Company Registration No: NI 15738

RANDOX LABORATORIES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

RANDOX LABORATORIES LIMITED

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RANDOX LABORATORIES LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Dr S P Fitzgerald
Mr R Kelly

SECRETARY

Dr S P Fitzgerald

REGISTERED OFFICE

Diamond Road
Crumlin, Co Antrim,
United Kingdom
BT29 4QY

AUDITOR

Deloitte LLP
Belfast

BANKERS

Northern Bank Limited
42 High Street
Antrim
BT41 4AP

SOLICITORS

McGrigors
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

RANDOX LABORATORIES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

In operation for 29 years, the principal activity of Randox is the design, manufacture and marketing of a vast range of high quality products for laboratory medicine Randox ranks 23rd in the global clinical diagnostics market, offers instrumentation and tests for clinical chemistry, immunology and quality control materials and now manufactures 8% of the world's clinical chemistry products Randox has a strong Research and Development ethos, and with 162 Research and Development staff, it reinvests in the region of 10-12% of annual revenue in an effort to continually improve the field of diagnostics Products cover a range of disease areas including cancer, cardiovascular disease, diabetes, drugs of abuse and thyroid and fertility disorders Manufacturing of high quality products is a key strength of Randox and our production facilities are ISO accredited and deemed compliant by the Food and Drug Administration "FDA" This achievement has supported sales to many of our existing customers on an OEM basis and generated interest from all the large diagnostic manufacturers worldwide

Randox has currently more tests in development than any other diagnostic company in the world and the export strategy involves 25 international direct sales offices and distributors in 130 countries round the world Randox Laboratories is the world's first manufacturer of an automated protein biochip array platform and this innovative technology has proven to be the most revolutionary multi-analyte testing platform in the world Although clinical chemistry is our core market the new technology has enabled Randox to diversify into new markets with increased sales in niche areas within the pharmaceutical and veterinary industries

Improved disease diagnosis supports the use of test panels rather than single tests The Randox biochip platform Evidence builds on this by enabling laboratories to perform multiple tests simultaneously The system also supports DNA testing which expands the profile further into new areas of application including preventative medicine, risk assessment and theranostics

The Randox range of life science products serves to make the company a global supplier of antibodies and proteins to the healthcare industry, and research and development laboratories worldwide Transactions are facilitated through a website, complete with an online ordering facility to pay in dollars and sterling in order to minimise the risk of exchange rate fluctuations to the customer

Randox's corporate strategy is to improve communications within all facets of the company at headquarters and in each of our offices In 2008, the company implemented one of the most sophisticated CRM systems developed in the Life Science market This CRM system enables collation of customer and product information for better control of all Randox activities internationally Work is ongoing in creating an interface with our accounts, stores and market analysis systems worldwide This system will offer transparency of information from our global offices and enable more effective strategic management of global operations

Numerous awards have been won by Randox including 5 times winner of the Queen's Award for Export, Northern Ireland Exporter of the Year and the Ernst and Young Entrepreneur Award, Frost and Sullivan Innovation Award, the Belfast Telegraph Business of the Year Award 2008, Invest Northern Ireland Innovator of the Year award 2009 and the Institute of Mechanical Engineers' Product Innovation Award 2009

Randox Laboratories Ltd is determined to revolutionise healthcare through continuously improving diagnostics in all countries around the world Release of the world's first automated biochip system in domestic and international markets is a testament to our technical expertise and unique business strategy, that is helping us achieve our goal to become a major player in the global diagnostics market Many prestigious accolades have endorsed our export achievement giving us confidence to continue improving our strategy and enable us to penetrate all international markets

RANDOX LABORATORIES LIMITED

DIRECTORS' REPORT (cont'd)

RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial risk
The group's activities expose it to a number of financial risks including price risk, credit risk, exchange rate risk and liquidity risk The group's financial risk management objectives and policies are operated by the directors The group does not use derivative financial instruments

Price risk
In terms of pricing risk, the risk of the group receiving low prices compared to market levels is mitigated by the use of up-to-date market intelligence and internal review of pricing assumptions

Credit risk
The group's principal financial assets are bank balances, cash, trade and other debtors The group's credit risk is primarily attributable to these amounts Trade and other debtor amounts presented in the balance sheet are net of allowances for doubtful receivables The risk in relation to trade debtors is managed through the ongoing review of the aged profile of the debt, thereby monitoring credit given and optimising the recoverability of the balance on an ongoing basis The company has no significant concentration of credit risk with the total exposure spread over a number of debtors

