

## DIRECTORS AND ADVISERS

ANAGEN PLC  
no 2792457

### DIRECTORS

Dr Henry Simon *Non-Executive Chairman*\*+  
Mervyn Sennett *Chief Executive*\*  
Keith Bowhill *Finance Director*  
Dr Gordon Forrest *Technical Director*  
Sir Stuart Burgess *Non-Executive*\*+  
Andrew Marchant *Non-Executive*\*+

\* Remuneration Committee  
+ Audit Committee

### SECRETARY

Tom Webb FCIS

### REGISTERED OFFICE

4 Spring Lakes Estate  
Deadbrook Lane  
Aldershot  
Hants GU12 4UH

### REGISTERED AUDITORS

Kidsons Impey  
Chartered Accountants  
Spectrum House  
20-26 Cursitor Street  
London EC4A 1HY

### REGISTERED COMPANY NUMBER

2792457

### BANKERS

Midland Bank plc  
Wellington Street  
Aldershot  
Hants GU11 1DY

### SOLICITORS

McKenna & Co  
Mitre House  
160 Aldersgate Street  
London EC1A 4DD

Tarlo Lyons  
Watchmaker Court  
33 St John's Lane  
London EC1M 4DB

### STOCKBROKER

Albert E. Sharp & Co.  
Edmund House  
12 Newhall Street  
Birmingham B3 3ER

### REGISTRARS

Independent Registrars Group Limited  
Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ

### PATENT AGENTS

Hepworth, Lawrence, Bryer & Bizley  
Merlin House  
Falconry Court  
Bakers Lane  
Epping  
Essex CM16 5DQ



# DIRECTORS' REPORT

for the year ended 31st December 1994

The directors present their annual report and the audited financial statements of the company for the year ended 31st December 1994.

## Principal activities and business review

The principal activity of the group is the development and marketing of automated immunodiagnostic analysis systems. Following the signing of a worldwide marketing agreement in April 1993 for the group's first system, the AuraFlex, with Organon Teknika BV, part of the Akzo NV Group, the system was launched in February 1995 and the group is continuing to develop the range of immunoassays to be used in conjunction with the system for the detection of specific disorders within the human body. Further details of the group's activities are contained in the Chairman's Statement on page 4 and the Chief Executive's Review on page 6.

## Results and dividends

The group loss for the year after taxation was £3,980,000. No dividend is recommended.

In the opinion of the directors, the group will become profitable only after its first system has become well established in the market, therefore the loss for 1994 was as anticipated.

## Directors

The directors of the company, all of whom held office throughout the year, are shown on page 8.

A. W. Marchant and Sir Stuart Burgess retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

M.N. Sennett, K.N. Bowhill and G.C. Forrest have service agreements with the company which expire on 15th June 1996. H. Simon, A.W. Marchant and Sir Stuart Burgess, the non-executive directors, have letters of appointment for a term of three years which expire on 15th June 1996.

Brief biographical details of the directors are shown on page 9.

## Directors' interests

No director had at any time during the year a material interest in any significant contract relating to the group's business.

The interests of the directors in the company's share capital, all of which are beneficial, were as follows:

	31st December 1994				1st January 1994		
	Ordinary Shares of 10p each	Ordinary Share Options at 11.8p per share	Ordinary Share Options at £1.00 per share	Ordinary Share Options at 76p per share	Ordinary Shares of 10p each	Ordinary Share Options at 11.8p per share	Ordinary Share Options at £1.00 per share
H Simon	20,000	-	-	-	-	-	-
M N Sennett	651,542	591,389	401,039	120,000	651,542	591,389	401,039
K N Bowhill	36,683	48,669	112,213	85,000	31,683	48,669	112,213
Sir Stuart Burgess	3,000	-	-	-	3,000	-	-
G C Forrest	651,542	591,389	401,039	120,000	651,542	591,389	401,039
A W Marchant	7,741	-	-	-	7,741	-	-

The options refer to the Company's unapproved and approved Executive Share Option Schemes. The terms under which the options were granted to the Directors are set out in note 18 to the financial statements. No options lapsed during the year, the market price of the shares at 31st December 1994 was 51p and the range during 1994 was 43p to 81p.

