

LAB21 HEALTHCARE LIMITED

Report and Financial Statements

31 December 2013



LAB21 HEALTHCARE LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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LAB21 HEALTHCARE LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S D Lowther
G D Mullis

SECRETARY

S D Lowther

REGISTERED OFFICE

Park House
Winship Road
Milton
Cambridge
CB24 6BQ

BANKERS

Barclays Bank PLC
Town Gate House
Church Street East
Woking
Surrey
GU21 6AE

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

LAB21 HEALTHCARE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

The directors have taken the small companies exemption contained in s414B of the Companies Act 2006 from the requirement to prepare a strategic report.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY

The principal activity of the company is the development and production of immunodiagnostics for infectious diseases.

RESULTS AND DIVIDENDS

As shown in the company's profit and loss account on page 7, the company's turnover amounted to £3,217,000 (2012 - £5,450,000), whilst the company incurred a loss before tax of £626,000 (2012 - loss of £883,000) for the year.

As shown in the company's balance sheet on page 8, net liabilities amounted to £3,731,000 (2012 - net liabilities of £3,105,000) of which £4,024,000 (2012 - £4,102,000) related to group undertakings as set out in note 11.

The directors do not recommend payment of a dividend (2012: £nil).

FUTURE DEVELOPMENTS

The company will continue to manufacture diagnostic reagents.

GOING CONCERN

The company is a subsidiary of Lab21 Limited.

On 18 June 2012, Lab21 Limited signed a term loan and confidential invoice discounting facility with Clydesdale Bank including cross guarantees between the group companies. The company's ability to continue as a going concern is therefore reliant on the ability of the Lab 21 Limited group (the "Group") to continue as a going concern.

On 18 July 2013, Lab21 Limited sold certain business assets related to i) the development, manufacture, marketing and distribution of its blood banking products and ii) the know-how and capability to develop, manufacture and sell protein and molecular based assays. Out of the total cash proceeds, of £3.8m, £2.6m was paid to Clydesdale Bank to reduce the term loan, from £4.0m to £1.4m.

The term loan agreement contained a number of financial covenants including a sales covenant whereby the Group sales revenue should exceed 75% of the turnover, as set out in the 2012 budget, for the period commencing 1 September 2012 and ending 31 December 2013. The Group did not meet this covenant and was advised of the breach by Clydesdale Bank on 14 March 2014.

On 2 May 2014, Lab21 Limited received \$1.1m cash in payment of a promissory note which was previously issued as part of the sale of Lab21 Inc in December 2012. The payment was triggered by the acquisition of Selah Genomics LLC by EKF Diagnostics plc during April 2014. On 9 May 2014 the full proceeds of the promissory note were paid to Clydesdale Bank as a prepayment to reduce the term loan from £1.4m to £0.7m.

On 6 June 2014, Lab21 Limited and Clydesdale Bank signed an amendment and restatement deed to the term loan to i) waive the covenant breach, ii) amend the financial covenants for the remaining term of the loan and iii) grant a 12 month capital repayment holiday until 30 June 2015.

On 13 June 2014, Lab21 Limited shareholders exercised warrants and subscribed for shares which raised proceeds of £0.5m which will be used as working capital by the Group. Also on 13 June 2014, Lab21 Limited converted £1.7m of shareholder loan notes and £0.6m of unsecured debt into 'A' Ordinary shares at a price of £3.50/share.

LAB21 HEALTHCARE LIMITED

DIRECTORS' REPORT

GOING CONCERN (continued)

On 13 June 2014, 100% of Lab21 Limited's issued ordinary share capital was acquired by Novacyt SA, a company registered in France and listed on the Euronext exchange under the ticker symbol ALNOV. Further details of this change in ownership are provided in note 21.

The directors of Lab21 have prepared budgets, including detailed cash flow forecasts, for the three years to 31 December 2016, which take account of the various post balance sheet events, described above. These budgets show that the Lab21 group will be able to meet its liabilities as they fall due and will be able to comply with the revised financial covenants for a period of at least 12 months from the date of approval of these financial statements.

