

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
DIFFCHAMB LIMITED**



DIFFCHAMB LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2003**

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DIFFCHAMB LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003**

DIRECTORS: Mr. J Plymouth
Mr. K P E Vannerberg

SECRETARY: Mr. K P E Vannerberg

REGISTERED OFFICE: Unit 12 Block 3
Old Mill Trading Estate
Old Mill Lane
Mansfield Woodhouse
NOTTINGHAMSHIRE
NG19 9BG

REGISTERED NUMBER: 2343303 (England and Wales)

AUDITORS: Anderson & Co.
Chartered Certified Accountants
Registered Auditors
18 Diamond Avenue
Kirkby in Ashfield
Nottinghamshire
NG17 7GR

BANKERS: National Westminster Bank plc
Derby City Branch
7 Market Place
Derby
DE1 3ZF

DIFFCHAMB LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and distribution of food diagnostic tests and equipment.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2003.

DIRECTORS

The directors during the year under review were:

Mr K J Haapasaari	- resigned 10.6.03
Mr A C Barrow	
Mr. J Plymouth	- appointed 19.5.03

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 (or date of appointment if later) or 31 December 2003.

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

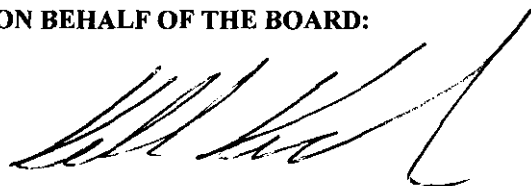
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Anderson & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr. K P E Vannerberg - Director

1 September 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF DIFFCHAMB LIMITED

We have audited the financial statements of Diffchamb Limited for the year ended 31 December 2003 on pages five to eleven. These financial statements have been prepared under the historical cost convention and 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors 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.


Going concern

In forming our opinion, we have considered the adequacy of the disclosure made in note 1 to the accounts concerning the going concern basis being dependent on the continuation of financial support by the parent company. In view of the significance of this disclosure, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
DIFFCHAMB LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Anderson & Co.", with a stylized flourish at the end.

Anderson & Co.
Chartered Certified Accountants
Registered Auditors
18 Diamond Avenue
Kirkby in Ashfield
Nottinghamshire
NG17 7GR

1 September 2004

DIFFCHAMB LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

		<u>31.12.03</u>	<u>31.12.02</u>
	Notes	£	£
TURNOVER	2	202,858	781,639
Cost of sales		<u>182,393</u>	<u>589,223</u>
GROSS PROFIT		20,465	192,416
Administrative expenses		<u>164,066</u>	<u>190,653</u>
		(143,601)	1,763
Other operating income	3	<u>(30,858)</u>	<u>(23,649)</u>
OPERATING LOSS	5	(174,459)	(21,886)
Interest receivable and similar income		<u>1,940</u>	<u>362</u>
		(172,519)	(21,524)
Interest payable and similar charges	6	<u>62,978</u>	<u>49,423</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(235,497)	(70,947)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(235,497)	(70,947)
Deficit brought forward		<u>(414,360)</u>	<u>(343,413)</u>
DEFICIT CARRIED FORWARD		<u>£(649,857)</u>	<u>£(414,360)</u>

CONTINUING OPERATIONS

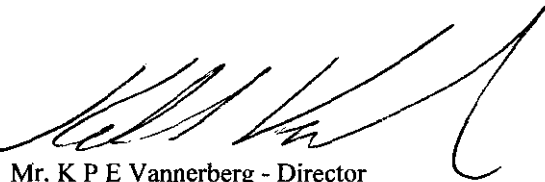
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

DIFFCHAMB LIMITED**BALANCE SHEET
31 DECEMBER 2003**

		<u>31.12.03</u>		<u>31.12.02</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		10,137		19,811
CURRENT ASSETS:					
Stocks	9	9,390		40,759	
Debtors	10	28,196		251,358	
Cash at bank		52,294		78,660	
		89,880		370,777	
CREDITORS: Amounts falling due within one year	11	399,386		485,848	
NET CURRENT LIABILITIES:			(309,506)		(115,071)
TOTAL ASSETS LESS CURRENT LIABILITIES:			(299,369)		(95,260)
CREDITORS: Amounts falling due after more than one year	12		320,488		289,100
			<u>£(619,857)</u>		<u>£(384,360)</u>
CAPITAL AND RESERVES:					
Called up share capital	15		30,000		30,000
Profit and loss account			(649,857)		(414,360)
SHAREHOLDERS' FUNDS:	18		<u>£(619,857)</u>		<u>£(384,360)</u>

ON BEHALF OF THE BOARD:


Mr. K P E Vannerberg - Director

Approved by the Board on 1 September 2004

DIFFCHAMB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared in accordance with applicable accounting standards.

The financial statements are prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The balance sheet at 31 December 2003 shows an insolvent position and therefore the validity of the above assumption is dependent on the continuation of financial support by the parent company. Should this support be withdrawn and the company be unable to continue trading adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for any further liabilities which might arise.

