u>6,669</u>

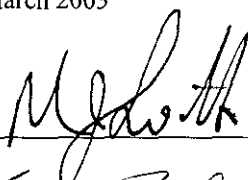
Oxoid Group Holdings Limited**Consolidated Balance Sheet at 31 December 2002**

	<i>Notes</i>	2002 £'000	2001 £'000
FIXED ASSETS			
Intangible assets	10	77,012	77,012
Tangible assets	11	11,790	11,562
		<hr/>	<hr/>
		88,802	88,574
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	13	11,033	10,500
Debtors	14	18,362	16,623
Cash at bank and in hand		3,890	4,075
		<hr/>	<hr/>
		33,285	31,198
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	15	(22,657)	(20,898)
		<hr/>	<hr/>
NET CURRENT ASSETS		10,628	10,300
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,430	98,874
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year	16	(88,464)	(91,812)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	18	(359)	(393)
		<hr/>	<hr/>
		10,607	6,669
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	19	39	39
Share premium account	20	3,814	3,814
Profit and loss	20	6,754	2,816
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS		10,607	6,669
		<hr/>	<hr/>

An analysis of shareholders' funds between equity and non-equity interests is given in note 20.

Approved by the Board on 6 March 2003

M J Smith



R J Best



)
)
) Directors
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Balance Sheet as at 31 December 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Investments	12	3,403	3,403
		<u>3,403</u>	<u>3,403</u>
CURRENT ASSETS			
Debtors	14	10,560	7,762
CREDITORS: amounts falling due within one year	15	(101)	(101)
NET CURRENT ASSETS		<u>10,459</u>	<u>7,661</u>
TOTAL ASSETS LESS LIABILITIES		<u>13,862</u>	<u>11,064</u>
CAPITAL AND RESERVES:			
Called up share capital	19	39	39
Share premium account	20	3,814	3,814
Profit and loss	20	10,009	7,211
TOTAL SHAREHOLDERS' FUNDS		<u>13,862</u>	<u>11,064</u>

An analysis of shareholders' funds between equity and non-equity interests is given in note 20.

Approved by the Board on 6 March 2003

M J Smith

R J Best

Directors

Oxoid Group Holdings Limited**Consolidated Statement of Cash Flows for the year ended 31 December 2002**

	<i>Notes</i>	<i>2002</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<i>21</i>		16,831		16,405
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Bank interest paid		(5,129)		(5,536)	
Interest received		95		219	
Loan note interest paid		(2,643)		(2,405)	
Preference dividends paid		(202)		(187)	
			(7,879)		(7,909)
TAXATION					
Corporation tax paid		(1,879)	(1,879)	(2,336)	(2,336)
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets		(2,779)		(3,422)	
Sale of tangible fixed assets		45		70	
			(2,734)		(3,352)
CASH INFLOW BEFORE FINANCING			4,339		2,808
FINANCING					
Issue of ordinary share capital		-		49	
Payment of deferred consideration		(606)		-	
Bank term loans repaid		(4,000)	(4,606)	(3,250)	(3,201)
(DECREASE) IN CASH	<i>22</i>		(267)		(393)

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The true and fair override provisions of the Companies Act 1985 have been invoked; see 'goodwill and other intangibles' below.

Basis of consolidation

The consolidated accounts include the results of the company and all its Subsidiary undertakings. No profit and loss account is presented for Oxoid Group Holdings Limited as permitted by section 230 of the Companies Act 1985.

All acquisitions have been included in the Group accounts using the acquisitions method of accounting. Accordingly the Group profit and loss account and statement of cash flows include the results and cash flows of all acquisitions for the period from the date of acquisition. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill and other tangibles

Goodwill arising on consolidation has been capitalised as an asset in the balance sheet. Other intangibles are patents, which have been capitalised at their fair value at the time of purchase.