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long term and short term finance

Exchange rate risk
The group's sales are worldwide and therefore the company is exposed to movement in exchange rates The group also sources raw materials worldwide, this provides partial hedging and therefore reduces the risk of exchange rate movements, it also operates foreign currency bank accounts

Economic Environment

The directors have assessed the impact of the current macro economic environment on the future activities of the group, and the group's customers and suppliers

The directors consider that the group's use of dual suppliers for purchased raw materials, the variety of end users of Randox products across the public and private sectors in over 130 countries worldwide, the strong trading performance to date in 2010, and the group's medium term banking arrangements, enable the directors to prepare the company and group financial statements for the year ending 31 December 2010 on a going concern basis

RESULTS AND DIVIDENDS

The profit after taxation for the year was £2,908K (2009 £1,557K) and has been transferred to reserves The directors do not recommend payment of a dividend on ordinary share capital (2009 £nil) A preference share dividend of £155,000 (2009 £200,000) has been accrued, see Note 7

ACQUISITION OF COMPANY'S OWN SHARES

Further to the shareholders' resolutions of 31 March 2010, the Company purchased 1800 ordinary shares with a nominal value of £1, and representing 2 per cent of the Company's called-up ordinary share capital, for a consideration of £333 33 per share from distributable reserves The nominal value of the shares has been transferred to a capital redemption reserve The reason for this was to streamline the company shareholding

FIXED ASSETS

Full disclosure of matters relating to tangible fixed assets is set out in note 9 to the financial statements The group continues to expend resources upon development costs with a view to marketing its products, as set out in note 8

RANDOX LABORATORIES LIMITED

DIRECTORS' REPORT (cont'd)
OVERSEAS BRANCHES

Overseas branches of the Company are listed in note 25 to the financial statements

EMPLOYMENT POLICY

The group applies the principles of fairness and equality of opportunity to both able bodied and disabled in its employment and recruitment policies

It is the policy of the group to encourage the employment, training and advancement of disabled persons wherever possible In the event of an employee becoming disabled while in the employment of the group, effort is made to provide a suitable alternative position within the group

EMPLOYEE PARTICIPATION

The employees of the group are kept informed on matters through meetings and announcements

The group maintains an internal Human Resources Department which provides induction and ongoing training and advice in all disciplines of employment policies, procedures and legislation and staff development

HEALTH AND SAFETY

The group exercises a strong commitment towards the maintenance of a healthy and safe working environment and provides training in safety procedures for its employees both in practical terms and in the issue of safety policies, notifications and publications to raise and maintain awareness to safety matters

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made during the year (2009 £nil)

DIRECTORS

The directors holding office throughout the year, and to the date of this report, were

Dr S P Fitzgerald
Mr R J Fitzgerald (resigned 02/08/2010)
Mrs R J Fitzgerald (resigned 02/08/2010)
Mr R Kelly

STATEMENT OF 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

RANDOX LABORATORIES LIMITED

DIRECTORS' REPORT (cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES STATEMENT (cont'd)

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order 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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by

DR S P FITZGERALD
Director
9 August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANDOX LABORATORIES LIMITED

We have audited the financial statements of Randox Laboratories Limited for the year ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes 1 to 26 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 auditors

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 group's and the parent 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 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 group's and the parent company's affairs as at 31 December 2010 and of the group's profit 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

Opinion on other matter prescribed by the Companies Act 2006

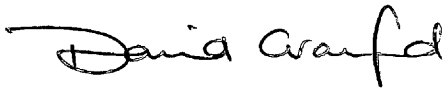
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RANDOX LABORATORIES LIMITED (cont'd)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Crawford CA, ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Belfast, United Kingdom
9 August 2011

RANDOX LABORATORIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
TURNOVER	2	59,695	63,377
Cost of sales		(30,584)	(34,244)
Gross profit		**29,111**	**29,133**
Administrative expenses			
Development amortisation	8	(5,844)	(5,530)
Other administrative expenses		(20,879)	(20,987)
Total administrative expenses		(26,723)	(26,517)
Other operating income		1,228	1,810
OPERATING PROFIT	3	**3,616**	**4,426**
Interest payable and similar charges	5	(1,031)	(1,055)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,585**	**3,371**
Tax credit/(charge) on profit on ordinary activities	6	323	(1,814)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	**2,908**	**1,557**

