

Company Registration Number 3438255

**Deloitte
& Touche**

MAYBRIDGE CHEMICAL HOLDINGS LIMITED

Report and Financial Statements

31 December 2000



**Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**REPORT AND FINANCIAL STATEMENTS 2000****CONTENTS**

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MAYBRIDGE CHEMICAL HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Nash (Chairman)
L Eastlake
R H Lawson
Dr R F Newton
Dr N A Kerton

SECRETARY

L Eastlake

REGISTERED OFFICE

Trevillet
Tintagel
Cornwall
PL34 0HW

BANKERS

The Royal Bank of Scotland plc
49 Charing Cross
Admiralty Arch
London
SW1A 2ZD

SOLICITORS

Nicholson Graham & Jones
110 Cannon Street
London
EC4N 6AR

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of a holding company.

The main subsidiary company is Maybridge plc (formerly Maybridge Chemical Company Limited, but changed its name on 4 August 2000). Its principal activity consists of the research, development and marketing of organic chemical compounds in two main areas: high throughput screening samples reactive chemical intermediates, and custom research work.

The other subsidiaries, Maybridge Chemical Company Limited (formerly RJB Partners Limited, but changed its name on 4 August 2000) and Maybridge Trustees Limited are dormant companies.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The loss for the year after taxation amounted to £988,868 (1999: profit of £196,593). The directors do not recommend the payment of a dividend on the ordinary shares. Dividends have been paid and accrued on the preference shares in line with their dividend rights (note 18). Given a favourable trading climate, the directors are confident that the company will improve profitability in 2001.

POST BALANCE SHEET EVENT

On 23 January 2001 the Group concluded a re-financing that includes additional funding for its capital investment programme, as part of the long term growth and development of the business, and additional working capital resources.

The equity partners put in place a £3 million facility, of which £2,150,000 was drawn down in the period to 30 June 2001, £1,700,000 for capital expenditure and the balance for short term working capital requirements. The senior debt holder rescheduled the capital repayments of the bank term loan and has extended banking facilities by £150,000 for short term working capital purposes.

DIRECTORS AND THEIR INTERESTS

The directors of the company, who were in office at the year end, had interests in the shares of the company, as recorded in the register of directors' interests, as follows:

	£1 Ordinary shares	
	At 31 December 2000	At 1 January 2000
L Eastlake	22,222	16,667
A Nash	5,555	5,555
Dr R F Newton	88,889	88,889
R H Lawson	-	-
Dr N A Kerton (appointed 17 January 2000)	33,334	-

On 24 March 2000 Mr B T Bull resigned as a director.

RESEARCH AND DEVELOPMENT

The directors regard investment in this area as a prerequisite for success in the medium to long term future.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**DIRECTORS' REPORT (continued)****PAYMENT POLICY**

The company's policy is to comply with the terms of payment agreed with a supplier. Where terms are not negotiated the company endeavours to adhere to the suppliers' standard terms. As at 31 December 2000 trade creditors, as a proportion of amounts invoiced from suppliers for the year, represented 28 (1999: 36) days.

EMPLOYEE BENEFIT TRUST (EBT)

The company has set up an employee benefit trust to acquire the shares of the company for the benefit of the employees. To this effect Maybridge Chemical Holdings Limited has loaned the EBT £40,305 for the purchase of shares. The statutory power of appointing new and additional trustees of the plan is vested in the company and the company can direct the trustees to unconditionally transfer to any person any number of shares in return for the consideration price.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

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



L. Eastlake
Secretary

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

**AUDITORS' REPORT TO THE MEMBERS OF
MAYBRIDGE CHEMICAL HOLDINGS LIMITED**

We have audited the financial statements on pages 6 to 24 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 group as at 31 December 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

27 July 2001

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER	2	6,310,423	6,389,304
Cost of sales		(3,513,431)	(2,943,025)
GROSS PROFIT		2,796,992	3,446,279
Distribution costs		(80,994)	(70,772)
Administrative expenses		(2,190,401)	(1,800,473)
Other operating income		4,789	26,227
OPERATING PROFIT	3	530,386	1,601,261
Interest receivable and similar income	5	25,378	37,685
Interest payable and similar charges	6	(1,530,233)	(1,337,353)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(974,469)	301,593
Tax on (loss)/profit on ordinary activities	7	(14,399)	(105,000)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(988,868)	196,593
Dividends - non-equity	8	(219,361)	(219,582)
Appropriation of profit to fund preference share redemption		(56,804)	(34,430)
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(1,265,033)</u>	<u>(57,419)</u>

All of the operations of the group are derived from continuing activities.