The continuing support of the parent company is due to the future profit potential of the company and the directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on cost
Plant and machinery	- 20% on cost
Office Equipment	- 20% on cost

Stocks

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

Deferred tax

Deferred tax on accelerated capital allowances has not been provided for as trading losses carried forward are sufficient to offset against any timing differences which may arise.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Operating lease commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

DIFFCHAMB LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003****2. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.03	31.12.02
	£	£
United Kingdom	200,528	779,037
European Community	2,330	2,602
	<u>202,858</u>	<u>781,639</u>

3. OTHER OPERATING INCOME

	31.12.03	31.12.02
	£	£
Sundry Receipts	691	262
Exchange Gains / (Losses) - Trading	(31,549)	(23,911)
	<u>(30,858)</u>	<u>(23,649)</u>

4. STAFF COSTS

	31.12.03	31.12.02
	£	£
Wages and salaries	80,796	79,641
Social security costs	9,542	9,144
Other pension costs	3,383	4,189
	<u>93,721</u>	<u>92,974</u>

The average monthly number of employees during the year was as follows:

	31.12.03	31.12.02
Sales and marketing	2	2
Administration	2	1
	<u>4</u>	<u>3</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	31.12.03	31.12.02
	£	£
Operating lease rentals	12,485	10,220
Depreciation - owned assets	10,283	10,321
Auditors' remuneration	2,300	1,800
Foreign exchange differences	31,549	23,911
	<u>42,700</u>	<u>48,013</u>

DIFFCHAMB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.03	31.12.02
	£	£
Parent Company Loan	31,590	28,773
Exchange Loss - Financing	31,388	20,650
	<u>62,978</u>	<u>49,423</u>

7. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year nor for the previous year.

8. TANGIBLE FIXED ASSETS

	Improvements to property	Plant and machinery	Office Equipment	Totals
	£	£	£	£
COST:				
At 1 January 2003	8,461	26,180	16,929	51,570
Additions	-	-	609	609
At 31 December 2003	<u>8,461</u>	<u>26,180</u>	<u>17,538</u>	<u>52,179</u>
DEPRECIATION:				
At 1 January 2003	7,191	14,259	10,309	31,759
Charge for year	1,270	5,907	3,106	10,283
At 31 December 2003	<u>8,461</u>	<u>20,166</u>	<u>13,415</u>	<u>42,042</u>
NET BOOK VALUE:				
At 31 December 2003	<u>-</u>	<u>6,014</u>	<u>4,123</u>	<u>10,137</u>
At 31 December 2002	<u>1,270</u>	<u>11,921</u>	<u>6,620</u>	<u>19,811</u>

9. STOCKS

	31.12.03	31.12.02
	£	£
Goods for Resale	<u>9,390</u>	<u>40,759</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.03	31.12.02
	£	£
Trade Debtors	23,140	247,195
Prepayments	5,056	4,163
	<u>28,196</u>	<u>251,358</u>

Trade Debtors includes an amount of £440 owed by group companies (2002 : £0).

DIFFCHAMB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.03	31.12.02
	£	£
Trade Creditors	390,380	453,890
PAYE and National Insurance	2,767	1,678
Value Added Tax	3,178	28,164
Accrued Expenses	3,061	2,116
	<u>399,386</u>	<u>485,848</u>

Trade Creditors includes an amount of £386812 owed to group companies (2002 : £444488).

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

	31.12.03	31.12.02
	£	£
Parent Company Loan (see note 13)	<u>320,488</u>	<u>289,100</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.12.03	31.12.02
	£	£
Amounts falling due between two and five years:		
Parent Company Loan	<u>320,488</u>	<u>289,100</u>

The parent company loan is unsecured and is repayable in full on 31 March 2006.

14. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	31.12.03	31.12.02	31.12.03	31.12.02
	£	£	£	£
Expiring:				
Within one year	2,850	-	5,786	-
Between one and five years	-	3,800	6,285	6,391
	<u>2,850</u>	<u>3,800</u>	<u>12,071</u>	<u>6,391</u>

DIFFCHAMB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

15. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.12.03	31.12.02
		value:	£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.03	31.12.02
		value:	£	£
30,000	Ordinary	£1	<u>30,000</u>	<u>30,000</u>

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Diffchamb AB which is incorporated in Sweden .

17. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in FRS 8 relating to the disclosure of transactions with other group companies as 90% of its voting rights are controlled within the group.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.03	31.12.02
	£	£
Loss for the financial year	<u>(235,497)</u>	<u>(70,947)</u>
Net reduction of shareholders' funds	(235,497)	(70,947)
Opening shareholders' funds	<u>(384,360)</u>	<u>(313,413)</u>
Closing shareholders' funds	<u>(619,857)</u>	<u>(384,360)</u>
Equity interests	<u>(619,857)</u>	<u>(384,360)</u>