It is Group policy to amortise all assets over their useful economic lives. Whilst the Companies Act would normally require the systematic amortisation of these assets, the Directors believe that, as FRS 10 envisages, in the present circumstances, the lives of such assets are indefinite and therefore a policy of not providing amortisation gives a true and fair view. These assets are reviewed for impairment on an annual basis by comparing the carrying value of the acquired assets with their value in use assessed by reference to estimated future cash flows.

Depreciation of tangible fixed assets

All fixed assets are initially recorded at cost. Depreciation of tangible fixed assets is calculated to write off the cost of each asset evenly over its expected useful life as follows:

Leasehold property improvements	The shorter of 25 years or the lease term
Plant and machinery, fixtures and fittings	2 to 14 years
Motor vehicles	4 years

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1. ACCOUNTING POLICIES (continued)

Research and development

Investment in research and development, including centrally allocated overheads, is written off as incurred.

Foreign currencies

The trading results and cash flows of overseas subsidiary undertakings are translated at average rates of exchange for the year and assets and liabilities at the exchange rates ruling at the end of the year. Exchange differences on transactions are dealt with in the profit and loss account. Exchange differences arising on the retranslation of opening net assets of overseas subsidiary undertakings are taken directly to reserves, together with differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in overseas subsidiary undertakings.

Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished products and work in progress, cost includes attributable overheads.

Pensions

Group companies operate a number of pension schemes. These are either defined contribution or defined benefit schemes.

The costs to provide these benefits are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives within the Group. The majority of employees are members of defined benefit schemes.

Variations in pension cost which are identified as a result of actuarial valuations are amortised over the average expected remaining working lives of the employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or pre-payments in the balance sheet.

Under FRS 17 a different basis of presenting the Group's pension obligations is required to be disclosed. See Note 23.

Leases

Rentals paid under operating leases are charged to the profit and loss account as they accrue.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to years over the term of the instrument at an estimated constant rate on the carrying amount.

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

2. TURNOVER

Turnover, which is stated net of value added tax and trade discounts, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the manufacture and distribution of diagnostic media and associated products.

An analysis of turnover by geographical market by destination is given below:

	2002 £'000	2001 £'000
Europe	60,141	55,364
Rest of World	21,640	19,842
	<u>81,781</u>	<u>75,206</u>

Disclosure of turnover by geographical market by source, and operating profit and net assets by segment, is considered by the Directors to be seriously prejudicial to the interests of the company. Therefore this information has not been disclosed.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002 £'000	2001 £'000
Depreciation of tangible fixed assets	2,528	2,524
Loss on disposal of fixed assets	79	29
Auditors' remuneration		
- audit	190	167
- non-audit	45	73
Hire of plant and machinery under operating leases (including motor vehicles)	419	412
Other operating lease charges	1,350	1,169
	<u> </u>	<u> </u>

4. STAFF COSTS

Staff costs, including the emoluments of directors, amounted to:

	2002 £'000	2001 £'000
Salaries	17,252	15,747
Social security costs	2,404	2,433
Pension charge (see note 23)	1,665	1,287
	<u>21,321</u>	<u>19,467</u>

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

	2002 Number	2001 Number
Manufacturing	265	259
Sales and distribution	301	292
Research and development	46	42
Administration	84	83
	<u>696</u>	<u>676</u>

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £3,000,000 (2001: £2,500,000) before appropriations.

