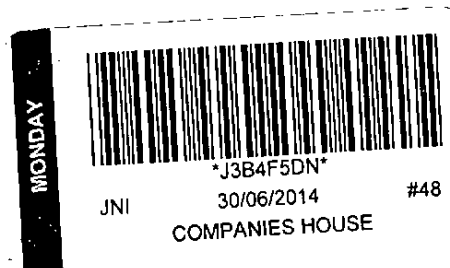
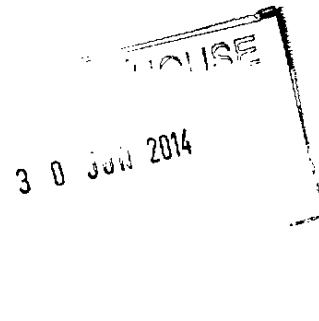


Company Registration No: NI 015738

Radox Laboratories Limited

Directors' report and financial statements

For the year ended 31 December 2013



RANDOX LABORATORIES LIMITED

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RANDOX LABORATORIES LIMITED

Officers and professional advisors

Directors

Dr. Peter Fitzgerald
Richard Kelly

Company secretary

Dr. Peter Fitzgerald

Registered office

Diamond Road
Crumlin
County Antrim
United Kingdom
BT29 4QY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Bankers

Danske Bank Limited
42 High Street
Antrim
BT41 4AP

Solicitors

Tughans
Marlborough House
30 Victoria Street
Belfast
County Antrim
BT1 3GG

RANDOX LABORATORIES LIMITED

Strategic report for the year ended 31 December 2013

The directors present their strategic report on the company for the year ended 31 December 2013.

Review of the business

In operation for 30 years, the principal activity of Randox is the design, manufacture and marketing of a vast range of high quality products for laboratory medicine including instrumentation and tests for clinical chemistry, immunology and quality control materials. Randox has a strong Research and Development ethos with 20% of annual revenue being invested in research. 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. Currently we are ranked 20th out of over 1,850 diagnostic companies and Randox products are used by over 100,000 customers.

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 145 countries round the world. Randox 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 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.

Performance and position

The company reported an operating profit in the year of £10.8m (2012: £1.3m) on a turnover of £78.4m (2012: £60.0m). At the year end the company had net assets of £28.8m (2012: £19.2m).

Key performance indicators (KPI's)

The company's key performance indicators are gross profit margin, operating profit margin and EBITDA ("Earnings before interest, tax, depreciation and amortisation"). The performance of these key performance indicators is as follows:

	2013	2012	2011
Gross profit margin	47.3%	49%	45.8%
Operating profit margin	13.7%	2.2%	7.4%
EBITDA (£'000)	13,804	11,860	13,633

RANDOX LABORATORIES LIMITED

Strategic report for the year ended 31 December 2013

Principal risks and uncertainties

The directors of the ultimate parent company, Randox Holdings Limited, manage the group's risks at a group level rather than at an individual company level. For this reason, the company's directors believe that a discussion of the group's risks would be inappropriate for an understanding of the development, performance or position of Randox Laboratories Limited's business.

Going concern

The company meets its day to day working capital requirements through an overdraft facility which is due for renewal on 30 June 2014. The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between sterling and euro and thus the consequence for the cost of the company's raw materials; and (c) the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Future developments

The company's strategy is to create shareholder value by investing for the long term and by positioning the company to be the leader in its chosen markets. The performance for the year under review reflects further sustained progress towards achieving this long term objective and at the same time maintaining the company's strong balance sheet.

This report was approved by the board and signed on its behalf by:



Dr. Peter Fitzgerald

Director

30 June 2014

RANDOX LABORATORIES LIMITED

Directors' report for the year ended 31 December 2013

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

Future developments

The section on future developments which is detailed in the strategic report is included in this report by cross reference.

Financial risk management

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set out by the board of directors are implemented by the company's finance department.

