

Oxoid Group Holdings Limited

Report and Accounts

31 December 2001

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

* 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 Plc
5-10 Great Tower Street
London
EC3P 3HX

REGISTERED OFFICE

Wade Road
Basingstoke
Hampshire
RG24 8PW

Oxoid Group Holdings Limited

Directors' Report

The directors present their report and the consolidated accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The group's profit for the year, after taxation, amounted to £3,443,000 (2000: loss: £339,000 for the five month period 28 July to 31 December 2000), as set out in the profit and loss account on page 7. No ordinary dividends have been declared. Preference dividends of £204,000 (2000: £84,000 – five month period) 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 to £75,206,000 (2000: £28,939,000 – five month period) 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 period ended 31 December 2001 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 period the company and its subsidiary undertakings made various charitable contributions totalling £6,766 (2000: £3,428 – five month period). No donations were made to political parties during the period.

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 the health and safety standards are maintained.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2001 and 1 January 2001 and their interests in the share capital of the company were as follows:

	<i>At 31 December 2001</i>	<i>At 1 January 2001</i>	<i>At 31 December 2001</i>	<i>At 1 January 2001</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>	<i>Preference shares</i>	<i>Preference shares</i>
A R Fryer	5,000 (B)	2,133 (B)	96,334	96,334
M J Smith	17,200 (B)	8,533 (B)	385,334	385,334
R J Best	11,200 (B)	5,973 (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)	6,827 (B)	308,266	308,266
C J F Madden	-	-	-	-
J-P Papillon	10,000 (B)	6,827 (B)	308,266	308,266
P B Roberts	11,200 (B)	6,827 (B)	308,266	308,266

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

On 28 June 2001 Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

Secretary



I C Hixon

28 February 2002

Oxoid Group Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 accounts 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 Auditor's Report to the Members of Oxoid Group Holdings Limited

We have audited the company's and group's financial statements for the year ended 31 December 2001 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows, Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 27. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 company and 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 company's and 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 2001 and of 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

28 February 2002

Oxoid Group Holdings Limited**Consolidated Profit and Loss Account for the year ended 31 December 2001**

	<i>Notes</i>	2001 £'000	<i>Five Month</i> <i>Period 2000</i> £'000
TURNOVER			
Continuing operations	2	75,206	28,939
Cost of sales		(36,535)	(14,656)
GROSS PROFIT		38,671	14,283
Selling and distribution costs		(16,807)	(5,061)
Administrative expenses		(4,131)	(4,141)
Investment in research and development		(3,569)	(1,350)
		(24,507)	(10,552)
OPERATING PROFIT			
Continuing operations	3	14,164	3,731
Interest receivable		219	89
Interest payable and similar charges	7	(8,980)	(3,805)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,403	15
Tax on profit on ordinary activities	8	(1,960)	(354)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		3,443	(339)
Dividends:			
Accrued/paid preference dividends on non-equity shares	9	(204)	(84)
RETAINED PROFIT/(LOSS) FOR THE YEAR/PERIOD	20	3,239	(423)

Oxoid Group Holdings Limited

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 December 2001

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Profit/(Loss) on ordinary activities after taxation	3,443	(339)
Exchange differences on retranslation of net assets of subsidiary undertakings	(273)	54
Exchange differences on loans	273	(54)
Total recognised gains and losses relating to the period	3,443	(339)

Reconciliation of Movements in Shareholders' Funds for the year ended 31 December 2001

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Shareholders' funds at the beginning of the period	3,381	-
Shares issued (including share premium)	49	3,804
Total recognised gains and losses relating to the period	3,443	(339)
Dividends accrued and paid	(204)	(84)
Shareholders' funds at the end of the period	6,669	3,381

Oxoid Group Holdings Limited

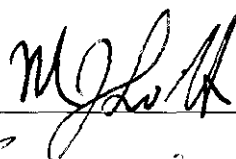
Consolidated Balance Sheet at 31 December 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Intangible assets	10	77,012	76,268
Tangible assets	11	11,562	10,852
		<u>88,574</u>	<u>87,120</u>
CURRENT ASSETS			
Stocks	13	10,500	10,053
Debtors	14	16,623	16,422
Cash at bank and in hand		4,075	4,791
		<u>31,198</u>	<u>31,266</u>
CREDITORS: amounts falling due within one year	15	<u>(20,898)</u>	<u>(18,748)</u>
NET CURRENT ASSETS		<u>10,300</u>	<u>12,518</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98,874</u>	<u>99,638</u>
CREDITORS: amounts falling due after more than one year	16	<u>(91,812)</u>	<u>(95,688)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(393)</u>	<u>(569)</u>
TOTAL ASSETS LESS LIABILITIES		<u>6,669</u>	<u>3,381</u>
CAPITAL AND RESERVES:			
Called up share capital	19	39	38
Share premium account	20	3,814	3,766
Profit and loss	20	2,816	(423)
TOTAL SHAREHOLDERS' FUNDS		<u>6,669</u>	<u>3,381</u>

