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COMPANY REGISTRATION NUMBER 2957012

**NEWMARKET LABORATORIES
LIMITED**

FINANCIAL STATEMENTS

31 MAY 2006



SCRUTTON BLAND
Accountants & Registered Auditors
Sanderson House
Museum Street
Ipswich
Suffolk
IP1 1HE

NEWMARKET LABORATORIES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

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NEWMARKET LABORATORIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

P N Appleton
R A Puttick (died on 1/8/05)
D S Scott
R C B Browne
C A Knox
B F Morphew
J A Prophet

Company secretary

J A Prophet

Registered office

Lanwades Business Park
Kentford
Newmarket
Suffolk
CB8 7PN

Auditor

Scrutton Bland
Accountants
& Registered Auditors
Sanderson House
Museum Street
Ipswich
Suffolk
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NEWMARKET LABORATORIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be in health care.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 May 2006	At 1 June 2005
P N Appleton	1	1
R A Puttick (died on 1/8/05)	-	1
D S Scott	1	1
R C B Browne	1	1
C A Knox	1	1
B F Morphew	1	1
J A Prophet	-	-

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

NEWMARKET LABORATORIES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2006

DONATIONS

During the year the company made the following contributions:

	2006	2005
	£	£
Charitable	<u>200</u>	<u>700</u>

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



J A Prophet
Company Secretary

Approved by the directors on 11 Sept 06

NEWMARKET LABORATORIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEWMARKET LABORATORIES LIMITED

YEAR ENDED 31 MAY 2006

We have audited the financial statements of Newmarket Laboratories Limited for the year ended 31 May 2006 on pages 6 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

NEWMARKET LABORATORIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NEWMARKET LABORATORIES LIMITED *(continued)***

YEAR ENDED 31 MAY 2006

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 May 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Sam Bland

SCRUTTON BLAND
Accountants
& Registered Auditors

Sanderson House
Museum Street
Ipswich
Suffolk
IP1 1HE

10 September 2006

NEWMARKET LABORATORIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2006

	Note	2006 £	2005 £
TURNOVER	2	2,461,276	2,084,814
Cost of sales		<u>977,326</u>	<u>701,570</u>
GROSS PROFIT		1,483,950	1,383,244
Administrative expenses		<u>1,160,328</u>	<u>1,003,668</u>
OPERATING PROFIT	3	323,622	379,576
Interest receivable		<u>4,472</u>	<u>2,700</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		328,094	382,276
Tax on profit on ordinary activities	5	<u>36,999</u>	<u>55,017</u>
PROFIT FOR THE FINANCIAL YEAR		<u>291,095</u>	<u>327,259</u>

The notes on pages 8 to 13 form part of these financial statements.

NEWMARKET LABORATORIES LIMITED


BALANCE SHEET

31 MAY 2006

	Note	2006 £	£	2005 £
FIXED ASSETS				
Tangible assets	7		81,920	99,861
CURRENT ASSETS				
Stocks		198,838		163,720
Debtors	8	222,064		267,755
Cash at bank and in hand		212,391		294,160
		633,293		725,635
CREDITORS: Amounts falling due within one year	9	343,287		495,660
NET CURRENT ASSETS			290,006	229,975
TOTAL ASSETS LESS CURRENT LIABILITIES			371,926	329,836
PROVISIONS FOR LIABILITIES				
Deferred taxation	10		7,113	16,118
			364,813	313,718
CAPITAL AND RESERVES				
Called-up equity share capital	13		6	6
Profit and loss account	14		364,807	313,712
SHAREHOLDERS' FUNDS			364,813	313,718

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 11 Sept 2006 and are signed on their behalf by:


P N Appleton
Director

The notes on pages 8 to 13 form part of these financial statements.

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

This change in accounting policy is not considered to have had any effect on the financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment	- 20% straight line
Fixtures & Fittings	- 33% straight line
Research and development equipment	- 20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

Overseas turnover amounted to 70.51% (To 31 May 2005 - 65.32%) of the total turnover for the year.