There are no recognised gains or losses for the current financial year or the previous financial year other than as stated in the profit and loss account. Accordingly no statement of recognised gains and losses has been presented.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
At 31 December 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Tangible assets	10	2,625,584	2,179,881
Investments	11	40,305	-
		<u>2,665,889</u>	<u>2,179,881</u>
CURRENT ASSETS			
Stocks	12	1,116,357	1,042,299
Debtors	13	1,199,451	1,189,381
Cash at bank and in hand		41,019	172,939
		<u>2,356,827</u>	<u>2,404,619</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(5,620,606)</u>	<u>(2,394,501)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,263,779)</u>	<u>10,118</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(597,890)</u>	<u>2,189,999</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(10,930,305)	(13,059,743)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(365,000)</u>	<u>(315,000)</u>
NET LIABILITIES		<u><u>(11,893,195)</u></u>	<u><u>(11,184,744)</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	241,000	235,695
Other reserve	19	606,575	55,298
Share premium account	19	3,473,832	3,550,641
Profit and loss account	19	<u>(16,214,602)</u>	<u>(15,026,378)</u>
TOTAL SHAREHOLDERS' FUNDS	20	<u><u>(11,893,195)</u></u>	<u><u>(11,184,744)</u></u>
Shareholders' funds are attributable to:			
Equity shareholders		(15,234,232)	(14,034,415)
Non-equity shareholders		<u>3,341,037</u>	<u>2,849,671</u>
		<u><u>(11,893,195)</u></u>	<u><u>(11,184,744)</u></u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

23 July

2001.

Dr R F Newton
Director



MAYBRIDGE CHEMICAL HOLDINGS LIMITED
COMPANY BALANCE SHEET
At 31 December 2000

	Notes	2000	1999
		£	£
FIXED ASSETS			
Investments	11	18,088,202	18,047,896
CURRENT ASSETS			
Debtors	13	1,997,114	980,854
Cash at bank and in hand		-	22,838
		<u>1,997,114</u>	<u>1,003,692</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(4,736,752)</u>	<u>(1,668,835)</u>
NET CURRENT LIABILITIES		<u>(2,739,638)</u>	<u>(665,143)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,348,564	17,382,753
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	<u>(10,902,141)</u>	<u>(13,004,825)</u>
NET ASSETS		<u>4,446,423</u>	<u>4,377,928</u>
CAPITAL AND RESERVES			
Called up share capital	18	241,000	235,695
Other reserve	19	606,575	55,298
Share premium account	19	3,473,832	3,550,641
Profit and loss account	19	125,016	536,294
TOTAL SHAREHOLDERS' FUNDS	20	<u>4,446,423</u>	<u>4,377,928</u>
Shareholders' funds are attributable to:			
Equity shareholders		1,105,386	1,528,257
Non-equity shareholders		3,341,037	2,849,671
		<u>4,446,423</u>	<u>4,377,928</u>

These financial statements were approved by the Board of Directors on

23 July

2001.

Signed on behalf of the Board of Directors



Dr R F Newton
Director

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2000

	Notes	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	21		1,295,932		1,716,627
Returns on investments and servicing of finance					
Interest received		25,378		37,685	
Interest paid		(1,228,377)		(1,028,534)	
Preference dividend paid		-		(80,277)	
Interest element of finance lease rental payments		(8,734)		(13,154)	
Net cash outflow from returns on investments and servicing of finance			(1,211,733)		(1,084,280)
Taxation					
Corporation tax paid			-		(420,245)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(808,066)		(379,199)	
Receipts from sale of tangible fixed assets		300		-	
Investment in own shares		(33,083)		-	
Net cash outflow from capital expenditure and financial investment			(840,849)		(379,199)
Net cash outflow before financing			(756,650)		(167,097)
Financing					
Issue of ordinary shares		-		5,805	
Repayment of loan		(500,000)		(500,000)	
Capital element of finance lease rentals		(23,001)		(33,362)	
Net cash outflow from financing			(523,001)		(527,557)
Decrease in cash in the year	23		(1,279,651)		(694,654)

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****1. ACCOUNTING POLICIES**

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

Basis of preparation - going concern

In the period since the year end the Group failed to meet its debt covenants and has concluded a refinancing. As a result the repayment and servicing of its debts have been rescheduled.