Price risk

In terms of pricing risk, the risk of the company receiving low prices compared to market levels is mitigated by the use of up-to-date market intelligence and internal review of pricing assumptions. The company does not have a major exposure to commodity price risk as a result of its operations and is not exposed to equity securities price risk as it holds no listed investments.

Foreign exchange risk

The company's sales are worldwide and therefore the company is exposed to movement in exchange rates. The company also sources raw materials worldwide, this provides partial hedging and therefore reduces the risk of exchange rate movements, it also operates currency bank accounts. Company policy is to minimise the exposure of overseas subsidiaries to transaction risk by matching local currency income and costs. The company has also used financial instruments to hedge foreign exchange exposure and this position is kept under review.

Credit risk

The company's principal financial assets are bank balances, cash, trade and other debtors. The company'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 company uses a mixture of long term and short term finance.

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at both fixed and variable rates. The company debt is primarily maintained at variable rates although it also utilises a number of fixed rate loans.

RANDEX LABORATORIES LIMITED

Directors' report for the year ended 31 December 2013

Environment and corporate responsibility

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike. The company 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.

Employees and employee participation

The company 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 company 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 company, effort is made to provide a suitable alternative position within the company.

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

The company 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.

Dividends

The directors have not declared or proposed any dividend during the year (2012: £nil).

Directors

The directors who served during the year and up to the date of these financial statements were signed:

Dr. Peter Fitzgerald
Richard Kelly

Charitable and political donations

No donations for charitable or political purposes were made during the year (2012: £nil).

Overseas branches

Overseas branches of the company are listed in note 22 to the financial statements.

Fixed assets

Full disclosure of matters relating to tangible fixed assets is set out in note 9 to the financial statements. The company 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 for the year ended 31 December 2013

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 prepared 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;
- 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.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company auditors in connection with preparing their report and to establish that the company auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Dr. Peter Fitzgerald

Director

30 June 2014

RANDOX LABORATORIES LIMITED

Independent auditors' report to the members of Randox Laboratories Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Randox Laboratories Limited, comprise:

- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the balance sheet as at 31 December 2013; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

RANDOX LABORATORIES LIMITED

Independent auditors' report to the members of Randox Laboratories Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities on page 6, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Brenda Heenan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Belfast

30 June 2014

RANDOX LABORATORIES LIMITED

Profit and loss account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	78,453	60,018
Cost of sales		(41,330)	(30,584)
Gross profit		37,123	29,434
Administrative expenses:			
Exceptional amounts written off debtors	3	(1,871)	(1,361)
Exceptional provision against investments	3	-	(1,794)
Other administrative expenses		(26,594)	(27,054)
Total administrative expenses		(28,465)	(30,209)
Other operating income		2,115	2,109
Operating profit	4	10,773	1,334
Interest payable and similar charges	6	(1,397)	(1,012)
Profit on ordinary activities before taxation		9,376	322
Tax on profit on ordinary activities	7	190	(323)
Profit/(loss) for the financial year	18	9,566	(1)

All amounts above relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalent.

Statement of total recognised gains and losses for the year ended 31 December 2013

	2013 £'000	2012 £'000
Profit/(loss) for the financial year	9,566	(1)
Foreign exchange movements on foreign investments	-	138
Total recognised gains and losses relating to the year	9,566	137

RANDEX LABORATORIES LIMITED

Balance sheet as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	8	12,378	9,592
Tangible assets	9	13,144	12,259
Investments	10	-	-
		<u>25,522</u>	<u>21,851</u>
Current assets			
Stock	11	14,342	13,853
Debtors	12	30,825	33,969
Cash at bank and in hand		1,894	10,943
		<u>47,061</u>	<u>58,765</u>
Creditors: amounts falling due within one year	13	<u>(23,916)</u>	<u>(35,524)</u>
Net current assets		<u>23,145</u>	<u>23,241</u>
Total assets less current liabilities		<u>48,667</u>	<u>45,092</u>
Creditors: amounts falling due after more than one year	14	<u>(18,702)</u>	<u>(24,503)</u>
Provision for liabilities	7	<u>(1,208)</u>	<u>(1,398)</u>
Net assets		<u>28,757</u>	<u>19,191</u>
Capital and reserves			
Called up share capital	16	88	88
Other reserves	17	2	2
Profit and loss account	18	28,667	19,101
Total shareholders' funds	19	<u>28,757</u>	<u>19,191</u>