3. OPERATING PROFIT

Operating profit is stated after charging:

	2006	2005
	£	£
Staff pension contributions	10,691	6,128
Depreciation of owned fixed assets	35,242	36,563
Auditor's fees	6,500	3,863
Net loss on foreign currency translation	<u>7,412</u>	<u>6,377</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005
	£	£
Aggregate emoluments	511,055	407,173
Value of company pension contributions to money purchase schemes	<u>22,971</u>	<u>25,794</u>
	<u>534,026</u>	<u>432,967</u>

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

4. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2006	2005
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

5. TAXATION ON ORDINARY ACTIVITIES

	2006	2005
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	<u>46,004</u>	<u>57,000</u>
Total current tax	<u>46,004</u>	<u>57,000</u>
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	(3,095)	(1,983)
Adjustment to provision brought forward due to change in Corporation Tax rate from 30% to 19%	<u>(5,910)</u>	<u>-</u>
Total deferred tax (note 10)	<u>(9,005)</u>	<u>(1,983)</u>
Tax on profit on ordinary activities	<u>36,999</u>	<u>55,017</u>

6. DIVIDENDS

Dividends on equity shares

	2006	2005
	£	£
Paid		
Equity dividends on ordinary shares	<u>240,000</u>	<u>330,000</u>

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

7. TANGIBLE FIXED ASSETS

	Computer Equipment £	Fixtures & Fittings £	R & D Equipment £	Total £
COST				
At 1 June 2005	33,576	134,623	73,425	241,624
Additions	<u>4,679</u>	<u>11,997</u>	<u>625</u>	<u>17,301</u>
At 31 May 2006	<u>38,255</u>	<u>146,620</u>	<u>74,050</u>	<u>258,925</u>
DEPRECIATION				
At 1 June 2005	26,311	87,776	27,676	141,763
Charge for the year	<u>4,285</u>	<u>20,732</u>	<u>10,225</u>	<u>35,242</u>
At 31 May 2006	<u>30,596</u>	<u>108,508</u>	<u>37,901</u>	<u>177,005</u>
NET BOOK VALUE				
At 31 May 2006	<u>7,659</u>	<u>38,112</u>	<u>36,149</u>	<u>81,920</u>
At 31 May 2005	<u>7,265</u>	<u>46,847</u>	<u>45,749</u>	<u>99,861</u>

8. DEBTORS

	2006 £	2005 £
Trade debtors	195,520	255,587
VAT recoverable	15,008	4,467
Other debtors	<u>11,536</u>	<u>7,701</u>
	<u>222,064</u>	<u>267,755</u>

9. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	121,753	181,018
Corporation tax	46,004	57,000
Other taxation and social security	23,858	32,965
Other creditors	<u>151,672</u>	<u>224,677</u>
	<u>343,287</u>	<u>495,660</u>

10. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006 £	2005 £
Provision brought forward	16,118	18,101
Profit and loss account movement arising during the year	<u>(9,005)</u>	<u>(1,983)</u>
Provision carried forward	<u>7,113</u>	<u>16,118</u>

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

10. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	13,023	16,118
Adjustment to provision brought forward due to change in Corporation Tax rate from 30% to 19%	(5,910)	-
	<u>7,113</u>	<u>16,118</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2006 £	2005 £
Operating leases which expire:		
Within 1 year	16,230	21,471
Within 2 to 5 years	29,783	-
	<u>46,013</u>	<u>21,471</u>

12. RELATED PARTY TRANSACTIONS

The company is controlled by the directors.

During the year the company had the following transactions with Gulbourne Limited, a company controlled by D S Scott.

	2006 £	2005 £
Rent and associated accommodation charges	100,636	94,491

During the year the company had the following interest free loans from directors and shareholders which are repayable on demand

	2006 £	2005 £
R A Puttick	5,000	15,000
D S Scott	5,000	15,000
P N Appleton	5,000	15,000
R C B Browne	5,000	15,000
C A Knox	5,000	15,000
B F Morpew	5,000	15,000

NEWMARKET LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2006

13. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

14. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	313,712	316,453
Profit for the financial year	291,095	327,259
Equity dividends paid	<u>(240,000)</u>	<u>(330,000)</u>
Balance carried forward	<u>364,807</u>	<u>313,712</u>