H. Simon is a partner in Schroder Venture Advisers which advises funds which, in aggregate, were interested in a total of 16,467,131 Ordinary Shares of 10p each at 1st January 1994 and 16,667,131 Ordinary Shares of 10p each at 31st December 1994. Dr. Simon has a personal interest in some of these funds.

**DIRECTORS' REPORT**

for the year ended 31st December 1994 (continued)

**Directors' interests** (continued)

There have been no changes to the directors' interests between 31st December 1994 and 28th April 1995.

Save as disclosed above, the directors had no interests in the share or loan capital of any group company at 1st January 1994 or 31st December 1994.

**Substantial shareholdings**

At 18th April 1995, the company had received notifications in respect of interests of 3 per cent or more in the issued ordinary share capital of the company from the following:

	<b>Number of shares</b>	<b>Percentage of total issued share capital</b>
Barfield Nominees Limited 5432	2,581,599	5.55
Barfield Nominees Limited 5433	2,565,610	5.52
Bishopsgate Nominees Limited B68	1,777,909	3.82
CIN Venture Nominees Limited	3,006,804	6.47
Clydesdale Bank (Head Office) Nominee Limited MGA	2,093,000	4.50
Norwich Union Venture Capital Limited	3,036,899	6.53
Quester Nominees Limited	2,038,364	4.38
Railway Pensions Venture Capital Limited	1,544,923	3.32
Schroder Venture Managers Inc as General Partners of Schroder's UK Venture Fund	1,710,613	3.68
Schroder International Trust Company as Trustee of Schroder UK Venture Fund II	6,328,605	13.61
	<u>26,684,326</u>	<u>57.38</u>

As far as the directors are aware, at 18th April 1995, there were no other beneficial interests held on behalf of any other person in 3 per cent or more of the issued share capital of the company.

**Fixed assets**

The movements in fixed assets during the year are set out in notes 10, 11 and 12 to the financial statements.

**Employee involvement and communication**

Approximately one third of current employees are shareholders in the company; furthermore, the group's employees, other than the directors, currently hold options over a total of 355,414 Ordinary Shares in the company through the company's share option schemes.

Departmental managers meet with the executive directors on a monthly basis as a Management Committee and this forum is used as a stimulus for communication within the group. During the year a Staff Council was established.

**Employment of disabled persons**

It is the group's policy to offer equal opportunities to disabled persons in matters of recruitment, training, career development and promotion. Where people become disabled during the course of their employment, the group makes every effort to retain their services and to provide retraining where necessary.

**Officers' liability insurance**

The group has taken out insurance during 1994 to indemnify the directors from liabilities incurred by them arising from the fulfilment of their duties.

## **DIRECTORS' REPORT**

for the year ended 31st December 1994 (continued)

### **Directors' responsibilities**

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 14, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make reasonable and prudent judgements and estimates;
- (iii) state whether Accounting Standards have been followed and give details of any departures; and
- (iv) prepare the financial statements on a going concern basis unless in their view the company will be unable to continue in business.

The directors are also responsible for:

- (i) ensuring the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the company and of the group and which enable them to ensure that the financial statements comply with the Companies Act 1985;
- (ii) taking reasonable steps to safeguard the group's assets; and
- (iii) taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Code of Best Practice**

#### **(a) Corporate governance**

The directors support the recommendations of the Cadbury Committee's Code of Best Practice on the financial aspects of corporate governance and comply therewith. To this end Remuneration and Audit Committees have been in operation throughout the year comprising all the non-executive directors. The Chief Executive is also a member of the Remuneration Committee, but does not attend during discussions on his own emoluments.

#### **(b) Internal financial control**

The directors are responsible for the systems of internal financial control which they deem appropriate for the group. The systems have been established to provide reasonable assurance of effective and efficient operations, financial monitoring, the prevention and detection of errors and irregularities and compliance with laws and regulations. A system of internal financial control cannot give absolute assurance against material misstatement or loss.

Financial control is maintained by the monthly monitoring of actual performance against budget which includes sales, production, development activities and departmental and capital expenditure. Forecasts for business activities and cash flows, which have a planning horizon of at least five years, are updated and reviewed on a regular basis. Authority limits and detailed operating procedures have also been established, and are continuously reviewed and amended in the light of the group's changing circumstances. The effectiveness of the systems of internal financial control has been reviewed by the directors.

