Company Registration No. SC257629

QNOSTICS LIMITED

Report and Financial Statements

31 March 2008

OFFICERS AND PROFESSIONAL ADVISERS

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Baines
P Wallace

SECRETARY

C Anderson

REGISTERED OFFICE

Unit 2
Block 4
Kelvin Campus
West of Scotland Science Park
Glasgow
G20 0SP

BANKERS

Royal Bank of Scotland

SOLICITORS

Berry Smith Solicitors

AUDITORS

Deloitte LLP
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

ACTIVITIES

The principal activity of the company is the development, manufacture and supply of specialised molecular quality control materials for use in clinical and commercial laboratories which form part of the BBI Holdings Plc (parent company) diagnostics group.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Details of the company's performance are given in the profit and loss account on page 5 and its position at the end of the financial year is given in the balance sheet on page 6. The performance of the business in the period has been satisfactory and the directors are confident about its future prospects.

RESULTS AND DIVIDENDS

No dividends were paid during the year (2007 - £23,244).

GOING CONCERN

The company is financed through cash held at bank and intercompany balances and the directors consider that the company is an integral part of BBI Holdings plc's structure and strategy, forming a major part of the BBI group's Diagnostic division, which is ultimately owned by Inverness Medical Innovations Inc.

Since the year end, the BBI Holdings plc group has been profitable and cash generative. The Group's forecasts also show that it is expected to continue to be profitable and cash generative at an operating level over the foreseeable future. However, the group is committed to a significant capital expenditure programme to develop its operations in South Africa which is expected to enhance the business going forward. As a result the group will need to carefully manage its cash flow and the impact on its cash flow related banking covenant (see below) for at least the next 12 months.

The company has given guarantees covering banking facilities made available to the immediate parent and fellow subsidiary undertakings (see note 18). Further details of group loan facilities in place at 31 March 2008 are given in note 18 of BBI Holdings Plc financial statements. All external bank borrowings are secured by a fixed and floating charge over the assets of the group, headed by BBI Holdings Plc. At the year end the group had breached a covenant test and the bank loans are disclosed as payable on demand. On 26 May 2009 the group agreed revised covenants with its bank and are not forecasted to breach these covenants over the foreseeable future, although the cash flow covenant has limited available headroom, due to the capital expenditure programme at the group's South African subsidiary. Management will carefully manage this covenant over the foreseeable future and have received communication from its bank to acknowledge that the bank is aware of the limited headroom on this covenant and that the bank supports the capital investment, and its associated benefits.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The current directors of the company, who served throughout the financial year, are as shown on page 1. S Young resigned as a director on 30 September 2007.

DIRECTORS' REPORT (continued)

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board

J Baines
Director

9 June 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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 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.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QNOSTICS LIMITED

We have audited the financial statements of Qnostics Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date ..12....June....2009

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2008

	Note	Year ended 31 March 2008 £	15 months ended 31 March 2007 £
TURNOVER	2	816,006	479,737
Cost of sales		(422,252)	(286,927)
Gross profit		393,754	192,810
Administrative expenses		(148,462)	(145,669)
Other operating income		12,000	30,000
OPERATING PROFIT	4	257,292	77,141
Interest receivable	5	947	260
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		258,239	77,401
Tax on profit on ordinary activities	6	(74,317)	(20,684)
PROFIT FOR THE FINANCIAL PERIOD	14	183,922	56,717

All activities derive from continuing operations.

There have been no recognised gains and losses for the current financial year or the prior financial period other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
31 March 2008

	Note	2008	2007
		£	£
FIXED ASSETS			
Tangible assets	8	4,542	5,799
CURRENT ASSETS			
Stocks	9	46,962	27,867
Debtors	10	411,524	62,556
Cash at bank and in hand		36,643	55,382
		495,129	145,805
CREDITORS: amounts falling due within one year	11	(239,758)	(75,051)
NET CURRENT ASSETS		255,371	70,754
TOTAL ASSETS LESS CURRENT LIABILITIES		259,913	76,553
PROVISIONS FOR LIABILITIES	12	-	(562)
NET ASSETS		259,913	75,991
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	259,813	75,891
SHAREHOLDERS' FUNDS	14	259,913	75,991

These financial statements were approved by the Board of Directors on 9 June 2009
Signed on behalf of the Board of Directors

J Baines

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current financial year and the prior financial period, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company is financed through cash held at bank and intercompany balances and the directors consider that the company is an integral part of BBI Holdings plc's structure and strategy, forming a major part of the BBI group's Diagnostic division, which is ultimately owned by Inverness Medical Innovations Inc.