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

Approved by the Board on 28 February 2002

M J Smith



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) Directors

R J Best



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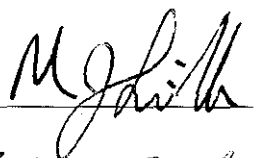
Oxoid Group Holdings Limited
Balance Sheet as at 31 December 2001

	<i>Notes</i>	2001 £'000	2000 £'000
FIXED ASSETS			
Investments	12	3,403	3,403
		<u>3,403</u>	<u>3,403</u>
CURRENT ASSETS			
Debtors	14	7,762	5,401
CREDITORS: amounts falling due within one year	15	(101)	(84)
NET CURRENT ASSETS		<u>7,661</u>	<u>5,317</u>
TOTAL ASSETS LESS LIABILITIES		<u>11,064</u>	<u>8,720</u>
CAPITAL AND RESERVES:			
Called up share capital	19	39	38
Share premium account	20	3,814	3,766
Profit and loss	20	7,211	4,916
TOTAL SHAREHOLDERS' FUNDS		<u>11,064</u>	<u>8,720</u>

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

Approved by the Board on 28 February 2002

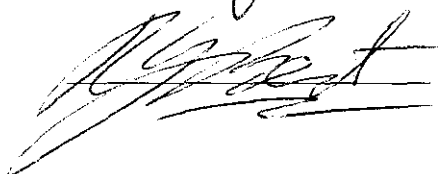
M J Smith



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) Directors

R J Best



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Oxoid Group Holdings Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2001

	Notes	2001 £'000	2001 £'000	Five Month Period 2000 £'000	Five Month Period 2000 £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21		16,405		(252)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Bank interest paid		(5,536)		(2,253)	
Interest received		219		89	
Loan note interest paid		(2,405)		-	
Preference Dividends paid		(187)		-	
			(7,909)		(2,164)
TAXATION					
Corporation tax paid		(2,336)		(1,296)	
			(2,336)		(1,296)
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets		(3,422)		(1,060)	
Sale of tangible fixed assets		70		39	
			(3,352)		(1,021)
ACQUISITIONS					
Purchase of subsidiary undertakings		-		(71,268)	
Net cash acquired with acquisitions		-		6,464	
			-		(64,804)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			2,808		(69,537)
FINANCING					
Issue of ordinary share capital		49		1,264	
Term loans repaid		(3,250)		-	
New loans		-		72,650	
			(3,201)		73,914
(DECREASE)/INCREASE IN CASH IN PERIOD	22		(393)		4,377

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

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 acquisition 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 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 intangibles

Goodwill arising on consolidation has been capitalised as an asset in the balance sheet. Other intangibles are patents, these 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 cashflows.

Depreciation of tangible fixed assets

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 taxation is provided using the liability method on all timing differences, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse. Deferred tax assets are only recognised if recovery is reasonably certain.

FRS 19 has been applied for the year ending 31 December 2001, the effect on comparative results is not considered material.

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

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 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.

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 prepayments in the balance sheet.

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 accounts at 31 December 2001

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:

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Europe	55,364	20,092
Rest of World	19,842	8,847
	75,206	28,939

Disclosure of turnover by geographical market by source, and operating profit and net assets by segment, are 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:

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Depreciation of tangible fixed assets	2,524	844
Loss on disposal of fixed assets	29	8
Auditors' remuneration		
- audit	123	121
- non audit	117	116
Hire of plant and machinery under operating leases (including motor vehicles)	412	235
Other operating lease charges	1,169	684

In addition, for the period ended 31 December 2000, additional payments of £354,355 were made to the auditors at the time PricewaterhouseCoopers, in respect of advice relating to the acquisitions of businesses.

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

4. STAFF COSTS

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

	<i>2001</i>	<i>Five month period 2000</i>
	<i>£'000</i>	<i>£'000</i>
Salaries	15,787	5,974
Social security costs	2,553	791
Pension charge (see note 23)	1,127	531
	<u>19,467</u>	<u>7,296</u>

Average number of employees during the period

	<i>2001</i>	<i>Five month period 2000</i>
Manufacturing	259	257
Sales and Distribution	292	301
Research and Development	42	38
Administration	83	73
	<u>676</u>	<u>669</u>

5. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £2,500,000 (£5,000,000 – five month period) before appropriations.