#### **(c) Going concern**

After making enquiries, the directors have a reasonable expectation that the company and the group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Kidsons Impey have confirmed to the directors that they are satisfied that this statement appropriately reflects the company's compliance with the Code insofar as it relates to the paragraphs of the Code which the London Stock Exchange has specified for their review.

**DIRECTORS' REPORT**

for the year ended 31st December 1994 (continued)

**Charitable donations**

During the year the group made charitable donations amounting to £236. No payments were made to political organisations.

**Close company status**

The company is not, so far as the directors are aware, a close company within the meaning of the Income and Corporation Taxes Act 1988.

**Annual General Meeting**

The directors have convened the second Annual General Meeting of the company to be held on Thursday, 1st June 1995. The notice of the meeting is on pages 29 and 30.

At the Annual General Meeting a resolution will be proposed to grant the directors authority to allot relevant securities (as defined by section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £1,550,000 (which represents 33.3% of the current issued share capital of the company). The directors have no present intention of exercising this authority. It is also proposed at the Annual General Meeting to renew, until the earlier of the next Annual General Meeting and 1 September 1996, the directors' flexibility to issue shares for cash other than strictly pro-rata to existing shareholders. This authority will be limited to allotments of equity securities up to an aggregate nominal amount of £232,500 (being 5% of the current issued share capital) and the allotment of equity securities in connection with rights issues and other pro-rata offers.

**Auditors**

The auditors, Kidsons Impey, have expressed their willingness to continue in office and a resolution for their re-appointment in accordance with the provisions of Section 385 of the Companies Act 1985 will be proposed at the Annual General Meeting.

By Order of the Board



T.C.L. Webb  
Secretary

4 Spring Lakes Estate  
Deadbrook Lane  
Aldershot  
Hampshire  
GU12 4UH

28th April 1995

## **AUDITORS' REPORT**

Auditors' report to the shareholders of Anagen PLC

We have audited the financial statements on pages 15 to 28 which have been prepared under the accounting policies set out on pages 18 and 19.

### **Respective responsibilities of directors and auditors**

As described on page 12 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 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 31st December 1994 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### **Corporate Governance Matters**

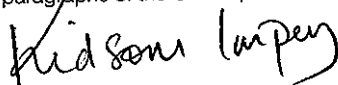
In addition to our audit of the financial statements, we have reviewed the directors' statement on page 12 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company to continue in operational existence.

### **Opinion**

With respect to the directors' statements on internal financial control and going concern on page 12 in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 12 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.



Kidsons Impey  
Registered Auditors  
Chartered Accountants

London

28th April 1995

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 31st December 1994

	Note	1994 £'000	1993 £'000
<b>Turnover</b>			
Sales		759	231
Milestone payments under the marketing agreement		-	1,500
	2	759	1,731
Cost of sales	1(b)	(717)	(221)
		42	1,510
<b>Gross profit</b>			
Production and quality assurance expenses		(1,046)	(1,018)
Research and development costs		(2,403)	(3,558)
Administrative expenses		(832)	(790)
<b>Operating loss</b>	3	(4,239)	(3,856)
Interest receivable	6	425	301
Net loss on current asset investments	6	(150)	-
Interest payable	7	(16)	(475)
<b>Loss on ordinary activities before taxation</b>		(3,980)	(4,030)
Tax on loss on ordinary activities	8	-	-
<b>Loss for the financial year</b>	19	(3,980)	(4,030)
Loss per share (pence)	9	(8.6p)	(11.0p)

**Continuing operations**

None of the group's activities was acquired or discontinued during the above two financial years.

**Total recognised gains and losses**

The group has no recognised gains or losses for the two years ended 31st December 1994 apart from the results shown above.

The notes on pages 18 to 28 form part of these financial statements.