6. DIRECTORS' EMOLUMENTS

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Emoluments	<u>839</u>	<u>693</u>
Pension contributions	<u>53</u>	<u>34</u>
The six (2001: five) executive directors are members of defined benefit pension schemes.		
Emoluments of the highest paid director	<u>192</u>	<u>163</u>
Accrued pension at end of period	<u>95</u>	<u>82</u>
Pension contributions	<u>18</u>	<u>13</u>

Fees, included in emoluments, of £25,500 (2001: £30,000) for the services of two of the non-executive directors, Ms S D Flanagan and Mr N P MacDougall, have been paid to PPM Ventures Limited.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Bank loans and overdrafts	3,786	4,143
Mezzanine loan	1,877	1,865
Amortisation of bank loan issue costs	301	332
Loan notes	<u>2,643</u>	<u>2,640</u>
	<u>8,607</u>	<u>8,980</u>

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the profit for the period comprises:

	2002 £'000	2001 £'000
United Kingdom corporation tax:		
- current year	689	401
- prior year	(26)	-
Deferred taxation	(24)	(220)
	<u>639</u>	<u>181</u>
Overseas taxation:		
- current	1,875	1,760
- prior year	(28)	3
- deferred	(4)	16
Tax on profit on ordinary activities	<u>2,482</u>	<u>1,960</u>

Factors affecting tax charge for the period:

	2002 £'000	2001 £'000
Group profit on ordinary activities before tax	<u>6,622</u>	<u>5,403</u>
Group profit on ordinary activities before tax at 37.7% (2001: 35.2%)	2,497	1,914
Effects of:		
- Expenses not deductible for tax purposes	157	325
- Accounting depreciation in excess of tax depreciation	(27)	(34)
- Utilisation of tax losses	(51)	(62)
- Research and development tax credit	(50)	-
- Adjustments relating to prior year's corporation tax	(16)	21
Total current tax	<u>2,510</u>	<u>2,164</u>
Deferred taxation	(28)	(204)
Tax on profit on ordinary activities at 37.5% (2001: 36.3%)	<u>2,482</u>	<u>1,960</u>

9. DIVIDENDS AND OTHER APPROPRIATIONS

Dividends:

	2002 £'000	2001 £'000
Preference dividends on non-equity shares:		
Paid	101	103
Accrued	101	101
	<u>202</u>	<u>204</u>

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

10. INTANGIBLE FIXED ASSETS

Group	<i>Goodwill (See Note 1) £'000</i>	<i>Patents and trademarks (See Note 1) £'000</i>	<i>Total £'000</i>
Cost or valuation:			
At 1 January 2002	72,012	5,000	77,012
Additional consideration	-	-	-
At 31 December 2002	72,012	5,000	77,012

Intangible assets consisting of purchased goodwill, patents and trademarks are carried at their fair value representing the original cost.

Company

The company had no intangible fixed assets at 31 December 2002 (2001: Nil).

11. TANGIBLE FIXED ASSETS

Group	<i>Leasehold property improvements £'000</i>	<i>Plant and machinery, fixtures and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 2002	2,014	19,932	244	22,190
Additions during year	191	2,511	77	2,779
Exchange adjustment	36	232	(19)	249
Disposals	-	(1,471)	(51)	(1,522)
At 31 December 2002	2,241	21,204	251	23,696
Depreciation:				
At 1 January 2002	584	9,922	122	10,628
Exchange adjustment	8	148	(8)	148
Charge for year	162	2,306	60	2,528
Disposals	-	(1,354)	(44)	(1,398)
At 31 December 2002	754	11,022	130	11,906
Net book value:				
At 31 December 2002	1,487	10,182	121	11,790
At 31 December 2001	1,430	10,010	122	11,562

Company

The company had no tangible fixed assets at 31 December 2002 (2001: Nil).

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

12. INVESTMENTS

Company

*Subsidiary
undertakings
£'000*

Cost:

