

**REGISTRAR
OF
COMPANIES**

**MOLECULAR LIGHT TECHNOLOGY
LIMITED**

Report and Financial Statements

31 December 1999

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS**



REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr J S Woodhead
Dr I Weeks
L J D Bell
H L Nordoff
R J Morgan
L F J Rees (resigned 14 June 1999)
K Pittard-Davies (appointed 14 June 1999)

SECRETARY

Dr I Weeks

REGISTERED OFFICE

5 Chiltern Close
Cardiff Industrial Park
Cardiff
CF14 5DL

BANKERS

Barclays Bank Plc

AUDITORS

Deloitte & Touche
Chartered Accountants
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company with subsidiaries engaged in the development of immunodiagnostic technology particularly in the fields of chemiluminescence.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The group's results for the year and future prospects are considered to be satisfactory.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 5. The directors have proposed a final dividend of £75 per share (1998 - £Nil).

RESEARCH AND DEVELOPMENT

The group continues an active programme of research and development, the costs of which in the year amounted to £140,754 (1998 - £129,046). Research and development costs are written off in the year in which they are incurred.

DIRECTORS AND THEIR INTERESTS

The directors of the company, who served throughout the year, and their interests in the shares of the company at 31 December 1999 and 1 January 1999 are:

	31 December 1999	1 January 1999
	No of shares	No of shares
Dr J S Woodhead	287 'A' Ordinary	287 'A' Ordinary
Dr I Weeks	143 'A' Ordinary	143 'A' Ordinary
J L D Bell	95 'A' Ordinary	95 'A' Ordinary
H L Nordoff	-	-
R J Morgan	-	-
L F J Rees	-	-
K Pittard-Davies	-	-

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

AUDITORS

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

Approved by the Board of Directors
and signed on behalf of the Board

Dr I Weeks

Secretary

Date: 2/8/00

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 the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF MOLECULAR LIGHT TECHNOLOGY LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and Registered Auditors

7 August 2000.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
TURNOVER: continuing operations	2	2,256,991	2,067,793
Cost of sales		911,730	770,056
GROSS PROFIT		1,345,261	1,297,737
Distribution costs		22,171	37,740
Administration expenses		893,050	630,593
		915,221	668,333
OPERATING PROFIT : continuing operations	4	430,040	629,404
Income from other investments		83,776	16,572
Other interest receivable and similar income		74,367	68,943
Interest payable and similar charges	5	(2,417)	(1,137)
Provision for diminution in value of investment		(66,134)	15,000
Profit on disposal of investments		15,641	156,996
		105,233	256,374
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		535,273	885,778
Tax on profit on ordinary activities	6	(157,704)	(205,384)
PROFIT FOR THE FINANCIAL YEAR		377,569	680,394
Dividends	7	92,175	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		285,394	680,394

There are no recognised gains or losses for the current and prior years other than as stated above.

STATEMENT OF MOVEMENTS ON RESERVES
Year ended 31 December 1999

	Share premium £	Profit and loss account £
THE GROUP		
Balance at 1 January 1999	58,168	2,530,266
Profit for the year	-	285,394
Balance at 31 December 1999	<u>58,168</u>	<u>2,815,660</u>
THE COMPANY		
Balance at 1 January 1999	58,168	2,901,181
Profit for the year	-	522,745
Balance at 31 December 1999	<u>58,168</u>	<u>3,423,926</u>

CONSOLIDATED BALANCE SHEET
31 December 1999

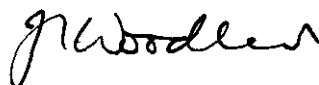
	Note	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	10		1,539,176		1,499,454
CURRENT ASSETS					
Debtors	11	1,106,174		1,410,094	
Cash at bank and in hand		101,008		238,072	
Investments	12	3,546,009		3,785,694	
		<u>4,753,191</u>		<u>5,433,860</u>	
CREDITORS - amounts falling due within one year	13	<u>(1,536,510)</u>		<u>(1,266,546)</u>	
NET CURRENT ASSETS			<u>3,216,681</u>		<u>4,167,314</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,755,857		5,666,768
CREDITORS - amounts falling due after more than one year	14		(1,684,078)		(2,897,503)
PROVISION FOR LIABILITIES AND CHARGES	15		<u>(196,722)</u>		<u>(179,602)</u>
			<u>2,875,057</u>		<u>2,589,663</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,229		1,229
Share premium			58,168		58,168
Profit and loss account			2,815,660		2,530,266
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>2,875,057</u>		<u>2,589,663</u>