**BALANCE SHEETS**

at 31st December 1994

	Note	Group		Company	
		1994 £'000	1993 £'000	1994 £'000	1993 £'000
<b>Fixed assets</b>					
Tangible assets	10	691	826	-	-
Intangible assets	11	39	42	-	-
Investments	12	-	-	9,608	9,608
		<u>730</u>	<u>868</u>	<u>9,608</u>	<u>9,608</u>
<b>Current assets</b>					
Stocks	13	770	469	-	-
Debtors: amounts falling due within one year	14	272	815	-	12
amounts falling due after more than one year	14	-	-	15,068	10,797
Investments	15	3,381	3,294	-	400
Cash and short term deposits		1,019	4,962	7	3,847
		<u>5,442</u>	<u>9,540</u>	<u>15,075</u>	<u>15,056</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(370)</u>	<u>(613)</u>	<u>(1,728)</u>	<u>(1,711)</u>
<b>Net current assets</b>		<u>5,072</u>	<u>8,927</u>	<u>13,347</u>	<u>13,345</u>
<b>Total assets less current liabilities</b>		<u>5,802</u>	<u>9,795</u>	<u>22,955</u>	<u>22,953</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(17)</u>	<u>(30)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>5,785</u>	<u>9,765</u>	<u>22,955</u>	<u>22,953</u>
<b>Equity capital and reserves</b>					
Called up share capital	18	4,650	4,650	4,650	4,650
Share premium account	19	18,100	18,100	18,100	18,100
Other reserve	19	4,309	4,309	-	-
Profit and loss account	19	(21,274)	(17,294)	205	203
<b>Equity shareholders' funds</b>	20	<u>5,785</u>	<u>9,765</u>	<u>22,955</u>	<u>22,953</u>

The financial statements were approved by the board of directors on 28th April 1995.

H. Simon

Directors

M.N. Sennett

The notes on pages 18 to 28 form part of these financial statements.



**GROUP CASH FLOW STATEMENT**  
for the year ended 31st December 1994

	Note	1994 £'000	1993 £'000
<b>Net cash outflow from operating activities</b>	24(a)	(3,780)	(4,357)
<b>Returns on investments and servicing of finance</b>			
Interest received		430	267
Interest paid		(16)	(401)
<b>Net cash inflow (outflow) from returns on investments and servicing of finance</b>		414	(134)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(290)	(264)
Payments to acquire intangible fixed assets		-	(46)
Proceeds from sale of tangible fixed assets		4	5
Net payments to acquire current asset investments	24(b)	(237)	(3,294)
Cash element of consideration on acquisition of subsidiary companies		-	(240)
<b>Net cash outflow from investing activities</b>		(523)	(3,839)
<b>Net cash outflow before financing</b>		(3,889)	(8,330)
<b>Financing</b>			
Issue of share capital (net of expenses)		-	14,403
Issue of loan stock		-	880
Repayment of loan stock		-	(2,295)
Hire purchase loans		(52)	(76)
Capital element of finance lease rentals		(2)	(5)
<b>Net cash (outflow) inflow from financing</b>	24(e)	(54)	12,907
<b>(Decrease) increase in cash and cash equivalents</b>	24(c)	(3,943)	4,577

The notes on pages 18 to 28 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1994

### 1 Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost accounting convention.

#### (b) Cost of sales

Cost of sales is stated as all those costs directly incurred by the group to bring each product sold to its saleable condition and to provide services to customers.

#### (c) Tangible fixed assets

Depreciation is calculated to write off the cost of all tangible fixed assets in equal annual instalments over their estimated useful lives at the following rates:

Plant and equipment	25%
Fixtures and fittings	15%
Motor vehicles	25%
Tooling	50%

Depreciation is calculated from the beginning of the quarter following acquisition of assets.

#### (d) Intangible fixed assets

Patents acquired by the group from third parties are capitalised and the cost is amortised on a straight line basis over the shorter of the remaining life of the patents or the expected period of commercial exploitation. Expenditure on patents protecting technology developed by the group is considered by the directors to be part of research and development expenditure and is accounted for in accordance with the policy in note 1(h) below.

#### (e) Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of overheads, and net realisable value.

#### (f) Current asset investments and short term deposits

National and local government securities and other low risk non-equity investments held by the group are classified as short term deposits if, at the time of acquisition, they have less than three months to maturity. All other such investments are classified as current asset investments. Current asset investments are included in the balance sheet at the lower of cost and market value.

#### (g) Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences between the profit computed for taxation purposes and the profit stated in the financial statements to the extent that it is probable the liability will crystallise.

#### (h) Research and development

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

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1994 (continued)

### 1 Accounting policies (continued)

#### *(i) Leasing and hire purchase transactions*

Where an asset is acquired under a finance lease or hire purchase agreement, the asset is capitalised and the corresponding liability to the finance company is included in creditors. Depreciation on leased assets and assets being acquired under hire purchase agreements is provided in accordance with the policy in note 1(c) above. Leasing payments and hire purchase repayments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account on a straight line basis over the period of the lease or hire purchase agreement.