At 1 January 2002 and at 31 December 2002

3,403

Details of the investments in which the Group or company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held
Subsidiary undertakings			
Oxoid 2000 Limited ‡	United Kingdom	Ordinary and Preference shares	100%
Oxoid Holdings Limited * ‡	United Kingdom	Ordinary shares	100%
Oxoid Pension Trustee Limited *	United Kingdom	Ordinary shares	100%
Oxoid Limited * ‡ @	United Kingdom	Ordinary shares	100%
G & M Procter Limited * @	United Kingdom	Ordinary shares	100%
Oxoid International Limited * ‡	United Kingdom	Ordinary shares	100%
Oxoid Holding GmbH * ‡	Germany	Ordinary shares	100%
Oxoid Biotechnik GmbH * @	Germany	Ordinary shares	100%
Oxoid GmbH * @	Germany	Ordinary shares	100%
Oxoid Holding SARL * ‡	France	Ordinary shares	100%
Oxoid SA * @	France	Ordinary shares	100%
Oxoid SpA * @	Italy	Ordinary shares	100%
Oxoid SA * @	Spain	Ordinary shares	100%
Oxoid AB * @	Sweden	Ordinary shares	100%
Oxoid A/S * @	Denmark	Ordinary shares	100%
Oxoid Inc * @	Canada	Ordinary shares	100%
Oxoid Australia Pty Ltd * @	Australia	Ordinary shares	100%
Oxoid BV * @	The Netherlands	Ordinary shares	100%
Oxoid NV/SA * @	Belgium	Ordinary shares	100%
Oxoid Brasil Ltda * @	Brazil	Ordinary shares	100%
Oxoid AG * @	Switzerland	Ordinary shares	100%
Oxoid Inc * @	USA	Ordinary shares	100%

‡ Holding company

* Held by a subsidiary undertaking

@ These companies are involved in the provision of diagnostic media and associated products.

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

12. INVESTMENTS (continued)

Deferred contingent consideration as determined by the mean monthly exchange rates between 28 July 2000 and 31 December 2001 amounted to £713,375. The goodwill was adjusted to reflect this in the year ended 31 December 2001. Payments of £606,368 and the issue of loan stock £107,007 was made on 14 January 2002.

13. STOCKS

Group	2002 £'000	2001 £'000
Raw materials and consumables	3,090	3,279
Work in progress	992	962
Finished goods and goods for re-sale	6,951	6,259
	<u>11,033</u>	<u>10,500</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Company

The company had no stock at 31 December 2002 (2001: Nil).

14. DEBTORS

	Group 2002 £'000	Company 2002 £'000	Group 2001 £'000	Company 2001 £'000
Trade debtors	17,092	-	15,140	-
Prepayments and accrued income	694	-	478	-
Taxation on profit – prepaid	257	-	523	-
Amounts owed by group undertakings	-	10,560	-	7,762
Other debtors	319	-	482	-
	<u>18,362</u>	<u>10,560</u>	<u>16,623</u>	<u>7,762</u>

15. CREDITORS: amounts falling due within one year

	Group 2002 £'000	Company 2002 £'000	Group 2001 £'000	Company 2001 £'000
Bank loans and overdrafts	5,464	-	3,865	-
Trade creditors	5,128	-	4,445	-
Taxation on profit	1,378	-	1,007	-
Other taxation and social security	2,031	-	1,629	-
Other creditors	4,149	-	6,870	-
Accruals and deferred income	2,461	-	2,120	-
Pensions and other similar obligations	1,945	-	861	-
Accrued dividends on preference shares	101	101	101	101
	<u>22,657</u>	<u>101</u>	<u>20,898</u>	<u>101</u>

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16. CREDITORS: amounts falling due after more than one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans, overdrafts and loan note (see note 17)	88,430	-	91,779	-
Other creditors	34	-	33	-
	<u>88,464</u>	<u>-</u>	<u>91,812</u>	<u>-</u>

17. LOANS

<i>Group</i>	<i>2002</i>	<i>2001</i>
	<i>£'000</i>	<i>£'000</i>
Amounts falling due:		
- in one year or less or on demand	5,500	4,000
- between one and two years	6,250	5,500
- between two and five years	24,821	21,201
- after five years	21,839	29,842
	<u>58,410</u>	<u>60,543</u>
Less: issue costs	(1,799)	(2,100)
Less: included in creditors: amounted falling due within one year	(5,291)	(3,774)
Wholly repayable after five years: Unsecured subordinated loan notes	37,110	37,110
	<u>88,430</u>	<u>91,779</u>

The bank loans are secured on the assets of the Group. The loans are in the form of bank debt, denominated in several currencies. The Group has interest rate swaps in place until 31 December 2005 which set the effective interest rate. These loans are repayable at dates up to 31 December 2008. Calculated at 31 December 2002, the effective blended interest rate is 5.29%.