All results in the current and prior year have arisen from continuing operations

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2010 £'000	2009 £'000
Profit for the financial year	18	2,908	1,557
Exchange valuation differences on foreign investments	18	(757)	(183)
Total recognised gains and losses for year		2,151	1,374

All gains and losses in the current and prior year derive from continuing operations

RANDOX LABORATORIES LIMITED

CONSOLIDATED BALANCE SHEET
As at 31 December 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible assets	8	5,853	4,707
Tangible assets	9	14,532	11,106
		20,385	15,813
CURRENT ASSETS			
Stock	11	11,571	8,608
Debtors	12	16,351	14,752
Cash at bank and in hand		8,449	10,085
		36,371	33,445
CREDITORS Amounts falling due within one year	13	(23,818)	(16,343)
NET CURRENT ASSETS		12,553	17,102
TOTAL ASSETS LESS CURRENT LIABILITIES		32,938	32,915
CREDITORS Amounts falling due after more than one year	14	(17,054)	(18,243)
PROVISION FOR LIABILITIES	6	(979)	(1,318)
NET ASSETS		14,905	13,354
CAPITAL AND RESERVES			
Called up share capital	16	88	90
Other Reserves	17	2	-
Profit and loss account	18	14,815	13,264
SHAREHOLDER'S FUNDS	19	14,905	13,354

The financial statements of Randox Laboratories Limited, registered number NI 15738, were approved by the Board of Directors on 9 August 2011

Signed on behalf of the Board of Directors by

DR S P FITZGERALD
Director
9 August 2011

RANDOX LABORATORIES LIMITED

COMPANY BALANCE SHEET
Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible assets	8	5,789	4,617
Tangible assets	9	11,124	8,538
Investments	10	1,794	1,794
		18,707	14,949
CURRENT ASSETS			
Stock	11	10,675	8,044
Debtors	12	18,228	25,830
Cash at bank and in hand		7,677	9,510
		36,580	43,384
CREDITORS Amounts falling due within one year	13	(23,192)	(15,796)
NET CURRENT ASSETS		13,388	27,588
TOTAL ASSETS LESS CURRENT LIABILITIES		32,095	42,537
CREDITORS Amounts falling due after more than one year	14	(16,473)	(18,243)
PROVISION FOR LIABILITIES	6	(979)	(1,318)
NET ASSETS		14,643	22,976
CAPITAL AND RESERVES			
Called up share capital	16	88	90
Other Reserves	17	2	-
Profit and loss account	18	14,553	22,886
SHAREHOLDER'S FUNDS	19	14,643	22,976

The financial statements of Randox Laboratories Limited, registered number NI 15738, were approved by the Board of Directors on 9 August 2011

Signed on behalf of the Board of Directors by

DR S P FITZGERALD
Director
9 August 2011

RANDOX LABORATORIES LIMITED

CONSOLIDATED CASHFLOW STATEMENT
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	21	11,624	16,916
Returns on investments and servicing of finance			
Interest paid		(876)	(855)
Preference share dividend paid		(155)	(200)
Net cash outflow from returns on investments and servicing of finance		(1,031)	(1,055)
Taxation			
Tax paid		(16)	(13)
Capital expenditure and financial investment			
Capitalisation of development costs		(6,983)	(6,289)
Purchase of tangible fixed assets		(5,637)	(3,145)
Proceeds from the sale of fixed assets		219	491
Net cash outflow from capital expenditure and financial investment		(12,401)	(8,943)
Net cash (outflow)/ inflow before financing		(2,424)	6,905
Financing			
Movement in bank loans		1,929	7,540
Redemption of preference shares		(2,000)	-
Acquisition of own shares		(600)	-
Net cash (outflow)/ inflow from financing		(671)	7,540
(Decrease)/ Increase in cash in the year	22	(2,495)	14,445

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted by the directors are described below and have been applied consistently in the current and preceding year The financial statements have been prepared on the going concern basis as outlined in the Directors' report

Basis of consolidation

The group accounts consolidate the financial statements of the company and its subsidiaries made up to 31 December 2010

Turnover

Turnover is the net amount derived from the supply of goods and provision of services falling within the group's ordinary activities after deduction of all discounts, value added tax and similar sales taxes