These financial statements were approved by the Board of Directors on 2.8.00

Signed on behalf of the Board

J S Woodhead

Director



PARENT COMPANY BALANCE SHEET**31 December 1999**

	Note	1999 £	1998 £
FIXED ASSETS			
Investments	9	1,118	1,118
CURRENT ASSETS			
Debtors	11	4,886,096	3,893,096
Cash at bank and in hand		7,844	145,062
Investments	12	3,546,009	3,785,694
		8,439,949	7,823,852
CREDITORS: amounts falling due within one year	13	(4,957,744)	(4,864,392)
NET CURRENT ASSETS		3,482,205	2,959,460
TOTAL ASSETS LESS CURRENT LIABILITIES		3,483,323	2,960,578
CAPITAL AND RESERVES			
Called up share capital	16	1,229	1,229
Share premium account		58,168	58,168
Profit and loss account		3,423,926	2,901,181
TOTAL EQUITY SHAREHOLDERS' FUNDS		3,483,323	2,960,578

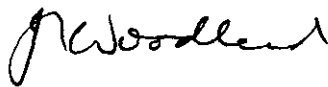
These financial statements were approved by the board of directors on 2.8.00

Signed on behalf of the Board of Directors

J S Woodhead

Director

Date:.....



NOTES TO THE ACCOUNTS**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents development programme income and licencing fees receivable and the sales value in respect of goods supplied during the year, after deduction of trade discounts and value added tax. Turnover includes rental income

Licencing fees

Licencing fees receivable and payable are recognised in the profit and loss account in the period to which they relate. Licencing fees received or paid in respect of future periods are deferred until those periods (see notes 11 and 14).

Basis of consolidation

The group financial statements consolidate the financial statement of the company and all its subsidiaries.

Investment

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computers	4 years
Equipment	10 years
Motor vehicles	4 years
Freehold buildings and improvements	50 years

Pension costs

The group operates a defined contribution pension scheme for directors and staff. Pension costs represents amounts payable on behalf of directors and staff to the scheme in respect of the accounting period.

Patents and licences

Expenditure on patents and licenses is written off in the year in which it is incurred.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Deferred taxation

Deferred taxation is provided on timing differences arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****1. ACCOUNTING POLICIES (continued)****Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease rentals in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal amounts over the lease term.

Foreign currency

All transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

All exchange differences are dealt with through the profit and loss account.

Capital grants

Capital grants received are treated as deferred income, with transfers being made to the profit and loss account based on the expected useful lives of the related fixed assets. Revenue grants are credited to the profit and loss account in the same period as the related costs are charged to the profit and loss account.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

	1999 £	1998 £
United Kingdom	169,940	123,701
Europe	4,642	26,972
United States of America	2,076,504	1,916,958
Rest of the World	5,905	162
	<u>2,256,991</u>	<u>2,067,793</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999 £	1998 £
Directors' emoluments		
Other emoluments	91,610	78,340
	<u> </u>	<u> </u>
Company contributions to money purchase and similar pension schemes in respect of directors' services	42,468	50,688
	<u> </u>	<u> </u>

Three of the directors are members of a defined benefit pension scheme (1998 - 3).

	1999 No	1998 No
Average number of persons (including directors) employed by the group during the year was:	14	11
	<u> </u>	<u> </u>

	1999 £	1998 £
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	378,741	264,994
Social Security costs	34,894	25,396
Other pension costs	81,702	71,307
	<u> </u>	<u> </u>
	495,337	361,697
	<u> </u>	<u> </u>

4. OPERATING PROFIT

	1999 £	1998 £
Operating profit is after charging:		
Research and development	140,754	129,406
Depreciation		
Owned assets	70,670	42,011
Leased assets	16,022	9,451
Rentals under operating leases		
Other operating leases	2,106	10,441
Auditors remuneration	11,000	11,000
Loss on disposal of owned assets	-	10,888
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Finance leases	2,417	1,137

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
United Kingdom corporation tax at 30% (1998 - 31%)	140,584	41,545
Deferred tax	17,120	166,587
Adjustments to prior years' tax provision		
Corporation tax	-	(2,748)
	157,704	205,384

7. DIVIDENDS

	1999 £	1998 £
Ordinary shares		
Proposed dividend -£75 per each class of ordinary share (1998 - £Nil)	92,175	-

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £522,745 (1998 - £774,928).

9. INVESTMENTS HELD AS FIXED ASSETS

	The Group		The Company	
	1999 £	1998 £	1999 £	1998 £
Shares in group subsidiaries (note 17)	-	-	1,118	1,118

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**10. TANGIBLE FIXED ASSETS**

	Freehold buildings £	Computers and equipment £	Motor vehicles £	Total £
THE GROUP				
Cost				
At 1 January 1999	1,241,274	382,381	47,256	1,670,911
Additions in year	21,665	82,310	22,439	126,414
At 31 December 1999	1,262,939	464,691	69,695	1,797,325
Accumulated depreciation				
At 1 January 1999	-	162,007	9,450	171,457
Charge for the year	21,260	49,410	16,022	86,692
At 31 December 1999	21,260	211,417	25,472	258,149
Net book value				
At 31 December 1999	1,241,679	253,274	44,223	1,539,176
At 31 December 1998	1,241,274	220,374	37,806	1,499,454

The net book value of fixed assets includes £44,223 (1998 - £37,806) in respect of assets held under hire purchase agreements.

