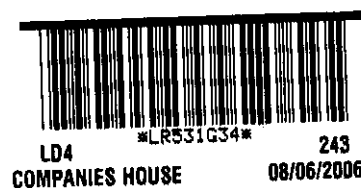


Digene UK (Holdings) Limited

Report and Financial Statements

30 June 2005

 **ERNST & YOUNG**



Digene UK (Holdings) Limited

Registered No: 4288392

Directors

Dr D J Inman
Mr R Lilley
Mr E Jones
Mr C M Fleischman

Secretary

Mr P Hunston

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Lloyds TSB Bank Plc
39 Threadneedle Street
London
EC2 8AU

Registered office

Unit 2-3
Shepherds Central
Charecroft Way
London
W14 0EH

Directors' report

The directors present their report and financial statements for the year ended 30 June 2005.

Results and dividends

The loss for the year, after taxation, amounted to £45,552. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

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

The business has performed to the directors' expectations.

Directors

The directors who served the company during the year were as follows:


Dr D J Inman
Mr R Lilley
Mr E Jones
Mr C M Fleischman

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board


Director
2/6/06

Statement of directors' responsibilities in respect of the financial statements

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 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; and
- 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 which 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. They 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.

Independent auditors' report

to the members of Digene UK (Holdings) Limited

We have audited the company's financial statements for the year ended 30 June 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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 auditors

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 United Kingdom law and accounting standards.*

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 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 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.

Independent auditors' report

to the members of Digene UK (Holdings) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

6 June 2006

Statement of total recognised gains and losses

for the year ended 30 June 2005

<i>Turnover</i>		–	–
Administrative expenses		10,345	(58,949)
<i>Operating (loss)/profit</i>	3	(10,345)	58,949
Interest receivable		–	66
Interest payable and similar charges	5	(35,207)	–
<i>(Loss)/profit on ordinary activities before taxation</i>		(45,552)	59,015
Tax on (loss)/profit on ordinary activities	6	–	1,000
<i>(Loss)/profit retained for the financial year</i>		(45,552)	58,015

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £45,552 attributable to the shareholders for the year ended 30 June 2005 (2004 - profit of £58,012).

Balance sheet

at 30 June 2005

	Notes	2005 £	2004 £
Fixed assets			
Investments	7	7,879,980	4,768,687
Current assets			
Cash at bank		24,027	—
Creditors: amounts falling due within one year	8	7,885,387	4,704,515
Net current liabilities		(7,861,360)	(4,704,515)
Total assets less current liabilities		18,620	64,172
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	18,618	64,170
Equity shareholders' funds	10	18,620	64,172

D J Inman

Director

D J INMAN

2/6/06 -

Notes to the financial statements

at 30 June 2005

1. Fundamental accounting concept

The financial statements have been prepared on a going concern basis. The parent undertaking has indicated its willingness to support the company so as to enable it to meet its liabilities as and when they fall due. In view of this, the directors consider it appropriate to adopt a going concern basis in preparing these financial statements.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Consolidated financial statements

Under the provision of Section 248 of the Companies Act 1985 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

Cash flow statement

The company is exempt from preparing a cash flow statement due to its status as a small company.

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, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 30 June 2005

2. Accounting policies (continued)

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events of changes in the circumstances indicate the carrying value may not be recoverable.

3. Operating (loss)/profit

This is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration - audit services	7,000	5,000
Net profit on foreign currency translation	(8,377)	(69,034)

4. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

5. Interest payable and similar charges

	2005 £	2004 £
Interest payable to group undertakings	35,207	—

6. Taxation

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	—	1,000
Total current tax (note 5(b))	—	1,000

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(45,552)	59,015
(Loss)/profit on ordinary activities multiplied by the standard rate of tax in the UK	(13,665)	17,435
Tax losses carried forward/ (utilised)	13,665	(16,435)
Total current tax (note 5(a))	—	1,000

Notes to the financial statements

at 30 June 2005

6. Taxation (continued)

(c) Deferred tax

There is no unrecognised deferred taxation in the financial statements.

7. Investments

*Shares in group
companies
£*

Cost:

At 1 July 2004

4,768,687

Additions

3,111,293

At 30 June 2005

7,879,790

The additions relate to additional investments in Digene Italia srl and Digene France SAS.

The company owns 100% of the issued share capital of the companies listed below:

	2005 £	2004 £
Aggregate capital and reserves		
Digene Deutschland GmbH	567,716	283,816
Digene Italia srl	126,828	(167,743)
Digene France SAS	683,942	(595,683)
Digene Diagnostics, S.L.	(431,628)	(90,504)
Digene (UK) Limited	(7,279,903)	(6,026,130)
Profit/(loss) for the year		
Digene Deutschland GmbH	278,664	(1,721,033)
Digene Italia srl	(585,696)	(698,862)
Digene France SAS	(958,465)	(1,180,616)
Digene Diagnostics, S.L.	(340,710)	(234,324)
Digene (UK) Limited	(1,253,773)	(2,612,036)

The countries of incorporation of the above companies are as follows:

	<i>Country of incorporation</i>
Digene Deutschland GmbH	Germany
Digene Italia srl	Italy
Digene France SAS	France
Digene Diagnostics, S.L.	Spain
Digene (UK) Limited	Great Britain

All of the companies detailed above are involved in the sale and marketing of gene-based medical testing kits.

Notes to the financial statements

at 30 June 2005

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to parent undertaking	7,865,387	4,690,515
Corporation tax	—	1,000
Accruals and deferred income	20,000	13,000
	<u>7,885,387</u>	<u>4,704,515</u>

9. Share capital

	2005 £	Authorised 2004 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

	Allotted, called up and fully paid	
	2005	2004
	No.	No.
	£	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 July 2003	2	6,155	6,157
Profit for the year	—	58,015	58,015
At 1 July 2004	<u>2</u>	<u>64,170</u>	<u>64,172</u>
Loss for the year	—	(45,552)	(45,552)
At 30 June 2005	<u>2</u>	<u>18,618</u>	<u>18,620</u>

11. Related party transactions

The company has taken advantage of the exemption available under FRS 8 to not disclose any transactions that have taken place between the company and other members of the Digene Corporation Inc. group.

12. Ultimate parent undertaking

The directors consider the ultimate parent undertaking and controlling party to be Digene Corporation Inc, a company incorporated in USA.

The consolidated financial statements of this group, which is the smallest and largest in which the company is consolidated, can be obtained from 1201 Cloppers Road, Gaithersburg, MD 20878, USA.