The mezzanine loan of £12,500,000 included above is repayable in full on 31 December 2008. The Group has an interest rate swap in place until 31 December 2005 which sets the effective interest rate. Additional interest also rolls up on this loan at 4% per annum.

The unsecured subordinated loan notes have an interest rate of 7% per annum and are repayable in equal instalments between 30 June 2009 and 30 June 2011.

Company

The company had no loans at 31 December 2002 (2001: Nil).

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group

Deferred taxation provided in the accounts is as follows:

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Capital allowances in advance of depreciation	759	706
Other timing differences	(400)	(313)
	<u>359</u>	<u>393</u>

The movement in deferred tax during the period comprises:

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
At 1 January 2002	393	569
Arising during the year	(34)	(176)
At 31 December 2002	<u>359</u>	<u>393</u>

Company

The company had no deferred tax provision at 31 December 2002 (2001: Nil).

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

19. SHARE CAPITAL

Authorised

	<i>2002 Number '000</i>	<i>2001 Number '000</i>
Equity share capital:		
'A' Ordinary shares of £0.01 each	950	950
'B' Ordinary shares of £0.01 each	150	150
Non-equity share capital:		
Cumulative preference shares of £0.01 each	2,890	2,890
Deferred share of £0.01	-	-

Allotted, called up and fully paid

	<i>2002 Number '000</i>	<i>2002 £'000</i>	<i>2001 Number '000</i>	<i>2001 £'000</i>
Equity share capital:				
'A' Ordinary shares of £0.01 each	850	8	850	8
'B' Ordinary shares of £0.01 each	113	2	113	2
Non-equity share capital:				
Cumulative preference shares of £0.01 each	2,890	29	2,890	29
		<u>39</u>		<u>39</u>

The issued preference shares carry a fixed cumulative preferential net cash dividend of 7% per annum on the amount paid up plus any premium paid on issue. The dividend will increase to 9% for the period any preference dividends are overdue.

Preference shares carry no voting rights at shareholders' meetings, unless the meeting is considering a resolution varying or abrogating the special rights of the shares. On winding up the order of priority for shareholders will be: first, the right to the payment of unpaid arrears of any fixed dividend on preference shares; and second, amounts paid up (including any premium) on preference shares.

Both types of ordinary shares rank *pari passu* for dividends out of the balance of distributable profits after any preferred dividend paid above.

On 28 July 2000, warrants were issued entitling the mezzanine loan holders to subscribe for 5% of fully diluted Share capital at £0.01 per share. The warrants can only be exercised within ten business days before either the sale or flotation of the company. The Directors have considered the value of the warrants as a capital instrument under FRS 4 at the time of issue, and have concluded that the value is immaterial when discounted and written off over the life of the loan.

The preference shares are to be redeemed in equal amounts on 30 June 2009, 2010 and 2011. The preference shareholders will receive the amount paid up plus any premium paid on issue at redemption.

Since the year end a new class of shares has been created with broadly similar rights to existing Ordinary 'B' shares save for specific valuation rights. An issue of these shares has been made to T H Floyd (10,000) on 15 January 2003.