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

6. DIRECTORS' EMOLUMENTS

	2001 £'000	Five Month Period 2000 £'000
Emoluments	693	288
Pension contributions	34	17
The five executive directors are members of defined benefits pension schemes.		
Emoluments of the highest paid director	163	64
Accrued pension at end of period	82	76
Pension contributions	13	5

Fees, included in emoluments, of £30,000 (2000: £12,000 - five month period) 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

	2001 £'000	Five Month Period 2000 £'000
Bank loans and overdrafts	4,143	1,716
Mezzanine loan	1,865	750
Amortisation of bank loan issue costs	332	132
Loan notes	2,640	1,207
	8,980	3,805

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
United Kingdom corporation tax:		
- current period at 30%	401	48
- prior period at 30%	-	-
Deferred taxation	(220)	-
	181	48
Overseas taxation:		
- current	1,760	276
- prior period	3	16
- deferred	16	14
Tax on profit on ordinary activities	1,960	354

Factors affecting tax charge for the period:

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Group profit on ordinary activities before tax	5,403	15
Group profit on ordinary activities before tax at 35.42%	1,914	5
Effects of:		
Expenses not deductible for tax purposes	325	257
Accounting depreciation in excess of tax depreciation	(34)	-
Utilisation of tax losses	(62)	62
Adjustments relating to prior period's corporation tax	21	16
Total current tax	2,164	340
Deferred taxation	(204)	14
Tax on profit on ordinary activities	1,960	354

9. DIVIDENDS AND OTHER APPROPRIATIONS

Dividends:

	2001	<i>Five Month</i>
	£'000	<i>Period 2000</i>
		£'000
Non-equity dividends on preference shares:		
Paid	103	-
Accrued	101	84
	204	84

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

10. INTANGIBLE FIXED ASSETS

Group

	<i>Goodwill</i> (See Note 1) £'000	<i>Patents and trademarks</i> (See Note 1) £'000	<i>Total</i> £'000
Cost or valuation:			
At 1 January 2001	71,268	5,000	76,268
Additional consideration	744	-	744
At 31 December 2001	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 2001 (2000: Nil).

11. TANGIBLE FIXED ASSETS

Group

	<i>Leasehold property improvements</i> £'000	<i>Plant and machinery, fixtures and fittings</i> £'000	<i>Motor vehicles</i> £'000	<i>Total</i> £'000
At 1 January 2001				
Cost:	1,970	17,181	265	19,416
Additions during period	64	3,294	64	3,422
Exchange adjustment	(20)	(144)	(11)	(175)
Disposals	-	(399)	(74)	(473)
At 31 December 2001	2,014	19,932	244	22,190
At January 2001				
Depreciation:	451	7,979	134	8,564
Exchange adjustment	(6)	(74)	(6)	(86)
Charge for period	139	2,336	49	2,524
Disposals	-	(319)	(55)	(374)
At 31 December 2001	584	9,922	122	10,628
Net book value:				
At 31 December 2001	1,430	10,010	122	11,562
At 31 December 2000	1,519	9,202	131	10,852

Company

The company had no tangible fixed assets at 31 December 2001 (2000: Nil).

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

12. INVESTMENTS

Company	<i>Subsidiary undertakings £'000</i>
Cost at 1 January 2001:	3,403
Additions	-
At 31 December 2001	<u>3,403</u>

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:

<i>Name of company Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
Oxoid 2000 Limited ‡	United Kingdom	Ordinary and Preference shares	100%
Oxoid Holdings Limited * ‡	United Kingdom	Ordinary shares	100%
Oxoid Pension Trustees 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%

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

12. INVESTMENTS (continued)

† Holding company

* Held by a subsidiary undertaking

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

~ This company was incorporated on 1 January 2001 with a nominal share capital of US\$1,500.

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 has been adjusted to reflect this. Payments and issue of loan stock were made on 14 January 2002.

Deferred consideration relating to the acquisition of G & M Procter Limited by Oxoid Limited in the year ended 31 December 1999, which was contingent on performance to 31 March 2001, was payable. This resulted in the adjustment to goodwill which has been included above.

13. STOCKS

Group

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Raw materials and consumables	3,279	3,155
Work in progress	962	1,069
Finished goods and goods for resale	6,259	5,829
	<u>10,500</u>	<u>10,053</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 2001 (2000: Nil).