The financial statements of Randox Laboratories Limited, registered number NI 015738, were approved by the Board of Directors on 30 June 2014.

Signed on behalf of the Board of Directors by:



Dr. Peter Fitzgerald
Director

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below and have been applied consistently. The financial statements have been prepared on the going concern basis as outlined below.

Consolidation

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Radox Holdings Limited, a company incorporated in Northern Ireland.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The company meets its day to day working capital requirements through an overdraft facility which is due for renewal on 30 June 2014. The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between sterling and euro and thus the consequence for the cost of the company's raw materials; and (c) the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. The company will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the company has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

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

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies (continued)

Intangible assets

Development expenditure

Development expenditure relating to diagnostic products manufactured by the company 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 capitalised and amortised over the period during which the company is expected to benefit. This period is typically three years. Provision is made for any impairment.

Capitalised development costs include external direct costs of material and services together with direct labour costs and overheads relating to development expenditure. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Licences

Product licences acquired are capitalised and amortised over their useful economic life which is typically ten years. They are carried at historical cost less accumulated amortisation and impairment losses.

Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost net of depreciation and any provision for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less residual value, of each asset systematically over its expected useful life, as follows:

Freehold land	0%
Buildings	5% straight line
Plant and machinery	20 – 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.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies (continued)

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.

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.

Turnover and revenue recognition

Turnover is the net amount derived from the supply of goods and provision of services falling within the company's ordinary activities after deduction of all discounts, value added tax and similar sales taxes. Revenue is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance. Revenue in respect of goods is recognised on customer receipt. Revenue in respect of services is recognised on a straight line basis over the period in which the service is provided.

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 company'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.

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies (continued)

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.

Foreign currency transactions

Transaction denominated in foreign currency are translated into sterling at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Revenues, costs and non-monetary assets are translated at the exchange rates ruling at the dates of the transactions. Realised and unrealised exchange gains/losses are credited/charged to the profit and loss account in the period in which they are incurred.

Where overseas branches and subsidiaries are an integral part of the company's operations they are translated using the temporal method. During the year the company has corrected the accounting treatment for the company's subsidiaries and branches as they are an integral part of the company. Previously certain entities were translated using the closing rate.

The company has adopted the temporal method for consolidating the results of overseas branches. Under this method, profit and loss account items are translated into sterling at the average rate of exchange ruling during the year. Non-monetary assets are translated at historical rates of exchange and all monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences resulting from the translation of foreign currency denominated subsidiaries are taken to the profit and loss account.

Pension scheme

The company 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 company 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.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. Derivative financial instruments are not recorded at their fair value in the financial statements, as the company has elected not to implement the requirements of Financial Reporting Standard 26, *Financial Instruments: Recognition and Measurement*.

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

2. Turnover

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 company.

3. Exceptional items

Administration expenses includes an exceptional provision of £1,871,000 (2012: £1,361,000) for bad debts.

Administration expenses includes an exceptional provision of £nil (2012: £1,794,000) against investments as the trading performance of the subsidiary companies do not support the carrying value of the investment.

4. Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	1,399	1,473
Amortisation of intangible assets	1,632	9,053
Operating lease payments – land and buildings	231	425
Government revenue grants received	(1,174)	(1,325)
Investments written off	-	1,794
Profit on sale of fixed assets	(17)	(62)
Foreign exchange loss/(gain)	733	(17)
Fees payable to the company's auditor for the audit of the company's financial statements	34	58
Fees payable to the company's auditor for other services	7	14
	<u> </u>	<u> </u>

5. Directors and employees

	2013 £'000	2012 £'000
Directors' emoluments		
Remuneration: salaries and taxable benefits	112	106
Pension	24	24
	<u> </u>	<u> </u>
	136	130
	<u> </u>	<u> </u>

Transactions with directors:

In the current year, an amount of £198,000 is included in other creditors (2012: £402,000) in respect of a directors current account for Dr. Peter Fitzgerald. No interest was charged or is payable.

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

5. Directors and employees (continued)

	2013	2012
	£'000	£'000
Staff costs:		
Salaries and wages	17,027	16,351
Social security costs	1,774	1,703
Other pension costs	171	158
	<u>18,972</u>	<u>18,212</u>

Employees:	2013	2012
	Number	Number
The average weekly number of persons, including directors employed by the company during the year was:		
Production and distribution	421	369
Research and development	165	185
Administration	118	76
	<u>704</u>	<u>630</u>

6. Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable on bank loans and overdrafts	<u>1,397</u>	<u>1,012</u>

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

7. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Analysis of charge in year		
Current tax:		
UK corporation tax at 23.25% (2012: 24.5%)	-	-
Foreign tax	-	10
Total current tax	-	10
Deferred tax		
Origination and reversal of timing differences	1,183	235
Changes in tax rates or laws	(194)	(117)
Adjustments in respect of previous periods	(1,179)	195
Total deferred tax	(190)	313
Tax on profit on ordinary activities	(190)	323

The tax assessed for the period differs from the standard rate of Corporation Tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	9,376	322
Profit on ordinary activities multiplied by the standard rate of corporation tax of 23.25% (2012: 24.5%)	2,180	79
Effects of:		
Disallowable expenses	1,481	784
Origination and reversal of timing differences	(1,183)	(384)
Utilisation of tax losses brought forward	-	(479)
Group relief received	(1,312)	-
Research and development relief	(1,166)	-
Foreign tax	-	10
Current tax charge for the year	-	10

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

7. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

The standard rate of corporation tax in the UK reduced from 24% to 23% with effect from 1 April 2013 and accordingly the company's profits for the financial year were taxed at an effective rate of 23.25%.

During the year changes to the UK main corporation tax rate were substantively enacted on 3 July 2013. A rate of 21% is effective from 1 April 2014 and 20% from 1 April 2015. The relevant deferred tax balances have been re-measured.

Deferred tax

	2013 £'000	2012 £'000
Deferred tax liability at 1 January	(1,398)	(1,085)
Charged to profit and loss account	(989)	(119)
Adjustment in respect of prior years	1,179	(194)
	<u>(1,208)</u>	<u>(1,398)</u>
Deferred tax liability at 31 December	<u>(1,208)</u>	<u>(1,398)</u>

The deferred tax is made up as follows:

	2013 £'000	2012 £'000
Accelerated capital allowances	395	519
Other timing differences	(1,603)	(1,917)
Total deferred tax liability	<u>(1,208)</u>	<u>(1,398)</u>

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

8. Intangible assets

	Development expenditure £'000	Licences £'000	Total £'000
Cost:			
At 1 January 2013	32,685	861	33,546
Adjustment (*)	(12,157)	-	(12,157)
Additions	6,593	621	7,214
At 31 December 2013	27,121	1,482	28,603
Accumulated amortisation:			
At 1 January 2013	23,746	208	23,954
Adjustment (*)	(9,361)	-	(9,361)
Charge for the year	1,484	148	1,632
At 31 December 2013	15,869	356	16,225
Net book value:			
At 31 December 2013	11,252	1,126	12,378
At 31 December 2012	8,939	653	9,592

(*) The company has made an adjustment to cost and amortisation to correct the accounting treatment of development expenditure. In accordance with FRS 3 this adjustment has not been corrected through the prior year comparative information as it was not considered fundamental.

