

4288392

Digene UK (Holdings) Limited

Report and Financial Statements

30 June 2004

 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 2004.

Results and dividends

The profit for the year, after taxation, amounted to £58,015. 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

01 APR 2005

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 2004 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.

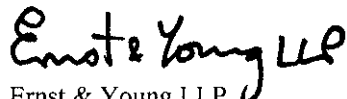
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

7 April 2005

Profit and loss account

for the year ended 30 June 2004

	Notes	2004 £	2003 (restated) £
Turnover		—	—
Administrative expenses		(58,949)	(6,155)
Operating profit	3	58,949	6,155
Bank interest receivable		66	—
Profit on ordinary activities before taxation		59,015	6,155
Tax on profit on ordinary activities	5	1,000	—
Profit retained for the financial year		58,015	6,155

Statement of total recognised gains and losses

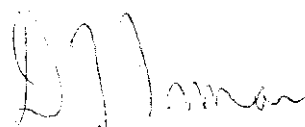
for the year ended 30 June 2004

	2004	2003 (restated)
	£	£
Profit for the financial year	58,015	6,155
Total recognised gains and losses relating to the year	<u>58,015</u>	<u>6,155</u>
Prior year adjustment (see note 6)	60,939	
Total gains and losses recognised since the last annual report	<u>118,954</u>	

Balance sheet

at 30 June 2004

	Notes	2004 £	2003 (restated) £
Fixed assets			
Investments	7	4,768,687	2,839,147
Current assets			
Cash at bank		—	58,624
Creditors: amounts falling due within one year	8	4,704,515	2,891,614
Net current liabilities		(4,704,515)	(2,832,990)
Total assets less current liabilities		64,172	6,157
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	64,170	6,155
Equity shareholders' funds	10	64,172	6,157



Director

01 APR 2005

Notes to the financial statements

at 30 June 2004

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 tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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.

Notes to the financial statements

at 30 June 2004

2. Accounting policies (continued)

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.

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 profit

This is stated after charging/(crediting):

	2004	2003
	£	£
Auditors' remuneration - audit services	5,000	3,000
Net profit on foreign currency translation	(69,034)	(9,155)

4. Staff costs

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

5. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004	2003 (restated)
	£	£
<i>Current tax:</i>		
UK corporation tax	1,000	—
Total current tax (note 5(b))	1,000	—

Notes to the financial statements

at 30 June 2004

5. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004	2003 (restated)
	£	£
Profit on ordinary activities before taxation	59,015	6,155
Profit on ordinary activities multiplied by the standard rate of tax in the UK	17,435	1,846
Unrelieved tax losses carried forward	(16,435)	(1,846)
Total current tax (note 5(a))	1,000	—

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2004	2003 (restated)
	£	£
Tax losses available	—	(1,846)

There is no unrecognised deferred tax asset in the current year. In the prior year, the deferred taxation asset has not been recognised due to lack of evidence surrounding the availability of future taxable profits to enable the reversal of the asset.

6. Prior year adjustment

A prior year adjustment was required in order to comply with SSAP 20 which allows for no subsequent translations to be made once non-monetary assets have been translated and recorded. The adjustment relates to a reversal of all foreign exchange differences which were recognised upon the retranslation of foreign equity investments at the previous financial year end. This resulted in an increase in the capitalised additions of investment fixed assets by £60,939 and a corresponding increase in the profit and loss reserves.

7. Investments

	Shares in group companies £
Cost:	
At 1 July 2003 (restated)	2,839,147
Additions	1,929,540
At 30 June 2004	4,768,687

The additions relate to additional investments in Digene Deutschland GmbH and Digene France SAS.

Notes to the financial statements

at 30 June 2004

7. Investments (continued)

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

	2004 £	2003 £
Aggregate capital and reserves		
Digene Deutschland GmbH	283,816	891,840
Digene Italia srl	(167,743)	521,255
Digene France SAS	(595,683)	(330,609)
Digene Diagnostics, S.L.	(90,504)	—
Digene (UK) Limited	(6,026,130)	(3,414,094)
Profit/(loss) for the year		
Digene Deutschland GmbH	(1,721,033)	(1,133,040)
Digene Italia srl	(698,862)	(165,440)
Digene France SAS	(1,180,616)	(337,584)
Digene Diagnostics, S.L.	(234,324)	—
Digene (UK) Limited	(2,612,036)	(3,257,670)

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.

8. Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	4,690,515	2,888,619
Corporation tax	1,000	—
Accruals and deferred income	13,000	2,995
	<u>4,704,515</u>	<u>2,891,614</u>

Notes to the financial statements

at 30 June 2004

9. Share capital

	2004	Authorised 2003
	£	£
Ordinary shares of £1 each	2	2

	Allotted, called up and fully paid			
	2004		2003	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account (restated)	Total share- holders' funds (restated)
	£	£	£
At 1 July 2002	2	–	2
Loss for the year	–	(54,784)	(54,784)
At 1 July 2003 as previously stated	2	(54,784)	(54,782)
Prior year restatement (see note 6)	–	60,939	60,939
At 1 July 2003 as restated	2	6,155	6,157
Profit for the year	–	58,015	58,015
At 30 June 2004	2	64,170	64,172

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.