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

14. DEBTORS

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2001</i>	<i>2001</i>	<i>2000</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	15,140	-	14,631	-
Prepayments and accrued income	478	-	768	-
Taxation on profit – prepaid	523	-	601	-
Amounts owed by group undertakings	-	7,762	-	5,401
Other debtors	482	-	422	-
	<u>16,623</u>	<u>7,762</u>	<u>16,422</u>	<u>5,401</u>

Included in other debtors is an amount of £137,000 (2000: £94,000) which is due after more than one year.

15. CREDITORS: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2001</i>	<i>2001</i>	<i>2000</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans and overdrafts	3,865	-	3,448	-
Trade creditors	4,445	-	3,671	-
Taxation on profit	1,007	-	1,207	-
Other taxation and social security	1,629	-	2,009	-
Other creditors	6,870	-	5,728	-
Accruals and deferred income	2,120	-	1,763	-
Pensions and other similar obligations	861	-	838	-
Accrued dividends on preference shares	101	101	84	84
	<u>20,898</u>	<u>101</u>	<u>18,748</u>	<u>84</u>

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

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

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2001</i>	<i>2001</i>	<i>2000</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans, overdrafts and loan note (see note 17)	91,779	-	95,648	-
Other creditors	33	-	40	-
	<u>91,812</u>	<u>-</u>	<u>95,688</u>	<u>-</u>

17. LOANS

Group

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Amounts falling due:		
In one year or less or on demand	4,000	3,250
Between one and two years	5,500	4,000
Between two and five years	21,201	18,842
After five years	29,842	37,910
	<u>60,543</u>	<u>64,002</u>
Less: issue costs	(2,100)	(2,430)
Less: included in creditors: amounts falling due within one year	(3,774)	(3,034)
Wholly repayable after five years:		
Unsecured subordinated loan notes	37,110	37,110
	<u>91,779</u>	<u>95,648</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 caps and swaps in place until 30 June 2003 which set the effective interest rate. These loans are repayable at dates up to 31 December 2008. Calculated at 31 December 2001, the effective blended interest rate is 7.86%.

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 30 June 2003 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 2001 (2000: Nil).

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group

Deferred taxation provided in the accounts is as follows:

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Capital allowances in advance of depreciation	706	652
Other timing differences	(313)	(83)
	<u>393</u>	<u>569</u>

The movement in deferred tax during the period comprises:

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
At 1 January	569	-
Arising on the acquisition of subsidiary undertakings	-	555
Arising during the period	(176)	14
At 31 December	<u>393</u>	<u>569</u>

Company

The company had no deferred tax provision at 31 December 2001 (2000: Nil).

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

19. SHARE CAPITAL

Authorised

	2001 Number '000	2000 Number '000
Equity share capital:		
'A' Ordinary shares of £0.01 each	950	950
'B' Ordinary shares of £0.01 each	<u>150</u>	<u>150</u>
Non-equity share capital:		
Cumulative preference shares of £0.01 each	2,890	2,890
1 Deferred share of £0.01	<u>-</u>	<u>-</u>

Allotted, called up and fully paid

	2001 Number '000	2001 £'000	2000 Number '000	2000 £'000
Equity share capital:				
'A' Ordinary shares of £0.01 each	850	8	850	8
'B' Ordinary shares of £0.01 each	113	2	64	1
Non-equity share capital:				
Cumulative preference shares of £0.01 each	2,890	<u>29</u> <u>39</u>	2,890	<u>29</u> <u>38</u>

On 2 February 2001 48,820 'B' Ordinary shares of £0.01 each were issued with a premium of £0.99.

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.

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

19. SHARE CAPITAL (continued)

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 FRS4 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.

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

20. RESERVES

Group	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	38	3,766	(423)	3,381
Shares issued in period	1	48	-	49
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(273)	(273)
Exchange differences on loans	-	-	273	273
Retained profit for period	-	-	3,239	3,239
At 31 December 2001	39	3,814	2,816	6,669
			<i>2001</i>	<i>2000</i>
			£'000	£'000
Equity interests			3,779	491
Non-equity interests				
Preference shares			2,890	2,890
			6,669	3,381
 Company				
	Share capital £'000	Share premiums account £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	38	3,766	4,916	8,720
Shares issued in period	1	48	-	49
Retained profit for the period	-	-	2,295	2,295
At 31 December 2001	39	3,814	7,211	11,064
			<i>2001</i>	<i>2000</i>
			£'000	£'000
Equity interests			8,174	5,830
Non-equity interests				
Preference shares			2,890	2,890
			11,064	8,720