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

20. SHAREHOLDERS' FUNDS

Group	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2002	39	3,814	2,816	6,669
Shares issued in year	-	-	-	-
Exchange differences on re-translation of net assets of subsidiary undertakings	-	-	747	747
Exchange differences on loans	-	-	(747)	(747)
Retained profit for the year	-	-	3,938	3,938
At 31 December 2002	39	3,814	6,754	10,607

	2002 £'000	2001 £'000
Equity interests	7,717	3,779
Non-equity interests:		
Preference shares	2,890	2,890
	10,607	6,669

Company	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2002	39	3,814	7,211	11,064
Shares issued in year	-	-	-	-
Retained profit for the year	-	-	2,798	2,798
At 31 December 2002	39	3,814	10,009	13,862

	2002 £'000	2001 £'000
Equity interests	10,972	8,174
Non-equity interests:		
Preference shares	2,890	2,890
	13,862	11,064

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Operating profit	15,134	14,164
Depreciation charges	2,528	2,524
Loss on sale of tangible fixed assets	79	29
(Increase)/decrease in stock	(533)	(447)
(Increase)/decrease in operating debtors and prepayments	(2,005)	(201)
Increase/(decrease) in operating creditors and accruals	396	972
Exchange gain on cash, liquid resources and loans	1,232	(636)
Net cash inflow/(outflow) from operating activities	<u>16,831</u>	<u>16,405</u>

22. NET DEBT
a) Reconciliation of net cashflow to movement in net debt

	<i>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
Increase/(decrease) in cash in the year	(267)	(393)
Cash (inflow)/outflow from movement in debt	<u>4,000</u>	<u>3,250</u>
	3,733	2,857
Translation difference	(1,333)	714
Other movements:		
- Amortisation of bank loan issue costs	(301)	(330)
- Other	(534)	(516)
Movement in net debt in the year	<u>1,565</u>	<u>2,725</u>
Net debt at beginning of the year	<u>(91,569)</u>	<u>(94,294)</u>
Net debt at end of the year	<u>(90,004)</u>	<u>(91,569)</u>

b) Analysis of changes in net debt

	<i>At</i> <i>1 January</i> <i>2002</i> <i>£'000</i>	<i>Cash flow</i> <i>£'000</i>	<i>Other</i> <i>non-cash</i> <i>movements</i> <i>£'000</i>	<i>Exchange</i> <i>movement</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2002</i> <i>£'000</i>
Cash	4,075	(185)	-	-	3,890
Bank overdrafts	(91)	(82)	-	-	(173)
Net cash	3,984	(267)	-	-	3,717
Long term loans	(58,443)	4,000	(835)	(1,333)	(56,611)
Loan notes (note 17)	(37,110)	-	-	-	(37,110)
	<u>(91,569)</u>	<u>3,733</u>	<u>(835)</u>	<u>(1,333)</u>	<u>(90,004)</u>

23. PENSION COMMITMENTS**a) SSAP 24 DISCLOSURE**

The Group operates a number of pension schemes for the benefit of its employees. These are either defined contribution or defined benefit schemes.

UK scheme

For UK employees, a defined benefit scheme is available for all employees of Oxoid Limited and is funded by the payment of contributions to a separately administered trust. Pension costs are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

The assets and liabilities of the scheme are actuarially valued at least every three years. The latest actuarial valuation was made by a qualified actuary as at 31 March 2001. At that date the market value of the scheme's assets was £24,817,000 and was sufficient to cover 102% of the benefits that had accrued to members after allowing for expected future increases in earnings. The Group's and employees' contribution rates for 2003 will be 12% and 4% (increased to 5% on 1 April 2002) of gross pensionable pay respectively.

Overseas schemes

Numerous overseas schemes exist, each of which is small in comparison with the principal UK scheme. The costs of each scheme are calculated in accordance with local best practice and regulations.

b) FRS 17 DISCLOSURE

FRS 17 requires the company's pension obligations to be disclosed in the notes to the accounts on a different basis. The figures provided below have not been included in the primary statements in accordance with FRS 17 transitional arrangements.