The directors have taken account of all of the above factors and consider that the Group has significantly reduced its liabilities and achieved a greater level of financial stability. However, the directors recognise that following the recent change of ownership there continues to be a material uncertainty relating to the Group's ability to continue to implement its business plan within the new Group business.

Accordingly, the directors have a reasonable expectation that the Group and, therefore, the company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of preparation.

DIRECTORS

The directors who served throughout the year and to the date of this report were as follows:

S D Lowther

G D Mullis

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LAB21 HEALTHCARE LIMITED

DIRECTORS' REPORT

AUDITOR


Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf



S D Lowther

Director

Date:

06 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAB21 HEALTHCARE LIMITED

We have audited the financial statements of Lab21 Healthcare Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £626,000 during the year ended 31 December 2013 and, at that date, the company's current liabilities exceeded its total assets by £3,691,000 and it had net current liabilities of £3,849,000, of which £4,024,000 was in respect of group undertakings. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LAB21 HEALTHCARE LIMITED (continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Stuart Henderson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

8 August 2014

LAB21 HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £'000	*2012 (Restated) £'000
TURNOVER	2		
Continuing operations		1,787	2,389
Discontinued operations		1,430	3,061
		<u>3,217</u>	<u>5,450</u>
Cost of sales	3	(1,921)	(3,893)
GROSS PROFIT	3	1,296	1,557
Administrative expenses	3	(1,922)	(2,440)
OPERATING LOSS, BEING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4		
Continuing operations		(615)	(145)
Discontinued operations		(11)	(738)
		<u>(626)</u>	<u>(883)</u>
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	15	<u>(626)</u>	<u>(883)</u>

There have been no recognised gains and losses for the current and the preceding financial years other than as stated in the profit and loss account above and accordingly no statement of total recognised gains and losses is presented.

*2012 results have been restated to provide comparatives of the continuing and discontinued operations.

LAB21 HEALTHCARE LIMITED

BALANCE SHEET 31 December 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Intangible assets	7	149	957
Tangible assets	8	9	66
		<u>158</u>	<u>1,023</u>
CURRENT ASSETS			
Stocks	9	321	692
Debtors	10	385	1,066
Cash at bank and in hand		245	253
		<u>951</u>	<u>2,011</u>
CREDITORS: amounts falling due within one year	11	<u>(4,800)</u>	<u>(6,059)</u>
NET CURRENT LIABILITIES		<u>(3,849)</u>	<u>(4,048)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,691)</u>	<u>(3,025)</u>
PROVISIONS FOR LIABILITIES	13	<u>(40)</u>	<u>(80)</u>
NET LIABILITIES		<u><u>(3,731)</u></u>	<u><u>(3,105)</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Capital contribution		260	260
Profit and loss account	15	<u>(3,991)</u>	<u>(3,365)</u>
SHAREHOLDERS' DEFICIT	16	<u><u>(3,731)</u></u>	<u><u>(3,105)</u></u>

The financial statements of Lab21 Healthcare Limited, registered number 02957012, were approved by the Board of Directors and authorised for issue on 06 August 2014.

Signed on behalf of the Board of Directors



S D Lowther
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Going Concern

The company is a subsidiary of Lab21 Limited.

On 18 June 2012, Lab21 Limited signed a term loan and confidential invoice discounting facility with Clydesdale Bank including cross guarantees between the group companies. The company's ability to continue as a going concern is therefore reliant on the ability of the Lab21 Limited group (the "Group") to continue as a going concern.

On 18 July 2013, Lab21 Limited sold certain business assets related to i) the development, manufacture, marketing and distribution of its blood banking products and ii) the know-how and capability to develop, manufacture and sell protein and molecular based assays. Out of the total cash proceeds, of £3.8m, £2.6m was paid to Clydesdale Bank to reduce the term loan, from £4.0m to £1.4m.