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

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

	2001 £'000	Five Month Period 2000 £'000
Operating profit	14,164	3,731
Depreciation charges	2,524	844
Loss on sale of tangible fixed assets	29	8
(Increase) in stock	(447)	(125)
(Increase)/Decrease in operating debtors and prepayments	(201)	1,113
Increase/(Decrease) in operating creditors and accruals	972	(5,770)
Exchange gain on cash, liquid resources and loans	(636)	(53)
Net cash inflow/(outflow) from operating activities	<u>16,405</u>	<u>(252)</u>

22. NET DEBT

(a) Reconciliation of net cash flow to movement in net debt

	2001 £'000	Five Month Period 2000 £'000
(Decrease)/Increase in cash in the period	(393)	4,377
Cash outflow/ (inflow) from movement in debt	<u>3,250</u>	<u>(72,121)</u>
	2,857	(67,744)
Translation difference	714	(397)
Other movements:		
Amortisation of bank loan issue costs	(330)	(132)
Other	<u>(516)</u>	<u>(26,021)</u>
Movement in net debt in the period	2,725	(94,294)
Net debt at beginning of period	<u>(94,294)</u>	-
Net debt at end of period	<u>(91,569)</u>	<u>(94,294)</u>

(b) Analysis of net debt

	At 1 January 2001 £'000	Cash flow £'000	Other non-cash movements £'000	Exchange movement £'000	At 31 December 2001 £'000
Cash	4,791	(716)	-	-	4,075
Bank overdrafts	(414)	323	-	-	(91)
Net Cash	4,377	(393)	-	-	3,984
Long term loans	(61,561)	3,250	(846)	714	(58,443)
Loan notes (note 17)	(37,110)	-	-	-	(37,110)
Total	<u>(94,294)</u>	<u>2,857</u>	<u>(846)</u>	<u>714</u>	<u>(91,569)</u>

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

23. PENSION COMMITMENTS

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 were £24,817,000 and were 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 2002 will be 12% and 4% 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.

Group Disclosure for FRS 17

	<i>2001</i> <i>£'000</i>
Balance sheet impact	
Net assets excluding pension liabilities	7,284
Pension liabilities	(4,417)
Net assets including pension liabilities	<u>2,867</u>
Reserve impact	
Profit and loss reserve excluding pension liabilities	3,431
Pension liabilities	(4,417)
Profit and loss reserve including pension liabilities	<u>(986)</u>

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 2001 by a qualified independent actuary. The major assumptions used by the actuary were:

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

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

23. PENSION COMMITMENTS (continued)

The assets in the scheme and the expected rate of return were:

	<i>Overseas</i>		<i>UK</i>		<i>Group</i>	
	<i>Long-term rate of return expected at 2001</i>	<i>Value at 31 December 2001</i>	<i>Long-term rate of return expected at 2001</i>	<i>Value at 31 December 2001</i>	<i>Long-term rate of return expected at 2001</i>	<i>Value at 31 December 2001</i>
		<i>£'000</i>		<i>£'000</i>		<i>£'000</i>
Equities	7.0%	188	6.3%	20,494	6.3%	20,682
Bonds	7.0%	65	5.75%	3,674	5.75%	3,739
Property	7.0%	36		-	7.0%	36
Total market value of assets		<u>289</u>		<u>24,168</u>		<u>24,457</u>
Present value of scheme liabilities		<u>(1,168)</u>		<u>(29,600)</u>		<u>(30,768)</u>
Deficit in the scheme		(879)		(5,432)		(6,311)
Related deferred tax assets		<u>264</u>		<u>1,630</u>		<u>1,894</u>
Net pension liabilities		<u>(615)</u>		<u>(3,802)</u>		<u>(4,417)</u>

24. FINANCIAL COMMITMENTS

Group

At 31 December 2001 the group had annual commitments under operating leases as set out below:

	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>	<i>Land and buildings Five Month Period</i>	<i>Other Five Month Period</i>	<i>Total Five Month Period</i>
	<i>2001</i>	<i>2001</i>	<i>2001</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Leases expiring:						
within 1 year	307	284	591	332	235	567
within 2-5 years	300	373	673	289	485	774
over 5 years	1,045	113	1,158	1,196	-	1,196
	<u>1,652</u>	<u>770</u>	<u>2,422</u>	<u>1,817</u>	<u>720</u>	<u>2,537</u>

Oxoid Group Holdings Limited

Notes to the accounts at 31 December 2001

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 have 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 £920,035 (2000: £569,000).