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2001 and updated to 31 December 2002 by a qualified independent actuary. The major assumptions used by the actuary for the purposes of FRS 17 presentation were:

	<i>At 2002</i>	<i>At 2001</i>
Rate of increase in salaries (above inflation)	1.80%	1.80%
Rate of increase in pensions in payment	2.50%	2.50%
Discount rate	5.75%	5.75%
Inflation assumption	2.50%	2.50%

Oxoid Group Holdings Limited

Notes to the financial statements at 31 December 2002

23. PENSION COMMITMENTS (continued) b) FRS 17 DISCLOSURE (continued)

UK	<i>Long-term rate of return expected at 2002</i>	<i>Value at 31 December 2002 £'000</i>	<i>Long-term rate of return expected at 2001</i>	<i>Value at 31 December 2001 £'000</i>
Market value of scheme assets:				
Equities	8.4%	16,471	6.3%	20,494
Bonds	4.6%	4,332	5.75%	3,674
Total market value of assets	7.6%	20,803	6.2%	24,168
Present value of scheme liabilities		(32,742)		(29,600)
(Deficit) in the scheme		(11,939)		(5,432)
Related deferred tax assets		3,582		1,630
Net pension liabilities		(8,357)		(3,802)

However, if the FRS 17 assumption on expected return on assets as at 31 December 2002 of 7.6% per annum is applied as the discount rate, instead of 5.75% discount rate referred to above, the scheme's net pension liability is reduced to approximately £1.12 million.

Overseas	<i>Long-term rate of return expected at 2002</i>	<i>Value at 31 December 2002 £'000</i>	<i>Long-term rate of return expected at 2001</i>	<i>Value at 31 December 2001 £'000</i>
Market value of scheme assets:				
Equities	7.0%	203	7.0%	188
Bonds	7.0%	69	7.0%	65
Property	7.0%	35	7.0%	36
Insurance *	7.0%	653	7.0%	515
Total market value of assets		960		804
Present value of scheme liabilities		(1,391)		(1,168)
(Deficit) in the scheme		(431)		(364)
Related deferred tax assets		172		264
Net pension liabilities		(259)		(100)

* A group overseas company holds insurance policies valued at £652,500 at 31 December 2002. These policies are held by the Group to match part of the overseas pension liability as is normal practise in the country concerned.

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Notes to the financial statements at 31 December 2002

23. PENSION COMMITMENTS (continued) b) FRS 17 DISCLOSURE (continued)

Group	Long-term rate of return expected at 2002	Value at 31 December 2002 £'000	Long-term rate of return expected at 2001	Value at 31 December 2001 £'000
Market value of scheme assets:				
Equities	8.4%	16,674	6.3%	20,682
Bonds	4.6%	4,401	5.75%	3,739
Property	7.0%	35	7.0%	36
Insurance	7.0%	653	7.0%	515
Total market value of assets		21,763		24,972
Present value of scheme liabilities		(34,133)		(30,768)
(Deficit) in the scheme		(12,370)		(5,796)
Related deferred tax assets		3,754		1,894
Net pension liabilities		(8,616)		(3,902)

The net assets and reserves of the Group incorporating the pension asset are as follows:

	2002 £000	2001 £'000
Net assets:		
Net assets (Note 20)	10,607	6,669
Pension liability (SSAP 24)	381	101
Net assets excluding pension (liability)/asset	10,988	6,770
Pension liability (FRS 17)	(8,616)	(3,902)
Net assets including pension liabilities	2,372	2,868
Reserves:		
Profit and loss reserve (Note 20)	6,754	2,816
Pension liability (SSAP 24)	381	101
Profit and loss reserve excluding pension asset	7,135	2,917
Pension liability (FRS 17)	(8,616)	(3,902)
Profit and loss reserve including pension liabilities	(1,481)	(985)

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Notes to the financial statements at 31 December 2002

23. PENSION COMMITMENTS (continued) b) FRS 17 DISCLOSURE (continued)

The following disclosures are for illustrative purposes, had FRS 17 'retirement benefits' been incorporated into the financial statements.