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account

Intangible assets - development expenditure

Development expenditure relating to diagnostic products manufactured by the group is written off as incurred, 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 group is expected to benefit This period is three years Provision is made for any impairment

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost net of depreciation and any provision for impairment

Depreciation is provided on the cost of tangible fixed assets, except land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Buildings	5% straight line
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Office equipment	20% reducing balance

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

Investments

Investments held as fixed assets are stated at cost, except where provision is required for impairment

1. ACCOUNTING POLICIES (Cont'd)

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow-moving or defective items where appropriate

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 group's 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 to the extent that, 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 recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

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

Government grants

Capital grants received in respect of capital expenditure are credited to the profit and loss account by instalments calculated at the same rates as the depreciation on the assets to which the grants relate

Revenue grants are credited to other operating income in the period in which the related expenditure is incurred

Asset finance obligations

Assets held under finance leases and hire purchase contracts have been capitalised in the balance sheet under tangible fixed assets and with the future obligations under these contracts included in creditors in the balance sheet The interest element of the rental obligations is charged to the profit and loss account over the period of the contract

Operating lease commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1 ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into by the group An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions Differences arising on the settlement of the transactions are taken to the profit and loss account From 1 January 2008, the directors designated certain branch loans as so long term that they are considered as equity, the exchange differences arising on the retranslation of these intra-company loans are taken directly to reserves The profit and loss accounts of overseas subsidiary undertakings are translated at the average rate over the year Differences arising on the retranslation at the closing rate are recorded as movements on reserves The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date The exchange difference arising on the retranslation of opening net assets is taken directly to reserves

Pension scheme

The group operates defined contribution schemes Pension contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes The assets are held separately from those of the group and in independently administered funds Differences between the amounts charged in the profit and loss account and payments made to pension funds are treated as assets or liabilities

2. SEGMENT AND MARKET INFORMATION

A geographical analysis of turnover and profits before taxation has been omitted because, in the opinion of the directors, the disclosure of such information would be seriously prejudicial to the interests of the group

3 OPERATING PROFIT

	2010 £'000	2009 £'000
Operating profit is stated after charging/(crediting)		
Depreciation – owned assets	2,097	2,690
Development amortisation	5,844	5,530
Stock provision	-	5,096
Operating lease payments – land and buildings	506	466
Government grants received	995	1,242
(Profit)/loss on sale of fixed assets	(13)	36
Exchange difference	(1,296)	(197)
Fees payable to the Group's auditor for the audit of the Group's annual accounts	45	45
Professional fees payable in respect of taxation services	5	5

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

4 DIRECTORS AND EMPLOYEES

(i) Directors' emoluments

	2010 £'000	2009 £'000
Remuneration salaries and taxable benefits	299	314
	299	314
Highest paid director	114	161

(ii) Transactions with directors
In the current year, an amount of £127k is included in other creditors (2009 £352k other debtors) in respect of a director's current account for Dr S P Fitzgerald The maximum amount of the debtor due during the year was £352k and the maximum amount of the creditor was £127k No interest was charged or is payable

(iii) Employees

The average weekly number of persons, including directors employed by the Group during the year was	2010 No	2009 No
Production and distribution	491	478
Research and development	162	161
Administration	116	99
	769	738

(iv) Staff costs

	2010 £'000	2009 £'000
Salaries and wages	17,780	16,364
Social security costs	1,303	1,208
Other pension costs	141	134
	19,224	17,706

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank loans and overdrafts	876	855
Preference share dividend (note 7)	155	200
	1,031	1,055

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year	2010 £'000	2009 £'000
Current tax		
UK corporation tax at 28% (2009 28%)	-	-
Foreign tax	(16)	(13)
Total current tax	(16)	(13)
Deferred tax		
Origination and reversal of timing differences	339	(1,801)
Total deferred tax	339	(1,801)
Total tax on profit on ordinary activities	323	(1,814)

(b) Factors affecting the tax charge for the period	2010 £'000	2009 £'000
The tax charge has been computed on the following basis		
Profit on ordinary activities before taxation	2,585	3,371
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2009 28%)	724	944
Disallowable expenses	221	512
Accelerated capital allowances	263	198
Utilisation of tax losses brought forward	(161)	(1,113)
Losses not utilised in the period	-	180
Development amortisation	1,608	1,538
Development allowances	(2,532)	(2,137)
Capital grant amortisation	(123)	(123)
Short term timing differences	-	1
Foreign tax	16	13
	16	13