All other leases are operating leases and rentals payable are charged to the profit and loss account on a straight line basis.

#### *(j) Pensions*

The group operates a defined contribution scheme of which membership is optional. Members contribute 5% of salary, the group contributes 8% as from 28th February 1994, prior to which date the group's contribution was 7% of salary. The assets of the pension scheme are held separately in an independently administered fund. In addition, the group provides, for all employees, death in service life assurance, pension for spouses following death in service and permanent health insurance benefits. The executive directors have non-contributory pension arrangements. These arrangements do not provide defined benefits and consequently the group has no obligation to meet any unfunded liabilities. Pension contributions are charged to the profit and loss account as incurred.

#### *(k) Consolidation*

The consolidated financial statements include the results of the company and its subsidiary companies made up to 31st December 1994. As permitted by Section 230(3) of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements.

#### *(l) Foreign currencies*

Amounts receivable and payable in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Differences arising during the year are dealt with in the profit and loss account.

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### 2 Turnover and segmental analysis

Turnover represents the value, excluding value added tax, of goods sold and services provided. All the group's sales originate in the United Kingdom and all turnover was within the European Union. None of the group's activities was acquired or discontinued during the two years ended 31st December 1994.

A geographical analysis of the group's loss for the year and net assets at the balance sheet date, as proposed by Statement of Standard Accounting Practice no.25, is not provided as the operating loss and net operating assets of Anagen (Bermuda) Limited are immaterial in relation to those of the group as a whole.

# NOTES TO THE FINANCIAL STATEMENTS

31st December 1994 (continued)

<b>3 Operating loss</b>	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>

Operating loss is stated after charging (crediting):

Depreciation of tangible fixed assets	406	375
Depreciation of tangible fixed assets held under hire purchase agreements and finance leases	15	71
Amortisation of intangible fixed assets	3	4
Auditors' remuneration - audit services	18	18
- non-audit services	9	10
Operating lease rentals - plant and machinery (including vehicles)	89	61
- leasehold property	146	146
Profit on disposal of tangible fixed assets	-	(2)
Loss on exchange	2	8
Directors' emoluments (see note 4)	356	331

<b>4 Directors' emoluments</b>	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>

As directors	41	28
For management (including pension contributions)	315	303
	<u>356</u>	<u>331</u>

Emoluments, excluding pension contributions, are analysed as follows:

Chairman	17	11
Highest paid director	108	100

Number of other directors whose emoluments were within the ranges:-	<b>Number</b>	<b>Number</b>
£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	2	1
£ 15,001 - £ 20,000	1	-
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	-	1
£ 30,001 - £ 35,000	1	-

Directors' emoluments include discretionary bonuses voted to the executive directors on the recommendation of the company's Remuneration Committee totalling £43,260(1993: £52,500), of which the highest paid director received £16,480(1993: £20,000). Amounts of £15,450(1993: £18,750) and £11,330(1993: £13,750) were voted to the two other executive directors. The directors' emoluments shown above are the emoluments received by the directors of Anagen PLC from all group companies during the two years ended 31st December 1994.

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

**5 Employees**

1994 Number	1993 Number
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The average number of persons including executive directors employed by the group during the year was:

Administration	9	9
Research and development	47	49
Manufacturing and quality assurance	28	17
	<u>84</u>	<u>75</u>

**Staff costs:**

£'000	£'000
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Wages and salaries	1,715	1,489
Social security costs	183	160
Other pension costs	121	123
	<u>2,019</u>	<u>1,772</u>

**6 Net investment income**

1994 £'000	1993 £'000
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Interest receivable		
Bank and other	14	263
Interest bearing listed investments (including short term deposits)	411	38
	<u>425</u>	<u>301</u>
Net loss on current asset investments		
Net loss on disposal of current asset investments	(76)	-
Net deficit on restatement of current asset investments at market value at 31st December 1994	(74)	-
	<u>(150)</u>	<u>-</u>
Net investment income	<u>275</u>	<u>301</u>

The group's portfolio of investments includes a number of short-dated high-interest government stocks where a loss of capital value between the date of purchase and date of redemption was expected in the light of interest rates prevailing in 1994. This reduction in capital value has been offset by the higher amount of interest receivable on these stocks.

