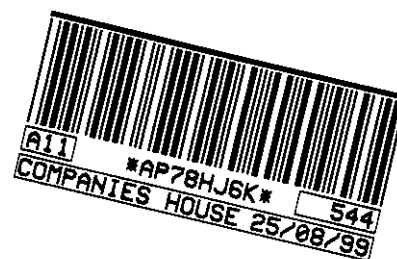


Microgen Bioproducts Limited
Abbreviated Accounts
for the year ended 31 December 1998
Company Registration No: 02832020
(England and Wales)

BKR Haines Watts
30 Camp Road
Farnborough, Hants
GU14 6EW



Microgen Bioproducts Limited

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Auditors' Report to Microgen Bioproducts Limited

under section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 2 to 7, together with the financial statements of the company for the year ended 31 December 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the group is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the group is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 7 re properly prepared in accordance with those provisions.



BKR Haines Watts
Registered Auditors and
Chartered Accountants

19 August 1999
30 Camp Road
Farnborough
Hampshire
GU14 6EW

Microgen Bioproducts Limited

Abbreviated Balance Sheet as at 31 December 1998

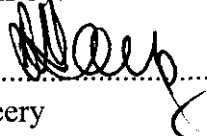
		1998		1997	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	2		148,748		171,704
Investments	2		6,000		6,000
			-----		-----
			154,748		177,704
Current Assets					
Stocks		395,147		326,357	
Debtors		355,958		386,169	
Cash at bank and in hand		130,893		126,797	
		-----		-----	
		881,998		839,323	
Creditors: amounts falling due within one year	3	(520,423)		(528,352)	
		-----		-----	
Net Current Assets			361,575		310,971
			-----		-----
Total Assets Less Current Liabilities			516,323		488,675
Creditors: amounts falling due after more than one year	4	(21,980)		-	
		-----		-----	
		£494,343		£488,675	
		=====		=====	
Capital and Reserves					
Called up share capital	5	318,000		318,000	
Share premium account		79,834		79,834	
Profit and loss account		96,509		90,841	
		-----		-----	
Shareholders' Funds		£494,343		£488,675	
		-----		-----	
Equity interests		394,343		388,675	
Non-equity interests		100,000		100,000	
		-----		-----	
		£494,343		£488,675	
		=====		=====	

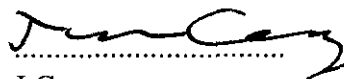
Microgen Bioproducts Limited

**Abbreviated Balance Sheet
as at 31 December 1998**

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 27 MAY 1999 and signed on its behalf by:


.....
D Deery


.....
J Carey

Microgen Bioproducts Limited

Notes to the Abbreviated Accounts for the year ended 31 December 1998

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement.

The company has adopted the provisions of Financial Reporting Standard No 4, 'Capital Instruments'. Accordingly, the amount of shareholders funds attributable to equity and non-equity interests has been separately disclosed.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided by the group in the UK, net of VAT and trade discounts.

1.3 Research and development

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided, on a monthly basis, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold improvements	Straight line over 6 years
Plant and machinery - Computer equipment	Straight line over 3 years
- Other equipment	Straight line over 6 years
Fixtures, fittings and equipment	Straight line over 3 to 10 years
Motor vehicles	Straight line over 3 years

Microgen Bioproducts Limited

Notes to the Abbreviated Accounts for the year ended 31 December 1998

1.5 Leasing and hire purchase commitments

- a) Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

In accordance with Urgent Issues Task Force Abstract No 12 and SSAP 21, the rent free period under the terms of the lease has been spread over the lease term, to the rent review date, on a straight line basis.

- b) Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Stocks and work in progress are valued at standard cost and include an appropriate proportion of overheads.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date, except in the case of certain purchase commitments which are covered by forward exchange contracts. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Microgen Bioproducts Limited

Notes to the Abbreviated Accounts for the year ended 31 December 1998

1.10 Pensions

The company operates defined contribution schemes on behalf of its directors and employees. The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with SSAP 24. The assets of the schemes are held in separately administered funds.

1.11 Goodwill

Goodwill is written off directly to reserves in the accounting period in which it arises.

2 Fixed assets

	Tangible Investments		Total
	assets		
Cost	£	£	£
At 1 January 1998	405,191	6,000	411,191
Additions	45,470	-	45,470
	-----	-----	-----
At 31 December 1998	450,661	6,000	456,661
	-----	-----	-----
Depreciation			
At 1 January 1998	233,487	-	233,487
Charge for the year	68,426	-	68,426
	-----	-----	-----
At 31 December 1998	301,913	-	301,913
	-----	-----	-----
Net book value			
At 31 December 1998	148,748	6,000	154,748
	=====	=====	=====
At 31 December 1997	171,704	6,000	177,704
	=====	=====	=====

3 The aggregate value of secured creditors, falling due less than one year is £11,788 (1997 - £75,865) for the company.

4 The aggregate value of secured creditors falling due greater than one year, is £21,890 (1997 - nil) for the company.

Microgen Bioproducts Limited

Notes to the Abbreviated Accounts for the year ended 31 December 1998

5 Share capital

	1998	1997
	£	£
Authorised		
208,000 Ordinary shares class 1 of £1 each	208,000	208,000
100,000 Ordinary shares class A of £1 each	100,000	100,000
100,000 Preference shares class 1 of 10p each	10,000	10,000
	-----	-----
	£318,000	£318,000
	=====	=====
Allotted, called up and fully paid		
208,000 Ordinary shares class 1 of £1 each	208,000	208,000
100,000 Ordinary shares class A of £1 each	100,000	100,000
100,000 Preference shares class 1 of 10p each	10,000	10,000
	-----	-----
	£318,000	£318,000
	=====	=====

6 Subsidiary undertakings

Mercia Diagnostics Limited is a wholly owned subsidiary, incorporated in England and Wales.

The share of net assets and profit for the year is £7,247 (1997 - £2,333) and £19,041 (1997 - £11,793) respectively.