For this reason the directors have formed a judgement at the time of approving the financial statements, that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the support of the Group's bankers and investors.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts include the company and all its subsidiary companies. The results of subsidiary undertakings have been dealt with from the dates of acquisition using the principles of acquisition accounting.

Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Acquisitions and disposals

Where a new company or business has been accounted for using the principles of acquisition accounting in the past, fair values are attributed to the group's share of the separable net assets acquired. Where the cost of acquisition exceeded the values attributable to such net assets, the difference was recognised as goodwill, and has been written off directly to reserves in the year of acquisition.

Research and development

Research expenditure is written off to the profit and loss account in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit.

Investments

Investments in subsidiary undertakings and joint ventures are stated at cost less provision for any impairment in value.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****1. ACCOUNTING POLICIES (continued)****Depreciation**

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Freehold buildings	5%
Motor vehicles	25%
Office equipment	25%
Plant and machinery	10% to 25%

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

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

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way to give a reasonably consistent charge on the outstanding liability.

Rentals under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pensions

Contributions are made to the defined contribution scheme and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
2. TURNOVER

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT in respect of its principal activity. The analysis of turnover by geographical destination is as follows:

	2000 £	1999 £
United Kingdom	1,762,083	1,650,295
Rest of Europe	1,190,829	1,684,407
United States of America	2,240,545	2,319,436
Far East	984,480	703,545
Rest of World	132,486	31,621
	<u>6,310,423</u>	<u>6,389,304</u>

3. OPERATING PROFIT

	2000 £	1999 £
Operating profit is stated after charging/(crediting):		
Net rental income	341	(8,513)
Profit on foreign exchange	(3,324)	(10,718)
Staff costs (note 4)	3,323,372	2,922,643
Auditors' remuneration - audit services	29,000	35,000
Rentals under operating leases - hire of plant and machinery	29,336	19,716
Loss on sale of fixed assets	1,139	493
Depreciation of tangible fixed assets:		
- owned assets	337,399	329,563
- leased assets	23,525	33,885
	<u>337,399</u>	<u>329,563</u>

The charge for audit services to Maybridge Chemical Holdings Limited is borne by Maybridge plc.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Staff costs including directors' emoluments:		
Wages and salaries	2,939,360	2,582,329
Social security costs	267,323	243,850
Pension costs	116,689	96,464
	<u>3,323,372</u>	<u>2,922,643</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2000 No.	1999 No.
Average monthly number employed including executive directors:		
Office and management	29	24
Research and development staff	116	107
	<u>145</u>	<u>131</u>
Directors:	£	£
Emoluments (excluding pension contributions)	294,636	240,832
Fees	56,000	51,500
Compensation for loss of office	-	85,000
	<u>350,636</u>	<u>377,332</u>
Highest paid director:	£	£
Emoluments	100,617	78,320
Pension contributions	4,500	3,250
	<u>No.</u>	<u>No.</u>
Number of directors who are members of a defined contribution pension scheme	<u>2</u>	<u>2</u>

During the year the group paid pension contributions of £8,250 (1999: £6,000) under a defined contribution pension scheme on behalf of the directors.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest	<u>25,378</u>	<u>37,685</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdraft interest	3,736	-
Bank loans	955,750	968,299
Other loans	368,606	355,900
Finance leases and hire purchase contracts repayable within five years	6,335	13,154
Other finance charges	195,806	-
	<u>1,530,233</u>	<u>1,337,353</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

7.	TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2000 £	1999 £
	UK current period taxation		
	United Kingdom corporation tax at 30% (1999: 30%) based on the loss for the year	-	150,000
	Deferred taxation	29,857	(45,000)
	Adjustments in respect of prior periods		
	Corporation tax	(35,601)	-
	Deferred taxation	20,143	-
		<u>14,399</u>	<u>105,000</u>
8.	DIVIDENDS	2000 £	1999 £
	Non-equity		
	Proposed cumulative preference dividend 7p (1999: 7p) per share	224,778	224,778
	Release of FRS 4 accrual	(5,417)	(5,196)
		<u>219,361</u>	<u>219,582</u>
9.	PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE COMPANY		

As permitted by Section 230 of the Companies Act, the profit and loss of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £211,922 (1999: £319,250).