11. DEBTORS

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	163,800	161,344	-	-
Amounts owed by subsidiary	-	-	4,886,096	3,893,096
Other debtors	43,589	28,161	-	-
Prepayments and accrued income	898,785	1,220,589	-	-
	1,106,174	1,410,094	4,886,096	3,893,096

Included in prepayments and accrued income is an amount of £509,670 which is due in more than one year relating to licensing fees payable to UWCM (see note 14).

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****12. CURRENT ASSET INVESTMENTS**

	Other investments
Cost	
As at 1 January 1999	3,785,694
Additions	962,794
Disposals	(1,136,345)
As at 31 December 1999	<u>3,612,143</u>
Provisions	
As at 1 January 1999	-
Charged in year	66,134
As at 31 December 1999	<u>66,134</u>
Net Book Value	
As at 31 December 1999	<u>3,546,009</u>
As at 31 December 1998	<u>3,785,694</u>

Included in other investments are listed investments with a cost of £2,403,729 and a market value of £2,463,191.

13. CREDITORS: Amounts falling due within one year

	The Group 1999 £	1998 £	The Company 1999 £	1998 £
Obligations under finance leases and hire purchase contracts	17,544	9,080	-	-
Trade creditors	26,612	52,047	-	-
Amounts owed to subsidiary undertakings	-	-	4,831,554	4,851,554
Corporation tax	140,584	34,979	32,134	10,958
Accruals and deferred income (see note 13)	1,241,392	1,162,002	1,881	1,880
Other creditors including tax and social security	18,203	8,438	-	-
Dividends payable	92,175	-	92,175	-
	<u>1,536,510</u>	<u>1,266,546</u>	<u>4,957,744</u>	<u>4,864,392</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Accruals and deferred income	1,681,623	2,882,525	-	-
Obligations under finance leases and hire purchase contracts	2,455	14,978	-	-
	<u>1,684,078</u>	<u>2,897,503</u>	<u>-</u>	<u>-</u>

The group has previously received monies under arrangements with a licensee in the US which included royalty advance. The unearned portion as at 31 December 1999 is £2,846,151 (1998 - £3,960,284) and is included in accruals and deferred income, £1,681,623 (1998 - £2,882,525) of which is due after more than one year. 30% of the income is payable to UCWM and this payment has been treated on the same basis at the receipt (see note 11).

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 1999	Charged to profit and loss account	Applied	Balance at 31 December 1999
	£	£	£	£
Deferred taxation	179,602	17,120	-	196,722
	<u>179,602</u>	<u>17,120</u>	<u>-</u>	<u>196,722</u>

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 1999	Provided 1998	Not provided 1999	Not Provided 1998
	£	£	£	£
Accelerated capital allowances	196,722	179,602		
	<u>196,722</u>	<u>179,602</u>	<u></u>	<u></u>

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****16. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
Authorised, called up, allotted and fully paid:		
645 'a' ordinary shares of £1.00 each	645	645
25 'b' ordinary shares of £1.00 each	25	25
153 'c' ordinary shares of £1.00 each	153	153
197 'd' ordinary shares of £1.00 each	197	197
209 'e' ordinary shares of £1.00 each	209	209
	<u>1,229</u>	<u>1,229</u>

The "a", "b", "c", "d" and "e" shares rank pari passu in all respects except that dividends may be recommended and declared on the "c" ordinary shares without a like dividend being voted on the other shares.

17. ADDITIONAL INFORMATION ON SUBSIDIARIES

Subsidiary	Country of incorporation/registration and operation	Activity	Portion of ordinary shares held
Molecular Light Technology Research Limited	Wales	Development of immunodiagnostic technology	100%
Bioanalysis Limited	Wales	Development of immunodiagnostic technology	100%

18. RELATED PARTY TRANSACTIONS

Dr J S Woodhead and Dr I Weeks were amongst the original inventors of patents in respect of immunodiagnostic technology. Fifty percent of monies paid to UWCM in respect of these patents is payable to the original inventors. Dr J S Woodhead and Dr I Weeks receive 33.3% and 22.2% respectively of amounts paid to the inventors. These payments continue in perpetuity.

Dr J S Woodhead and Dr I Weeks received £47,863 (1998 - £45,571) and £31,909 (1998 - £30,380) respectively from UWCM in respect of inventors fees during the year to 31 December 1999.