Amounts to be included within operating profit	<i>Overseas</i> 2002 £	<i>UK</i> 2002 £	<i>Group</i> 2002 £
Current service cost	(108)	(1,504)	(1,612)
Past service cost	-	-	-
Total to be included within operating profit	(108)	(1,504)	(1,612)
 Amounts to be included as other finance costs	 <i>Overseas</i> 2002 £	 <i>UK</i> 2002 £	 <i>Group</i> 2002 £
Expected return on scheme assets	59	1,534	1,593
Interest on scheme liabilities	(78)	(1,691)	(1,769)
Total to be included as net finance charge	(19)	(157)	(176)
 Amounts to be included in the Consolidated Statement of Total Recognised Gains and Losses	 <i>Overseas</i> 2002 £	 <i>UK</i> 2002 £	 <i>Group</i> 2002 £
Difference between actual and expected return on pension scheme assets	(21)	(5,812)	(5,833)
Experience gains arising on scheme liabilities	3	-	3
Changes in assumptions underlying the present value of scheme liabilities	22	-	22
Total actuarial gains and losses to be recognised in CSTRGL	4	(5,812)	(5,808)
 Movement in surplus/(deficit) during the year	 <i>Overseas</i> 2002 £	 <i>UK</i> 2002 £	 <i>Group</i> 2002 £
Net pension liability at 1 January 2002	(100)	(3,802)	(3,902)
Movement in year:			
Current service cost	(108)	(1,504)	(1,612)
Contributions	48	966	1,014
Past service costs	-	-	-
Other finance income	(19)	(157)	(176)
Actuarial gain/(loss)	4	(5,812)	(5,808)
Deferred taxation	(92)	1,952	1,860
Exchange loss	8	-	8
Net pension liability at 31 December 2002	(259)	(8,357)	(8,616)

23. PENSION COMMITMENTS (continued)
b) FRS 17 DISCLOSURE (continued)
History of experience gains and losses

	<i>Overseas 2002</i>	<i>UK 2002</i>	<i>Group 2002</i>
Difference between the expected and actual return on scheme assets:			
- amount (£'000)	(21)	(5,812)	(5,833)
- percentage of scheme assets	(10.3%)	(24.0%)	(23.4%)
Experience gains and losses on scheme liabilities:			
- amount (£'000)	3	-	3
- percentage of the present value of scheme liabilities	0.2%	0%	0%
Total amount recognised in consolidated statement of total recognised gains and losses:			
- amount (£'000)	4	(5,812)	(5,808)
- percentage of present value of scheme liabilities	0.3%	(19.6%)	(18.9%)

24. FINANCIAL COMMITMENTS
Group

At 31 December 2002 the Group had annual commitments under operating leases as set out below:

	<i>Land and buildings 2002 £'000</i>	<i>Other 2002 £'000</i>	<i>Total 2002 £'000</i>	<i>Land and buildings 2001 £'000</i>	<i>Other 2001 £'000</i>	<i>Total 2001 £'000</i>
Leases expiring:						
- within 1 year	1	101	102	307	284	591
- within 2-5 years	137	546	683	300	373	673
- over 5 years	1,092	-	1,092	1,045	113	1,158
	<u>1,230</u>	<u>647</u>	<u>1,877</u>	<u>1,652</u>	<u>770</u>	<u>2,422</u>

25. RELATED PARTY TRANSACTIONS

Related party transactions between Group companies are eliminated on consolidation and are therefore exempt from disclosure under FRS 8.

26. CONTINGENT LIABILITIES

The Royal Bank of Scotland plc has provided guarantees in respect of deferred duty to the value of £100,000 in favour of HM Customs and Excise.

27. CAPITAL COMMITMENTS

Amounts contracted for, but not provided in the accounts, amounted to £816,580 (2001: £920,035).