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
10. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Motor vehicles £	Office equipment £	Plant and machinery £	Total £
Cost					
At 1 January 2000	1,534,346	30,000	721,658	1,489,381	3,775,385
Additions	248,146	-	154,517	405,403	808,066
Disposals	-	-	(1,645)	-	(1,645)
At 31 December 2000	1,782,492	30,000	874,530	1,894,784	4,581,806
Depreciation					
At 1 January 2000	307,235	24,375	441,298	822,596	1,595,504
Charge for the year	81,160	5,625	84,588	189,551	360,924
Disposals	-	-	(206)	-	(206)
At 31 December 2000	388,395	30,000	525,680	1,012,147	1,956,222
Net book value					
At 31 December 2000	1,394,097	-	348,850	882,637	2,625,584
At 31 December 1999	1,227,111	5,625	280,360	666,785	2,179,881

The net book value of plant and machinery includes an amount of £43,630 (1999: £67,155) in respect of assets held under finance leases or hire purchase contracts, the depreciation of which is shown in note 3.

11. FIXED ASSET INVESTMENTS

Group	Loan to Employee Benefit Trust £	Investment in own shares £	Total £
Cost			
At 1 January 2000	-	-	-
Additions	7,222	33,083	40,305
At 31 December 2000	7,222	33,083	40,305

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
11. FIXED ASSET INVESTMENTS (continued)

Company	Loan to Employee Benefit Trust £	Investment in own shares £	Shares in group undertakings £	Total £
Cost				
At 1 January 2000	-	-	18,047,897	18,047,897
Additions	7,222	33,083	1	40,306
At 31 December 2000	7,222	33,083	18,047,898	18,088,203
Provisions				
At 1 January 2000 and 31 December 2000	-	-	1	1
Net book value				
At 31 December 2000	7,222	33,083	18,047,897	18,088,202
At 31 December 1999	-	-	18,047,896	18,047,896

Subsidiary undertakings

The subsidiary undertakings at 31 December 2000, which are incorporated in England and Wales, are as follows:

Company	Trade	Proportion of nominal value of ordinary £1 shares held by company
Maybridge plc	Chemical supplier	100%
Maybridge Chemical Company Limited	Non-trading	100%
Maybridge Trustees Limited	Non-trading	100%

Investment in own shares

The shares in the company ("own shares") are held by an independently managed employee benefit trust which was formed to purchase shares to be used to benefit employees. The group retains full benefit of the shares until such time as the shares are vested unconditionally in employees. The number and class of unissued shares retained by the trust at 31 December 2000 was Ordinary shares 33,083 (1999: nil), 'A' ordinary nil (1999: nil), 'B' ordinary nil (1999: nil) and redeemable Preference nil (1999: nil) and the cost of such shares amounted to £33,083 (1999: nil).

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. STOCKS

Group	2000 £	1999 £
Raw materials and consumables	99,331	97,701
Finished goods - catalogue	722,761	638,219
Finished goods - screening	294,265	306,379
	<u>1,116,357</u>	<u>1,042,299</u>

13. DEBTORS

Group	2000 £	1999 £
Trade debtors	820,786	900,527
Other debtors	88,436	123,186
Corporation tax recoverable	202,176	165,668
Prepayments and accrued income	88,053	-
	<u>1,199,451</u>	<u>1,189,381</u>
 Company	 £	 £
Amounts owed by subsidiary undertakings	1,996,673	877,028
Other debtors	441	103,826
	<u>1,997,114</u>	<u>980,854</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2000 £	1999 £
Bank loans and overdraft	3,777,719	929,988
Obligations under finance leases and hire purchase contracts	25,951	22,198
Trade creditors	449,937	146,356
Other taxes and social security costs	183,483	111,920
Other creditors	19,890	34,616
Accruals and deferred income	1,163,626	874,311
Dividends payable	-	275,112
	<u>5,620,606</u>	<u>2,394,501</u>

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2000	1999
Company	£	£
Bank loans and overdraft	3,777,719	929,988
Amounts owed to group undertakings	35,100	99
Accruals and deferred income	923,933	463,636
Proposed dividend	-	275,112
	<u>4,736,752</u>	<u>1,668,835</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000	1999
Group	£	£
Bank loans	10,902,141	13,004,825
Obligations under finance leases and hire purchase contracts due in two to five years	28,164	54,918
	<u>10,930,305</u>	<u>13,059,743</u>
 Company	 £	 £
Bank loans	<u>10,902,141</u>	<u>13,004,825</u>

16. BORROWINGS
Group and Company

	2000	1999
Analysis of loan repayments	£	£
Bank loans:		
- within one year	2,629,988	929,988
- between one and two years	1,929,988	2,129,988
- between two and five years	5,259,365	5,930,655
- after more than five years	3,712,788	4,944,182
	<u>13,532,129</u>	<u>13,934,813</u>