Factors that may affect future tax charges

It was announced that the rate of corporation tax would be reduced to 27% with effect from 1 April 2011 Subsequent to year end, a further reduction was announced in the budget to 26% This change will not be substantively enacted until Finance (No3) Bill 2011 is passed in the summer of 2011 As a result, deferred tax has been provided at 27%

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (cont'd)

(c) Deferred tax

	Deferred taxation £'000
Group and Company	
Deferred tax liability at 1 January 2010 (note 12)	(1,318)
Charged to profit and loss account	339
Deferred tax liability at 31 December 2010 at 27% (2010 28%)	(979)

The deferred tax is made up as follows

Group and Company	**2010 £'000**	**2009 £'000**
Accelerated capital allowances	489	(110)
Other timing differences	(1,468)	(1,208)
Total deferred tax liability	(979)	(1,318)

Deferred tax assets in the subsidiaries amounting to £1,421k (2009 £2,052k) have not been recognised, as there is insufficient certainty that profits against which they can be recovered will be generated in the foreseeable future

7 DIVIDENDS

Preference shares	**2010 £'000**	**2009 £'000**
Accrued at 1 January	150	150
Preference dividend accrued for the year (note 5)	155	200
	305	350
Interim dividend paid	(200)	(200)
Accrued at 31 December (note 13)	105	150

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

8. INTANGIBLE ASSETS

Group	Development Expenditure £'000	Licence £'000	Total £'000
Cost			
At 1 January 2010	89,954	417	90,371
Additions	6,983	-	6,983
Foreign exchange	7	-	7
At 31 December 2010	96,944	417	97,361
Amortisation:			
At 1 January 2010	85,626	38	85,664
Charge for period	5,802	42	5,844
At 31 December 2010	91,428	80	91,508
Net Book Value:			
At 31 December 2010	5,516	337	5,853
At 31 December 2009	4,328	379	4,707

Company	Development Expenditure £'000	Licence £'000	Total £'000
Cost·			
At 1 January 2010	89,864	417	90,281
Additions	6,958	-	6,958
At 31 December 2010	96,822	417	97,239
Amortisation			
At 1 January 2010	85,626	38	85,664
Charge for period	5,744	42	5,786
At 31 December 2010	91,370	80	91,450
Net Book Value:			
At 31 December 2010	5,452	337	5,789
At 31 December 2009	4,238	379	4,617

9 TANGIBLE FIXED ASSETS

Group:	Land & buildings £'000	Plant & Vehicles £'000	Office Equipment £'000	Total £'000
Cost				
At 1 January 2010	9,478	15,910	3,908	29,296
Foreign exchange	104	(7)	21	118
Additions	3,876	1,501	260	5,637
Disposals	-	(936)	(68)	(1,004)
At 31 December 2010	13,458	16,468	4,121	34,047
Depreciation				
At 1 January 2010	3,409	11,576	3,205	18,190
Foreign exchange	20	(28)	34	26
Charge for period	412	1,463	222	2,097
Disposals	-	(703)	(95)	(798)
At 31 December 2010	3,841	12,308	3,366	19,515
Net Book Value·				
At 31 December 2010	9,617	4,160	755	14,532
At 31 December 2009	6,069	4,334	703	11,106

Company:	Land & buildings £'000	Plant & Vehicles £'000	Office Equipment £'000	Total £'000
Cost:				
At 1 January 2010	8,158	12,771	3,559	24,488
Foreign exchange	-	(34)	(2)	(36)
Additions	3,033	860	203	4,096
Disposals	-	(484)	(68)	(552)
At 31 December 2010	11,191	13,113	3,692	27,996
Depreciation				
At 1 January 2010	3,143	10,091	2,716	15,950
Foreign exchange	-	(27)	1	(26)
Charge for period	355	905	215	1,475
Disposals	-	(432)	(95)	(527)
At 31 December 2010	3,498	10,537	2,837	16,872
Net Book Value				
At 31 December 2010	7,693	2,576	855	11,124
At 31 December 2009	5,015	2,680	843	8,538

10. INVESTMENTS

	Company	
	2010	2009
	£'000	£'000
Cost at 1 January and 31 December		
Shares in Group Undertakings (note 20)	1,794	1,794