**7 Interest payable**

1994 £'000	1993 £'000
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Variable Rate Unsecured Loan Stock 1996	-	276
15% Secured Loan Stock 1993/2000	-	155
Hire purchase	16	41
Finance leases	-	3
	<u>16</u>	<u>475</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

**8 Tax on loss on ordinary activities**

No taxation charge arises on the result for the year because of the trading loss (1993: £nil). Tax losses available to be carried forward in the United Kingdom by the group at 31st December 1994 are estimated at £19,650,000, subject to the agreement of the Inland Revenue.

**9 Loss per share**

	1994	1993
Attributable loss (£'000)	(3,980)	(4,030)
Average number of ordinary shares in issue (000)	46,500	36,562
Loss per share (pence)	(8.6)	(11.0)

In order that the disclosed amount of loss per share is comparable between 1993 and 1994, the average number of ordinary shares in issue has been calculated as if the share and loan capital of Anagen (Bermuda) Limited had been acquired by Anagen PLC on 1st January 1993 (or on the date of issue if later) on the same terms as the acquisition which took place on 15th June 1993.

**10 Tangible fixed assets**

	Group				
	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Tooling £'000	Total £'000
<b>Cost</b>					
1st January 1994	789	553	50	552	1,944
Additions	215	6	-	69	290
Disposals	(4)	-	-	-	(4)
31st December 1994	1,000	559	50	621	2,230
<b>Depreciation</b>					
1st January 1994	438	250	3	427	1,118
Charge for the year	187	83	13	138	421
Disposals	-	-	-	-	-
31st December 1994	625	333	16	565	1,539
<b>Net book amount</b>					
31st December 1994	375	226	34	56	691
31st December 1993	351	303	47	125	826

The net book amount of assets held under hire purchase agreements at 31st December 1994 was £43,000 (1993 £171,000).

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

<b>11 Intangible fixed assets</b>	<b>Group Patents £'000</b>
<b>Cost</b>	
1st January 1994 and 31st December 1994	46
<b>Amortisation</b>	
1st January 1994	4
Charge for the year	3
31st December 1994	7
<b>Net book amount</b>	
31st December 1994	39
31st December 1993	42

During 1993 the group purchased patent rights relating to magnetically attractable particles for a consideration of £46,000. Under the terms of the purchase agreement for these patent rights, additional amounts totalling US\$90,000 are payable to the vendor in two equal instalments of US\$45,000 if various stated US and European patent applications proceed to grant. The European patent was granted on 25th January 1995 and US\$45,000 has now become payable. If the US patent is not issued by 12th February 1997 the remaining US\$45,000 instalment of the purchase price is not payable.

<b>12 Fixed asset investments</b>	<b>Company £'000</b>
Shares in subsidiary companies at cost:	
31st December 1994 and 31st December 1993	9,608

The subsidiary companies at 31st December 1994 and their activities during the year are as follows:

	<b>Country of incorporation and principal operations</b>	<b>Percentage of ordinary shares held</b>	<b>Principal activities</b>
(i) Held directly by the company:			
Anagen (U.K.) Limited	Great Britain	100	Development of fully automated random access immunodiagnostic systems
Anagen (Bermuda) Limited	Bermuda	100	Investment company
(ii) Held through a subsidiary company:			
ProMed Diagnostics Limited	Great Britain	100	Marketing and sale of sourced immunoassay kits to United Kingdom hospitals and laboratories

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

**13 Stocks**

	Group	
	1994 £'000	1993 £'000
AuraFlex instruments	-	93
Raw materials and consumables	660	376
Work in progress	110	-
	<u>770</u>	<u>469</u>

Certain of the group's stocks are unique biological materials. It is necessary to purchase these stocks in quantity, when they are available, to secure supply during the period that they will be required by the group. As a result, it is not practicable to quantify the replacement cost of stock at the year end.

**14 Debtors**

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Amounts falling due within one year:				
Trade debtors	23	441	-	-
Other debtors	116	234	-	-
Prepayments and accrued income	133	140	-	12
	<u>272</u>	<u>815</u>	<u>-</u>	<u>12</u>
Amounts falling due after more than one year:				
Amounts owed by subsidiary companies	-	-	15,068	10,797

**15 Current asset investments**

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Listed in the United Kingdom at the lower of cost and market value	3,381	3,294	-	400
Cost	<u>3,455</u>	<u>3,294</u>	<u>-</u>	<u>400</u>
Market value	<u>3,381</u>	<u>3,297</u>	<u>-</u>	<u>402</u>

All of the listed investments are interest bearing, readily convertible national or local government securities or other low risk non-equity investments.