The bank loans are secured by fixed and floating charges on the assets of the group. The term loan, initially of £8,200,000, is repayable according to the repayment schedule in the loan agreement by six monthly instalments until 28 June 2004 and interest accrues at 2% above the LIBOR rate.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
16. BORROWINGS (continued)
Group and Company (continued)

There are further loans of £2,045,573 which are repayable on 30 June 2004 and on which interest accrues at 5% above LIBOR and of £5,000,000 which is repayable by four equal annual instalments commencing on 31 December 2005 and on which interest was payable at 5% until 1 January 2000 and at 7% thereafter.

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts are analysed as amounts falling due:		
- within one year	25,951	22,198
- within one to two years	28,164	25,951
- within two to five years	-	28,967
	<u>54,115</u>	<u>77,116</u>

The finance leases and hire purchase contracts are secured on the related assets.

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	£
Balance at 1 January 2000	315,000
Charged to the profit and loss account during the year	50,000
Balance at 31 December 2000	<u><u>365,000</u></u>

The amounts provided in the accounts and the amounts not provided are as follows:

	2000		1999
Group	Provided £	Unprovided £	Provided £
Accelerated capital allowances	370,272	-	320,000
Other timing differences	(5,272)	-	(5,000)
	<u>365,000</u>	<u>-</u>	<u>315,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

18. CALLED UP SHARE CAPITAL

	2000		1999	
	No.	£	No.	£
Authorised				
Ordinary shares of £1 each	200,000	200,000	200,000	200,000
'A' ordinary shares of £0.01 each	888,889	8,889	888,889	8,889
'B' ordinary shares of £0.01 each	22,222	222	22,222	222
Preference shares of £0.01 each	3,211,111	32,111	3,211,111	32,111
		<u>241,222</u>		<u>241,222</u>
	No.	£	No.	£
Allotted and fully paid				
Ordinary shares of £1 each	2000,000	200,000	194,695	194,695
'A' ordinary shares of £0.01 each	888,889	8,889	888,889	8,889
Preference shares of £0.01 each	3,211,111	32,111	3,211,111	32,111
		<u>241,000</u>		<u>235,695</u>

A warrant was granted on 26 September 1997 over the 22,222 £0.01 'B' ordinary shares, which entitles the holder to subscribe at par for these shares on receipt of an exit notification, under certain circumstances.

During the year the remaining 5,305 Ordinary shares of £1 each were issued at par to the Employee Benefit Trust.

Rights attached to shares*Dividend rights*

The 'A' ordinary shares, as a class, are entitled to receive a sum equal to 10% of the net profit, accruing from 1 January 2001, which is available for distribution, as a dividend.

The preference shares entitle the holder to a dividend of 5p per share per annum up to 31 December 1999. From 1 January 2000 the entitlement per share has been set at 7p per share.

For any other dividends paid to ordinary, 'A' ordinary and 'B' ordinary shares, the shares rank pari passu as if they were of the same class of share.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2000**18. CALLED UP SHARE CAPITAL (continued)***Redemption rights*

The preference shares shall be redeemed in the proportions and on the dates set out below:

Redemption date	Number of shares redeemable
31 December 2005, 2006 and 2007	802,777
31 December 2008	802,780

Any shares not redeemed upon the due dates shall be redeemed forthwith upon redemption becoming permissible under the Companies Act 1985. The company shall pay the sum of £1 on each of the preference shares redeemed.

Provided there are no arrears of dividends on the 'A' ordinary shares or preference shares the company may redeem all or (in instalments of not less than 500,000 shares) some of the preference shares in advance of their due date for redemption.

All preference shares shall (unless the holders of 75% of the preference shares give notice in writing to the company to the contrary) be redeemed immediately upon the occurrence of certain events.

Voting rights

Each of the ordinary shares, 'A' ordinary shares and 'B' ordinary shares entitle the holder to one vote per share.

The preference shares have no vote except where cumulative dividends fall more than six months in arrears, when they are entitled to the same voting rights as the holders of the other shares.

Rights on winding up

The assets of the company remaining after the payment of its liabilities shall be applied in the following order of priority.