11 STOCKS

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Raw materials and work in progress	6,603	5,378	6,603	5,378
Finished goods and goods for resale	4,968	3,230	4,072	2,666
	11,571	8,608	10,675	8,044

12 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	11,706	11,949	6,452	10,101
Due from group undertakings	-	-	7,781	13,582
Other debtors	4,428	2,309	3,892	1,811
Prepayments and accrued income	217	494	103	336
	16,351	14,752	18,228	25,830

13 CREDITORS – amounts falling due within one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank loans and overdrafts (note 14)	5,551	3,724	5,507	3,724
5% cumulative redeemable preference shares of £1 each (note 14)	2,000	2,000	2,000	2,000
Cumulative arrears of preference dividends (note 7)	105	-	105	-
Trade creditors	12,446	7,684	12,166	7,674
Due to group undertakings	-	-	625	613
Other creditors	1,054	1,601	855	1,114
Taxation and social security	710	490	489	356
Accruals and deferred income	1,952	844	1,445	315
	23,818	16,343	23,192	15,796

14 CREDITORS – amounts falling due after more than one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank Loans	17,054	16,093	16,473	16,093
5% cumulative redeemable preference shares of £1 each	-	2,000	-	2,000
Cumulative arrears of preference dividends (note 7)	-	150	-	150
	17,054	18,243	16,473	18,243

14 CREDITORS – amounts falling due after more than one year (Cont'd)

Bank Loan
Bank loans are repayable as follows

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Between one and two years	3,980	2,965	3,980	2,965
Between two and five years	13,074	13,128	12,493	13,128
	17,054	16,093	16,473	16,093
On demand or within one year				
Bank Loan	3,814	2,846	3,814	2,846
Bank overdrafts	1,737	878	1,693	878
	5,551	3,724	5,507	3,724
	22,605	19,817	21,980	19,817

Preference shares
Invest NI subscribed for 4,000,000 5% cumulative redeemable preference shares of £1 each on 27 March 2004 These shares are redeemable at £1 per share in two annual instalments of 2,000,000 shares on 27 March 2010 and 2011 The first payment of preference dividend was payable on 27 March 2006 The dividends on the preference dividends would be due before any recommended payments of dividends on ordinary shares Cumulative arrears of preference dividends at 31 December 2010 amounted to £105k (2009 £150k)

Security
The group's borrowings at 31 December 2010 are secured by fixed and floating charges over the group's assets and undertakings in favour of Northern Bank and Invest NI

15 OPERATING LEASE OBLIGATIONS

The annual land and buildings operating lease payments to which the group is committed at 31 December 2010 are as follows

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Expiring				
Within one year	340	307	185	228
Between two and five years	28	53	4	49
	368	360	189	277

16 SHARE CAPITAL

Authorised	2010 £'000	2009 £'000
440,000 Ordinary shares of £1 each	440	440
60,000 cumulative redeemable preference shares of £1 each	60	60
2,000,000 7% cumulative redeemable preference shares of £1 each	2,000	4,000
Called up, allotted and fully paid·		
88,200 (2009 90,000) Ordinary Shares of £1 each	88	90

The company repurchased 1,800 ordinary shares with a nominal value of £1, and representing 2 per cent of the Company's called-up ordinary share capital, for a consideration of £333 33 per share from distributable reserves during the year The nominal value of the shares has been transferred to a capital redemption reserve

Invest NI subscribed for 4,000,000 5% cumulative redeemable preference shares of £1 each on 27 March 2004 These shares are redeemable at £1 per share in two annual instalments of 2,000,000 shares, the first repayment of these took place during the year

The 7% cumulative redeemable preference shares are presented as a debt in accordance with FRS 25 (see note 14) and accordingly are excluded from called-up share capital in the balance sheet

17 OTHER RESERVES

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Capital redemption reserve (note 16)	2	-	2	-
	2	-	2	-

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

18. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At 1 January	13,264	11,890	22,886	21,346
Profit/(loss) for the year attributable to shareholder	2,908	1,557	(7,413)	1,461
Acquisition of own shares (note 16)	(600)	-	(600)	-
Exchange valuation differences on foreign investments	(757)	(183)	(320)	79
At 31 December	14,815	13,264	14,553	22,886