**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

16 Creditors: amounts falling due within one year	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade creditors	140	384	-	1
Other taxation and social security	55	-	-	-
Accruals	162	175	25	3
Amounts owed to subsidiary companies	-	-	1,703	1,707
Obligations under finance leases	-	2	-	-
Obligations under hire purchase agreements	13	52	-	-
	<u>370</u>	<u>613</u>	<u>1,728</u>	<u>1,711</u>

17 Creditors: amounts falling due after more than one year	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Obligations under hire purchase agreements				
Over one and under two years	13	13	-	-
Over two and under five years	4	17	-	-
	<u>17</u>	<u>30</u>	<u>-</u>	<u>-</u>

18 Share capital	1994 and 1993 Ordinary Shares of 10p each	
	Number	£'000
Authorised	64,000,000	6,400
Allotted, called up and fully paid	46,500,000	4,650

At 31st December 1994 the company had the following outstanding options in respect of 2,838,249 (1993:2,288,249) of its Ordinary Shares of 10p each as follows

Number of Shares		Dates within which exercisable	Exercise Price
1994	1993		
1,312,484	1,312,484	16.6.96 - 15.6.2000	11.8p
975,765	975,765	16.6.96 - 15.6.2000	100p
550,000	-	14.5.97 - 13.5.2004	76p

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

**19 Share premium and reserves**

	Share Premium Account £'000	Group Other Reserve £'000	Profit and Loss Account £'000	Company Share Premium Account £'000	Profit and Loss Account £'000
1st January 1994	18,100	4,309	(17,294)	18,100	203
(Loss) profit for the year	-	-	(3,980)	-	2
31st December 1994	18,100	4,309	(21,274)	18,100	205

The other reserve represents the reserve which arose on the acquisition of Anagen (Bermuda) Limited in 1993, which was accounted for in accordance with merger accounting principles.

**20 Reconciliation of movement in equity shareholders' funds**

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
1st January 1994	9,765	(6,276)	22,953	-
Share capital issued (including premium and net of expenses)	-	20,311	-	22,750
Cash element of consideration on acquisition of subsidiary companies	-	(240)	-	-
(Loss) profit for the financial year	(3,980)	(4,030)	2	203
31st December 1994	5,785	9,765	22,955	22,953

**21 Deferred taxation**

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
The potential liability to deferred taxation is:				
Short term timing differences	-	4	-	4

The potential liability is shown at a corporation tax rate of 33%

**NOTES TO THE FINANCIAL STATEMENTS**

31st December 1994 (continued)

**22 Leasing and hire purchase commitments***(a) Finance lease and hire purchase commitments*

Future commitments due under finance leases and hire purchase agreements at 31st December 1994 are as follows:

	Group			
	Finance leases		Hire purchase agreements	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Payable within one year	-	2	13	52
Payable between one and five years	-	-	17	30
	<u>-</u>	<u>2</u>	<u>30</u>	<u>82</u>

*(b) Operating lease commitments*

Commitments due under operating leases for the year ending 31st December 1995 are:

	Group			
	1994		1993	
	Land and buildings £'000	Other operating leases £'000	Land and buildings £'000	Other operating leases £'000
Leases expiring within one year	-	4	-	4
Leases expiring in the second to fifth years	-	85	-	61
Leases expiring after more than five years	143	-	143	-
	<u>143</u>	<u>89</u>	<u>143</u>	<u>65</u>

**23 Capital commitments.**

	Group	
	1994 £'000	1993 £'000
Authorised and contracted for	<u>6</u>	<u>78</u>

## NOTES TO THE FINANCIAL STATEMENTS

31st December 1994 (continued)

### 24 Cash flow statement

	1994 £'000	1993 £'000
<i>(a) Net cash outflow from operating activities</i>		
Operating loss	(4,239)	(3,856)
Depreciation and amortisation charges	424	450
Profit on disposal of tangible fixed assets	-	(2)
Increase in stocks	(301)	(349)
Decrease (increase) in debtors	538	(565)
Decrease in creditors	(202)	(35)
Net cash outflow from operating activities	(3,780)	(4,357)
<i>(b) Net payments to acquire current asset investments</i>		
Acquisition of investments	(8,126)	(3,294)
Proceeds from disposal of investments	7,889	-
	(237)	(3,294)

The group has a diverse portfolio of low-risk non-equity investments which are managed on behalf of the group by professional investment managers. Investments are purchased and sold, as opportunities arise, to maximise the available returns. Consequently the gross amounts of investments purchased and sold are incidental compared with the net investment or disinvestment during the year. It is therefore considered to be more informative to show the net amount on the face of the cash flow statement.