The term loan agreement contained a number of financial covenants including a sales covenant whereby the Group sales revenue should exceed 75% of the turnover, as set out in the 2012 budget, for the period commencing 1 September 2012 and ending 31 December 2013. The Group did not meet this covenant and was advised of the breach by Clydesdale Bank on 14 March 2014.

On 2 May 2014, Lab21 Limited received \$1.1m cash in payment of a promissory note which was previously issued as part of the sale of Lab21 Inc in December 2012. The payment was triggered by the acquisition of Selah Genomics LLC by EKF Diagnostics plc during April 2014. On 9 May 2014 the full proceeds of the promissory note were paid to Clydesdale Bank as a prepayment to reduce the term loan from £1.4m to £0.7m.

On 6 June 2014, Lab21 Limited and Clydesdale Bank signed an amendment and restatement deed to the term loan to i) waive the covenant breach, ii) amend the financial covenants for the remaining term of the loan and iii) grant a 12 month capital repayment holiday until 30 June 2015.

On 13 June 2014, Lab21 Limited shareholders exercised warrants and subscribed for shares which raised proceeds of £0.5m which will be used as working capital by the Group. Also on 13 June 2014, Lab21 Limited converted £1.7m of shareholder loan notes and £0.6m of unsecured debt into 'A' Ordinary shares at a price of £3.50/share.

On 13 June 2014, 100% of Lab21 Limited's issued ordinary share capital was acquired by Novacyt SA, a company registered in France and listed on the Euronext exchange under the ticker symbol ALNOV. Further details of this change in ownership are provided in note 20.

The directors of Lab21 have prepared budgets, including detailed cash flow forecasts, for the three years to 31 December 2016, which take account of the various post balance sheet events, described above. These budgets show that the Lab21 group will be able to meet its liabilities as they fall due and will be able to comply with the revised financial covenants for a period of at least 12 months from the date of approval of these financial statements.

The directors have taken account of all of the above factors and consider that the Group has significantly reduced its liabilities and achieved a greater level of financial stability. However, the directors recognise that following the recent change of ownership there continues to be a material uncertainty relating to the Group's ability to continue to implement its business plan within the new Group business.

Accordingly, the directors have a reasonable expectation that the Group and, therefore, the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of preparation.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Revenue is recognised once the risks and rewards of ownership have been transferred to the customer.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the rate contracted, as applicable.

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

All differences are taken to the profit and loss account.

Intangible assets - goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Intangible assets - research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where 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. This period is between three and five years. Provision is made for any impairment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	Period of lease
Computer software	33% straight line
Fixtures and fittings	33% straight line
Research and development equipment	33% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Raw materials and goods for resale - purchase cost on first in, first out basis
Work in progress and finished goods - cost of direct materials

Pension costs

The company operates a number of defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement on the grounds that the company is wholly owned and its parent company publishes consolidated financial statements.

2. TURNOVER

The directors consider more detailed revenue disclosure to be seriously prejudicial to the commercial success of the company. Consequently, detail of revenue components is not disclosed in these accounts.

LAB21 HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

3. COST OF SALES, GROSS PROFIT AND OTHER OPERATING EXPENSES

	2013			Restated 2012		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Cost of sales	1,142	779	1,921	1,805	2,088	3,893
Gross profit	645	651	1,296	584	973	1,557
Administrative expenses	1,260	662	1,922	729	1,711	2,440

On 18 July 2013 Lab21 sold certain business assets related to i) the development, manufacture, marketing and distribution of its blood banking products and ii) the know-how and capability to develop, manufacture and sell protein and molecular based assays.

4. OPERATING LOSS

	2013 £'000	2012 £'000
Operating loss is after charging:		
Depreciation of owned fixed assets	27	69
Amortisation of intangible fixed assets	447	448
Net loss on foreign currency translation	47	67
Operating lease rentals		
Plant and machinery	20	22
Other	86	158

Auditor's remuneration for the audit of the company's annual accounts, amounted to £17,000 (2012 - £17,500). There were no non-audit fees in either the current year or preceding year.