- £1 per share to the holders of the preference shares together with any arrears or accruals of the preference dividend.
- £1 per share to the holders of the 'A' ordinary shares together with any arrears or accruals of the dividends on the 'A' ordinary shares.
- £0.01 per share to the holders of the 'B' ordinary shares.
- £1 per share to the holders of the ordinary shares.
- The balance to be distributed amongst the holders of the 'A' ordinary shares, 'B' ordinary shares and ordinary shares which rank *pari passu*, as if they are of the same class of share.

MAYBRIDGE CHEMICAL HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 December 2000
19. RESERVES

	Other reserve		Share premium account		Profit and loss account	
	Group	Company	Group	Company	Group	Company
	£	£	£	£	£	£
At 1 January 2000	55,298	55,298	3,550,641	3,550,641	(15,026,378)	536,294
Loss for the year	-	-	-	-	(988,868)	(211,922)
Dividends	219,361	219,361	-	-	(219,361)	(219,361)
Other finance charges in respect of non-equity shares	56,804	56,804	-	-	(56,804)	(56,804)
Share issue costs amortised	-	-	(76,809)	(76,809)	76,809	76,809
Accumulated dividend not paid transferred to reserves	275,112	275,112	-	-	-	-
At 31 December 2000	606,575	606,575	3,473,832	3,473,832	(16,214,602)	125,016

Cumulative goodwill of £15,343,754 has been eliminated against the group profit and loss account, in accordance with the accounting policy. This goodwill would be charged in the calculation of profit on a subsequent disposal of the related business.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
(Loss)/profit for the year	(988,868)	(211,922)	196,593	(319,250)
Dividends	-	-	(219,582)	(219,582)
Issue of shares	5,305	5,305	5,805	5,805
Accumulated non equity dividend	275,112	275,112	-	-
Net reduction/(addition) in shareholders' funds	(708,451)	68,495	(17,184)	(533,027)
Opening shareholders' funds	(11,184,744)	4,377,928	(11,167,560)	4,910,955
Closing shareholders' funds	(11,893,195)	4,446,423	(11,184,744)	4,377,928

NOTES TO THE ACCOUNTS
Year ended 31 December 200021. RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	530,386	1,601,261
Depreciation	360,924	363,448
Loss on disposal of fixed assets	1,139	493
Increase in stock	(74,058)	(10,171)
Decrease/(increase) in debtors	25,531	(24,803)
Increase/(decrease) in creditors	452,010	(213,601)
Net cash inflow from operating activities	1,295,932	1,716,627

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2000 £	Cash flows £	Other non-cash changes £	At 31 December 2000 £
Cash at bank and in hand	172,939	(131,920)	-	41,019
Bank overdraft	-	(1,147,731)	-	(1,147,731)
	172,939	(1,279,651)	-	(1,106,712)
Debt due after one year	(13,004,825)	-	2,102,684	(10,902,141)
Debt due within one year	(929,988)	500,000	(2,200,000)	(2,629,988)
Finance leases	(77,116)	23,001	-	(54,115)
Net debt	(13,838,990)	(756,650)	(97,316)	(14,692,956)

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT

	2000 £	1999 £
Decrease in cash in the year	(1,279,651)	(694,654)
Cash outflow from debt and lease financing	523,001	533,362
Change in net debt from cash flows	(756,650)	(161,292)
Amortisation of loan issue costs	(76,809)	(76,809)
Interest added to loan balance	(20,507)	(20,315)
Movement in net debt in the year	(853,966)	(258,416)
Net debt at start of year	(13,838,990)	(13,580,574)
Net debt at end of year	(14,692,956)	(13,838,990)

MAYBRIDGE CHEMICAL HOLDINGS LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2000**24. FINANCIAL COMMITMENTS****Operating leases**

At 31 December 2000 neither the group nor the company had commitments, under non-cancellable operating leases, which would result in payments falling due in the next year.

25. CAPITAL COMMITMENTS	2000	1999
	£	£
Authorised and contracted	<u>77,000</u>	<u>18,000</u>

26. PENSIONS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £116,689 (1999: £96,464).

Contributions totalling £583 (1999: £456) were payable to the fund at 31 December 2000.

27. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption contained in Financial Reporting Standard No. 8 which does not require the company to disclose transactions with other group companies.

During the year ended 31 December 2000 the group sold stock for £1,080 (1999: £258,000) on normal commercial terms, to Cambridge Drug Discovery Limited (formerly Cambridge Genetics Limited), of which Dr R F Newton is a non-executive director. Dr R F Newton is a director of Maybridge Chemical Holdings Limited. There were no amounts outstanding at the year end.