

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001
FOR
DIFFCHAMB LIMITED**

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DIFFCHAMB LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2001**

DIRECTORS:	Mr R Wakefield Mr K J Haapasaari
SECRETARY:	Mr R.Wakefield
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 9DS

DIFFCHAMB LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report with the financial statements of the company for the year ended 31 December 2001.

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 2001.

DIRECTORS

The directors during the year under review were:

Mr R Wakefield
Mr K J Haapasaari

The beneficial interests of the directors holding office on 31 December 2001 in the issued share capital of the company were as follows:

	31.12.01	1.1.01
Ordinary £1 shares		
Mr R Wakefield	3,000	3,000
Mr K J Haapasaari	-	-

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

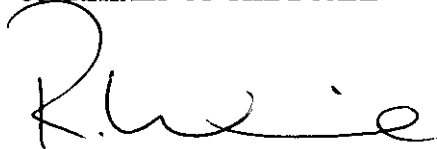
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 R Wakefield - DIRECTOR

Dated: 12 September 2002

DIFFCHAMB LIMITED

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 2001 on pages four to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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.

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 12 September 2002

DIFFCHAMB LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

		<u>31.12.01</u>	<u>31.12.00</u>
	Notes	£	£
TURNOVER	2	238,967	119,673
Cost of sales		<u>180,900</u>	<u>74,261</u>
GROSS PROFIT		58,067	45,412
Administrative expenses		<u>153,254</u>	<u>143,097</u>
		(95,187)	(97,685)
Other operating income		<u>26,612</u>	<u>5,815</u>
OPERATING LOSS	4	(68,575)	(91,870)
Interest receivable and similar income		<u>104</u>	<u>133</u>
		(68,471)	(91,737)
Interest payable and similar charges	5	<u>25,386</u>	<u>18,873</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(93,857)	(110,610)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(93,857)	(110,610)
Deficit brought forward		<u>(249,556)</u>	<u>(138,946)</u>
DEFICIT CARRIED FORWARD		<u>£(343,413)</u>	<u>£(249,556)</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 2001

		31.12.01		31.12.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		20,816		19,049
CURRENT ASSETS:					
Stocks	8	32,578		5,248	
Debtors	9	96,250		21,081	
Cash at bank		23,268		10,193	
		152,096		36,522	
CREDITORS: Amounts falling due within one year	10	217,875		47,627	
NET CURRENT LIABILITIES:			(65,779)		(11,105)
TOTAL ASSETS LESS CURRENT LIABILITIES:			(44,963)		7,944
CREDITORS: Amounts falling due after more than one year	11		268,450		227,500
			£(313,413)		£(219,556)
CAPITAL AND RESERVES:					
Called up share capital	13		30,000		30,000
Profit and loss account			(343,413)		(249,556)
SHAREHOLDERS' FUNDS:	16		£(313,413)		£(219,556)

ON BEHALF OF THE BOARD:



Mr R Wakefield - DIRECTOR

Approved by the Board on 12 September 2002

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

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 2001 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.

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.

Deferred taxation

No provisions have been made for deferred taxation in respect of timing differences as it is considered to be unlikely that any liabilities or assets will crystallise in the foreseeable future.

DIFFCHAMB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

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 for the year ended 31 December 2001 is given below:

	£
United Kingdom	235,521
European Community	3,446
	<u>238,967</u>

This analysis is not considered to be applicable to the year ended 31 December 2000.

3. STAFF COSTS

	31.12.01	31.12.00
	£	£
Wages and salaries	76,243	73,665
Social security costs	8,925	8,725
Other pension costs	4,230	4,230
	<u>89,398</u>	<u>86,620</u>

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

	31.12.01	31.12.00
Sales and marketing	2	2
Administration	1	1
	<u>3</u>	<u>3</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31.12.01	31.12.00
	£	£
Hire of plant and machinery	511	468
Leasing	12,125	11,710
Depreciation - owned assets	7,591	6,565
Auditors' remuneration	1,750	1,700
Non-audit work	1,025	945
Foreign exchange differences	(24,012)	(5,815)
	<u>43,494</u>	<u>41,826</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.01	31.12.00
	£	£
Parent Company Loan	25,386	18,873

DIFFCHAMB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

6. TAXATION

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

7. TANGIBLE FIXED ASSETS

	Improvements to property	Plant and machinery	Office Equipment	Totals
	£	£	£	£
COST:				
At 1 January 2001	8,461	14,302	10,133	32,896
Additions	-	5,176	4,182	9,358
At 31 December 2001	8,461	19,478	14,315	42,254
DEPRECIATION:				
At 1 January 2001	3,807	5,716	4,324	13,847
Charge for year	1,692	3,127	2,772	7,591
At 31 December 2001	5,499	8,843	7,096	21,438
NET BOOK VALUE:				
At 31 December 2001	2,962	10,635	7,219	20,816
At 31 December 2000	4,654	8,586	5,809	19,049

8. STOCKS

	31.12.01	31.12.00
	£	£
Goods for Resale	32,578	5,248

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

	31.12.01	31.12.00
	£	£
Trade Debtors	92,257	19,500
Prepayments	3,993	1,581
	96,250	21,081

Trade Debtors includes an amount of £2149 owed by group companies (2000 : £572).

DIFFCHAMB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

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

	31.12.01	31.12.00
	£	£
Trade Creditors	209,019	36,994
PAYE and National Insurance	2,542	2,397
Value Added Tax	5,368	3,742
Accrued Expenses	946	4,494
	<u>217,875</u>	<u>47,627</u>

Trade Creditors includes an amount of £198222 owed to group companies (2000 : £31176).

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.12.01	31.12.00
	£	£
Parent Company Loan	<u>268,450</u>	<u>227,500</u>

The parent company loan is unsecured and repayable by instalments between January 2003 and December 2007.

12. OBLIGATIONS UNDER LEASING AGREEMENTS

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

Operating leases			
	Land and buildings		Other
	31.12.01	31.12.00	31.12.01
	£	£	£
Expiring:			
Within one year	-	1,735	7,365
Between one and five years	3,800	-	436
	<u>3,800</u>	<u>1,735</u>	<u>7,801</u>
			<u>12,185</u>

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.01	31.12.00
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.01	31.12.00
			£	£
30,000	Ordinary	£1	<u>30,000</u>	<u>30,000</u>

DIFFCHAMB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

14. ULTIMATE PARENT COMPANY

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

15. 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.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.01	31.12.00
	£	£
Loss for the financial year	(93,857)	(110,610)
Net reduction of shareholders' funds	(93,857)	(110,610)
Opening shareholders' funds	(219,556)	(108,946)
Closing shareholders' funds	(313,413)	(219,556)
Equity interests	(313,413)	(219,556)