### *(c) Analysis of changes in cash and cash equivalents*

Balance at 1st January 1994	4,962	385
Net cash (outflow) inflow	(3,943)	4,577
Balance at 31st December 1994	1,019	4,962

### *(d) Analysis of balances of cash and cash equivalents as shown in the balance sheet*

	1994 £'000	1993 £'000	Change in the year £'000
Cash at bank and in hand	319	1,335	(1,016)
Short term deposits	700	3,627	(2,927)
	1,019	4,962	(3,943)

### *(e) Analysis of changes in financing during the year*

	Share capital including premium £'000	Hire purchase loans £'000	Finance leases £'000
Balance at 1st January 1994	22,750	82	2
Cash outflow from financing	-	(52)	(2)
Balance at 31st December 1994	22,750	30	-

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Second Annual General Meeting of the members of Anagen PLC will be held at The Hog's Back Hotel, Seale, Farnham, Near Guildford, Surrey on Thursday 1st June 1995 at 12.00 noon for the following purposes:

### Ordinary Business

- 1 To receive and consider the reports of the directors and the auditors and the financial statements for the year ended 31st December 1994 (Resolution No 1)
- 2 To re-elect Sir Stuart Burgess who retires by rotation in accordance with the Articles of Association of the Company (Resolution No 2)
- 3 To re-elect Mr A. W. Marchant who retires by rotation in accordance with the Articles of Association of the Company (Resolution No 3)
- 4 To re-appoint Kidsons Impey as auditors and to authorise the directors to fix their remuneration (Resolution No 4)

### Special Business

- 5 To consider and, if thought fit, pass the following Resolution which will be proposed as an ordinary resolution (Resolution No 5)

THAT the directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined by section 80(2) of the Act) up to an aggregate nominal amount of £1,550,000, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 1996 unless renewed, varied or revoked by the Company in general meeting but so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired and this authority is in substitution for and revokes any other such authorities.

- 6 To consider and, if though fit, pass the following resolution as a special resolution (Resolution No 6)

THAT, subject to the passing of Resolution No 5, the directors be and are hereby generally and unconditionally authorised and empowered until the earlier of the conclusion of the Annual General Meeting of the Company to be held in 1996 or fifteen months from the passing of this resolution, unless this power is renewed, varied or revoked by the Company in general meeting, (save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired), pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in Resolution No 5 above as if section 89(1) of the Act did not apply to any such allotment, such authority and power being limited to:

- (i) the allotment of equity securities in connection with an issue or offer in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or to deal with any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any stock exchange in any territory, and
- (ii) the allotment (otherwise than pursuant to the power referred to in (i) above) of equity securities for cash up to an aggregate nominal amount of £232,500

By order of the board  
T.C.L.WEBB, Secretary

4 Spring Lakes Estate  
Deadbrook Lane  
Aldershot  
Hampshire  
GU12 4UH

28th April 1995

**NOTICE OF ANNUAL GENERAL MEETING**

(continued)

**Notes:**

- 1 A member of the Company is entitled to attend and vote at the above meeting and is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 2 A form of proxy is enclosed. The appointment of a proxy will not prevent an ordinary shareholder from subsequently attending and voting at the meeting in person.
- 3 To be effective, the form of proxy and the power of attorney or any other written authority (if any) under which it is signed or an office or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority must be lodged with the Company's registrars, Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ not less than 48 hours before the time appointed for the meeting or adjourned meeting.
- 4 Copies of all contracts of service under which directors of the Company are employed by the Company or any of its subsidiaries and the register of directors' interests, notified under section 324 of the Companies Act 1985, will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the annual general meeting and will also be available for inspection at the place of the meeting from 15 minutes before it is held until its conclusion.