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

9. Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost:				
At 1 January 2013	12,828	14,042	4,709	31,579
Additions	616	1,093	663	2,372
Disposals	-	(742)	-	(742)
At 31 December 2013	13,444	14,393	5,372	33,209
Accumulated depreciation:				
At 1 January 2013	4,232	11,769	3,319	19,320
Charge for the year	395	724	280	1,399
Disposals	-	(654)	-	(654)
At 31 December 2013	4,627	11,839	3,599	20,065
Net book value:				
At 31 December 2013	8,817	2,554	1,773	13,144
At 31 December 2012	8,596	2,273	1,390	12,259

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

10. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2013 and at 31 December 2013	1,794
Provisions for impairment	
At 1 January 2013 and at 31 December 2013	1,794
Net book value	
At 31 December 2012 and at 31 December 2013	-

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	%
Radox Laboratories Canada Ltd	Sale of biotechnology products	Canada	Canada	100
Radox Laboratories GmbH	Sale of biotechnology products	Germany	Germany	100
Radox Laboratories Q.A. Ltd	Sale of biotechnology products	Portugal	Portugal	100
Laboratorios Radox S. L.	Sale of biotechnology products	Spain	Spain	100
Radox sro	Sale of biotechnology products	Slovakia	Slovakia	100
Radox Laboratories sro	Sale of biotechnology products	Czech Republic	Czech Republic	100
Radox Australia (Pty) Ltd	Sale of biotechnology products	Australia	Australia	100
Radox Brasil Ltda	Sale of biotechnology products	Brazil	Brazil	100
Radox Laboratories S.A. (Pty) Ltd	Sale of biotechnology products	South Africa	South Africa	100
Radox Korea Ltd.	Sale of biotechnology products	Korea	Korea	100
Radox Laboratories Ltd. (Switzerland)	Sale of biotechnology products	Switzerland	Switzerland	100
Radox Laboratories (I) Pvt. Ltd.	Sale of biotechnology products	India	India	100
Radox Laboratories, US Ltd.	Sale of biotechnology products	USA	USA	100
Radox Land Owner Ltd	Leasing of commercial building	USA	USA	100
Radox de Puerto Rico Inc	Sale of biotechnology products	Puerto Rico	Puerto Rico	100
Radox Laboratories Sp ZOO	Sale of biotechnology products	Poland	Poland	100

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

11. Stocks

	2013	2012
	£'000	£'000
Raw materials	3,866	4,401
Work in progress	3,244	3,296
Finished goods and goods for resale	7,232	6,156
	14,342	13,853

12. Debtors

	2013	2012
	£'000	£'000
Trade debtors	6,841	7,158
Amounts due from group undertakings	21,198	23,750
Amounts due from related parties	1,754	1,026
Other debtors	737	1,525
Prepayments and accrued income	295	510
	30,825	33,969

Amounts owed by group undertakings are unsecured, interest free and are payable on demand

13. Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Bank overdrafts (note 14)	6,905	6,096
Bank loans (note 14)	5,801	5,597
Trade creditors	7,997	13,059
Amounts due to group undertakings	1,257	4,557
Amounts due from related parties	58	42
Other creditors	283	5,273
Taxation and social security	682	461
Accruals and deferred income	933	439
	23,916	35,524

Amounts due to group undertakings are repayable on demand and do not incur interest charges.

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

14. Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Bank loans	18,702	24,503
Bank loans are repayable as follows:		
Within one year	5,801	5,597
Between one and two years	4,490	5,801
Between two and five years	14,212	18,702
	24,503	30,100

Security

The company's borrowings at 31 December 2013 are secured by fixed and floating charges over the company's assets and undertakings in favour of Danske Bank and individual guarantees from Dr. Peter Fitzgerald of €3,500,000.