5. STAFF COSTS AND DIRECTORS' EMOLUMENTS

	2013 £'000	2012 £'000
The aggregate staff costs were as follows:		
Wages and salaries	980	1,362
Social security costs	91	134
Other pension costs	53	58
	1,124	1,554

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

5. STAFF COSTS AND DIRECTORS' EMOLUMENTS (continued)

	2013 No.	2012 No.
The average monthly number of employees during the year was as follows:		
Production	28	41
Sales and marketing	9	12
	<u>37</u>	<u>53</u>

During the year and the preceding year none of the directors received any emoluments from the company. The directors are remunerated through the parent company and details of their emoluments as directors of the group are shown in the accounts of that company.

No director (in either the current or prior year) was a member of either a defined contribution or defined benefit pension scheme to which the company contributes. In addition, no director received shares for qualifying services or exercised any share options in either the current or prior year.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current taxation		
United Kingdom corporation tax at 23.25% (2012 - 24.5%)	-	-
Tax credit on loss on ordinary activities	-	-

Factors affecting the tax credit for the year

The tax assessed on the loss on ordinary activities for the year differs from the blended standard rate of corporation tax in the UK. The differences are explained below:

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(626)	(883)
Loss on ordinary activities multiplied by the blended standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(146)	(216)
Effect of:		
Depreciation in excess of capital allowances	6	17
Income not chargeable	(268)	-
Other timing differences	-	4
Unrelieved tax losses	408	195
Current tax credit for the year	-	-

Factors affecting tax charge for future years

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

LAB21 HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

7. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2013	2,236	361	2,597
Disposals	-	(361)	(361)
At 31 December 2013	2,236	-	2,236
Amortisation			
At 1 January 2013	1,640	-	1,640
Charge for the year	447	-	447
At 31 December 2013	2,087	-	2,087
Net book value			
At 31 December 2013	149	-	149
At 31 December 2012	596	361	957

On 19 May 2009, the trade and assets of Plasmatec Laboratory Products Limited were acquired and immediately transferred to the company by its parent undertaking, Lab21 Limited. The goodwill transferred in this transaction was valued at £2,236,000. The useful economic life, as determined by the directors, over which this goodwill is being amortised is 5 years.

8. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £'000	Computer software £'000	Fixtures and fittings £'000	R&D equipment £'000	Total £'000
Cost					
At 1 January 2013	6	96	257	192	551
Additions	-	-	-	3	3
Disposals	-	(65)	(257)	(157)	(479)
At 31 December 2013	6	31	-	38	75
Depreciation					
At 1 January 2013	4	80	255	146	485
Charge for the year	1	4	1	21	27
Disposals	-	(53)	(256)	(137)	(446)
At 31 December 2013	5	31	-	30	66
Net book value					
At 31 December 2013	1	-	-	8	9
At 31 December 2012	2	16	2	46	66

LAB21 HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

9. STOCKS

	2013 £'000	2012 £'000
Raw materials	321	608
Work in progress	-	33
Finished goods	-	51
	<u>321</u>	<u>692</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

10. DEBTORS

	2013 £'000	2012 £'000
Amounts due within one year		
Trade debtors	339	1,014
VAT recoverable	17	-
Other debtors	11	-
Prepayments and accrued income	18	52
	<u>385</u>	<u>1,066</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank loans and overdrafts	33	27
Trade creditors	454	1,291
Other taxation and social security	61	157
Other creditors	24	30
Amount due to group undertakings	4,024	4,102
Accruals	204	452
	<u>4,800</u>	<u>6,059</u>

Details of guarantees given are set out in note 17.