The loss for the financial year dealt with in the financial statements of the parent company was £7,413k (2009 £1,461k profit) As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Profit/(loss) for the year attributable to shareholder	2,908	1,557	(7,413)	1,461
Acquisition of own shares (note 16)	(600)	-	(600)	-
Exchange valuation difference on foreign investments	(757)	(183)	(320)	79
Net addition to shareholder's funds	1,551	1,374	(8,333)	1,540
Opening shareholder's funds	13,354	11,980	22,976	21,436
Closing shareholder's funds	14,905	13,354	14,643	22,976

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

20. INVESTMENTS

The company holds directly or indirectly more than 20% of the share capital in the following companies

Principal Name	Activities	Country of Incorporation or Registration	Country of Principal Activities	%
Randox Laboratories Canada Ltd	Sale of biotechnology products	Canada	Canada	100
Randox Laboratories Gmbh	Sale of biotechnology products	Germany	Germany	100
Randox Laboratories Q A Ltd	Sale of biotechnology products	Portugal	Portugal	100
Laboratorios Randox S L	Sale of biotechnology products	Spain	Spain	100
Randox sro	Sale of biotechnology products	Slovakia	Slovakia	100
Randox Laboratories sro	Sale of biotechnology products	Czech Republic	Czech Republic	100
Randox Australia (Pty) Ltd	Sale of biotechnology products	Australia	Australia	100
Randox Brasil Ltda	Sale of biotechnology products	Brazil	Brazil	100
Randox Laboratories S A (Pty) Ltd	Sale of biotechnology products	South Africa	South Africa	100
Randox Korea Ltd	Sale of biotechnology products	Korea	Korea	100
Randox Laboratories Ltd (Switzerland)	Sale of biotechnology products	Switzerland	Switzerland	100
Randox Laboratories (I) Pvt Ltd	Sale of biotechnology products	India	India	100
Randox Laboratories,US Ltd	Sale of biotechnology products	USA	USA	100
Randox Land Owner Ltd	Leasing of commercial building	USA	USA	100

21. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2010 £'000	2009 £'000
Operating profit	3,616	4,426
Depreciation of tangible fixed assets	2,097	2,690
Amortisation of intangible assets	5,844	5,530
(Profit)/ loss on disposals on fixed assets	(13)	36
Release of deferred capital grants	-	(439)
(Increase)/ decrease in stock	(2,963)	6,629
Increase in debtors	(1,599)	(1,713)
Increase/ (decrease) in creditors	5,498	(233)
Non – cash adjustments	(856)	(10)
Net cash inflow from operating activities	11,624	16,916

RANDOX LABORATORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

22 ANALYSIS OF NET DEBT

	2009 £'000	Cash flows £'000	2010 £'000
Cash at bank and in hand	10,085	(1,636)	8,449
Bank overdraft	(878)	(859)	(1,737)
	9,207	(2,495)	6,712
Bank loans	(18,939)	(1,929)	(20,868)
4,000,000 5% cumulative redeemable preference shares of £1 each	(4,000)	2,000	(2,000)
Net debt	(13,732)	(2,424)	(16,156)

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	2010 £'000	2009 £'000
(Decrease)/ increase in cash during year	(2,495)	14,445
Movement of bank and other loans	71	(7,540)
Movement in net debt during year	(2,424)	6,905
Net debt at 1 January	(13,732)	(20,637)
Net debt at 31 December	(16,156)	(13,732)

24. ULTIMATE CONTROLLING PARTY

Dr S P Fitzgerald, a director of the company, and members of his close family, control the company as a result of controlling, directly or indirectly, 100% of the issued share capital of the company

25. INTERNATIONAL BRANCHES

The company has international branches operating in the following locations

USA
France
Italy
Puerto Rico
India
Poland
China
Russia
Hong Kong
Vietnam
Ukraine

26 RELATED PARTY TRANSACTIONS

The companies below are related parties as Dr S P Fitzgerald is a director and shareholder

	Sales 2010 £'000	Debtor 2010 £'000	Sales 2009 £'000	Debtor 2009 £'000
Randox Teoranta	1,039	1,612	573	573
Dunore Diagnostics Limited	-	88	88	88
Randox Clinics Limited	99	119	20	20
Checkme Centre Limited	33	36	3	3
	1,171	1,855	684	684

An unsecured loan, 0% loan, repayable on demand was made to Ms Nicola Fitzgerald who is not a director but is a relative of Dr S P Fitzgerald, and was outstanding during the year The amount of the liability, including interest to the Company at the beginning of the year was £nil, the maximum during the year was £200,000 and at the end of was £200,000