15. Operating lease commitments

The annual land and buildings operating lease payments to which the company is committed at 31 December 2013 are as follows:

	2013 £'000	2012 £'000
Expiring:		
Within one year	7	37
Between two and five years	115	115
Over five years	41	41
	163	193

16. Called up share capital

	2013 £'000	2012 £'000
Called up, allotted and fully paid:		
88,200 (2012: 88,200) Ordinary shares of £1 each	88	88

RANDEX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

17. Other reserves

	2013 £'000	2012 £'000
Capital redemption reserve	<u>2</u>	<u>2</u>

18. Profit and loss account

	£'000
At 1 January 2013	19,101
Profit for the financial year	<u>9,566</u>
At 31 December 2013	<u>28,667</u>

19. Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Profit/(loss) for the financial year	9,566	(1)
Foreign exchange movements on foreign investments	<u>-</u>	<u>138</u>
Net addition to shareholders' funds	9,566	137
Opening shareholders' funds	<u>19,191</u>	<u>19,054</u>
Closing shareholders' funds	<u>28,757</u>	<u>19,191</u>

20. Contingent liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these group facilities. In respect of the banking facilities of Randox Teoranta, the company entered into a guarantee and indemnity from the company in favour of Danske Bank in respect of the present and future liabilities of Randox Teoranta, limited to £1,000,000; and a charge on account of £1,000,000 in bank account of the company with Danske Bank.

21. Ultimate controlling party

From 1 October 2012, the ultimate controlling party and ultimate parent company is Randox Holdings Limited, a company registered in Northern Ireland and based at Ardmore, 55 Diamond Road, Crumlin, County Antrim, BT29 4QY. Copies of the financial statements of Randox Holdings Limited are available from the Registrar of Companies, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG. Prior to 1 October 2012, Dr. Peter Fitzgerald, a director of the company, was deemed the ultimate controlling party as he controlled the company as a result of controlling, directly or indirectly, 100% of the issued share capital of the company.

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

22. International branches

The company has international branches operating in the following locations:

USA
France
Italy
India
Poland
China
Russia
Hong Kong
Vietnam
Ukraine
Saudi Arabia
Mexico
Croatia
UAE (Dubai)

23. Derivatives not included at fair value

The company has derivatives relating to Japanese Yen forward exchange contracts which are not included at fair value in the accounts:

	2013	2012
	£'000	£'000
Fair value	304	811
Principal	334	782
	<hr/>	<hr/>
(Loss)/gain	(30)	29
	<hr/>	<hr/>

The group uses the above derivatives to hedge its exposures to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date.

RANDOX LABORATORIES LIMITED

Notes to the financial statements for the year ended 31 December 2013

24. Related party transactions

The companies below are related parties as Dr. Peter Fitzgerald is a director and shareholder. Dr Peter Fitzgerald owns Cherryvalley Farms. Transactions relate to intercompany loans, sales, purchases and recharges. No interest is chargeable. The company has taken advantage of the exemption granted by paragraph 3(c) of FRS8, Related Party Disclosures, not to disclose transactions with its parent company Radox Holdings Limited or other group companies. The financial statements of the parent company are available from the address outlined above.

	Sales 2013 £'000	Debtor 2013 £'000	Sales 2012 £'000	Debtor 2012 £'000
Radox Clinics Limited	702	1,310	427	411
Radox Health Checks NI Limited	40	15	28	283
Radox Health Checks Limited	150	429	94	129
Cherryvalley Farms	-	-	-	203
	<u>892</u>	<u>1,754</u>	<u>549</u>	<u>1,026</u>
	Purchases 2013 £'000	Creditor 2013 £'000	Purchases 2012 £'000	Creditor 2012 £'000
Omnisoft Services Limited	323	31	1,096	42
Cherryvalley Farms	280	27	280	-
	<u>603</u>	<u>58</u>	<u>1,376</u>	<u>42</u>