LAB21 HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

12. DEFERRED TAX ASSETS

The amounts of deferred tax assets not provided are as follows:

	2013 £'000	Not provided 2012 £'000
Decelerated capital allowances	(69)	(60)
Other short term timing differences	(3)	(7)
Tax losses	(1,222)	(962)
	<u>(1,294)</u>	<u>(1,029)</u>

The tax losses are recoverable against future trading profits from the same trades.

In accordance with FRS 19 'Deferred tax' no deferred tax asset has been recognised in respect of these losses as there is insufficient persuasive and reliable evidence that they will be utilised.

13. PROVISION FOR LIABILITIES

	Dilapidation provision £'000
At 1 January 2013	(80)
Released unused	40
At 31 December 2013	<u>(40)</u>

The dilapidations provision relates to obligations to make good dilapidations existing at 31 December 2013.

14. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up, allotted and fully paid		
6 ordinary shares of £1 each	<u>6</u>	<u>6</u>

15. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2013	(3,365)
Loss for the financial year	(626)
At 31 December 2013	<u>(3,991)</u>

LAB21 HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2013 £'000	2012 £'000
Loss for the financial year	(626)	(883)
Capital contribution	-	260
Net increase in shareholders' deficit	(626)	(623)
Opening shareholders' deficit	(3,105)	(2,482)
Closing shareholders' deficit	(3,731)	(3,105)

17. GUARANTEES

As explained in the Going Concern section in note 1, Lab21 Limited, the parent company, entered into a loan facility with Clydesdale Bank plc ("Clydesdale") in June 2012. Under the terms of this agreement, Clydesdale has been granted a first and only debenture comprising fixed and floating charges over all the property, assets and undertakings (including uncalled capital) from time to time of Lab21 Limited as Borrower and Lab21 Healthcare Limited and Microgen Bioproducts Limited as Guarantors.

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire:				
within one year	-	-	1	-
between one and two years	-	-	-	4
	<u>-</u>	<u>-</u>	<u>1</u>	<u>4</u>
	<u>-</u>	<u>-</u>	<u>1</u>	<u>4</u>

Capital commitments

The company had no capital commitments contracted for but not provided at the year end (2012: £nil).

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available to wholly owned subsidiaries under FRS 8 'Related party disclosures' not to disclose transactions with other group companies (or investees of the group qualifying as related parties).

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Year ended 31 December 2013

20. SUBSEQUENT EVENTS

On 2 May 2014, Lab21 Limited received \$1.1m cash in payment of a promissory note which was previously issued as part of the sale of Lab21 Inc in December 2012. The payment was triggered by the acquisition of Selah Genomics LLC by EKF Diagnostics plc during April 2014. On 9 May 2014 the full proceeds of the promissory note were paid to Clydesdale Bank as a prepayment to reduce the term loan from £1.4m to £0.7m.

On 6 June 2014, Lab21 Limited and Clydesdale Bank signed an amendment and restatement deed to the term loan to i) waive the covenant breach, ii) amend the financial covenants for the remaining term of the loan and iii) grant a 12 month capital repayment holiday until 30 June 2015.

On 13 June 2014, Lab21 Limited shareholders exercised warrants and subscribed for shares which raised proceeds of £0.5m which will be used as working capital by the Group. Also on 13 June 2014, Lab21 Limited converted £1.7m of shareholder loan notes and £0.6m of unsecured debt into 'A' Ordinary shares at a price of £3.50/share.

On 13 June 2014, 100% of Lab21 Limited's issued ordinary share capital was acquired by Novacyt SA, a company registered in France and listed on the Euronext exchange under the ticker symbol ALNOV.

21. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Lab21 Limited, a company incorporated in England & Wales.

The largest and smallest group in which the results of the company are consolidated, for the year ended 31 December 2013, was that headed by Lab21 Limited. The consolidated accounts of Lab21 Limited are available to the public and may be obtained from Park House, Winship Road, Milton, Cambridge, CB24 6BQ.

The ultimate parent company and controlling party at the date of approval of these financial statements was Novacyt SA.