Since the year end, the BBI Holdings plc group has been profitable and cash generative. The Group's forecasts also show that it is expected to continue to be profitable and cash generative at an operating level over the foreseeable future. However, the group is committed to a significant capital expenditure programme to develop its operations in South Africa which is expected to enhance the business going forward. As a result the group will need to carefully manage its cash flow and the impact on its cash flow related banking covenant (see below) for at least the next 12 months.

The company has given guarantees covering banking facilities made available to the immediate parent and fellow subsidiary undertakings (see note 18). Further details of group loan facilities in place at 31 March 2008 are given in note 18 of BBI Holdings Plc financial statements. All external bank borrowings are secured by a fixed and floating charge over the assets of the group, headed by BBI Holdings Plc. At the year end the group had breached a covenant test and the bank loans are disclosed as payable on demand. On 26 May 2009 the group agreed revised covenants with its bank and are not forecasted to breach these covenants over the foreseeable future, although the cash flow covenant has limited available headroom, due to the capital expenditure programme at the group's South African subsidiary. Management will carefully manage this covenant over the foreseeable future and have received communication from its bank to acknowledge that the bank is aware of the limited headroom on this covenant and that the bank supports the capital investment, and its associated benefits.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The company has taken advantage under FRS 1 of the exemption from preparing a cash flow statement as a consolidated cash flow statement is produced in the parent company's financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for accumulated depreciation. On other assets, depreciation is calculated so as to write off their cost over their expected useful economic lives. The annual rates of depreciation are as follows:

Plant and machinery	-	20% - 33% straight-line

Stocks

Stocks are valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

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 when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is 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 the 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.

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Grants

Revenue grants are released to the profit and loss account in line with the related expenditure.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. TURNOVER

Turnover, which originates in the United Kingdom, represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. All turnover relates to one class of business, the sales of product within the BBI Holdings Plc diagnostics division within the United Kingdom.

Revenue is recognised on despatch of the related goods.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the Qnostics Limited directors were paid by the company. J Baines is remunerated by BBI Holdings Plc for his services to the group as a whole. Details of his remuneration can be found in the financial statements of that company. It is not practicable to allocate his remuneration for his services as a director between group companies.

S Young and P Wallace were remunerated by British Biocell International Limited, a 100% subsidiary of BBI Holdings Plc. It is not practicable to allocate their remuneration for services as directors between group companies.

	Year ended 31 March 2008 No.	15 months ended 31 March 2007 No.
Average number of persons employed (excluding directors)		
Development and manufacture	3	3
	£	**£**
Staff costs during the period (excluding directors)		
Wages and salaries	74,323	80,874
Social security costs	7,078	8,103
Pension costs	3,222	2,057
	84,623	91,034

4. OPERATING PROFIT

	Year ended 31 March 2008 £	15 months ended 31 March 2007 £
Operating profit is after charging/(crediting)		
Depreciation - owned assets	2,065	1,339
Operating lease rentals – other	28,286	28,286
Foreign currency (gains)/losses	(12,530)	1,200
Revenue grants receivable	(12,000)	(30,000

The audit fee for the financial year of £2,000 (2007 - £2,000) was borne by the ultimate parent company, BBI Holdings Plc.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

5. INTEREST RECEIVABLE

	Year ended 31 March 2008 £	15 months ended 31 March 2007 £
Bank interest	947	260

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2008 £	15 months ended 31 March 2007 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 30% (2007 – 30%)	(77,763)	(21,042)
Adjustment in respect of prior periods	2,036	920
Total current tax	(75,727)	(20,122)
Deferred tax		
Timing differences, origination and reversal	1,373	(562)
Adjustments in respect of prior periods	37	-
	1,410	(562)
	(74,317)	(20,684)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit on ordinary activities before tax	258,239	77,40
Tax on profit on ordinary activities before tax at 30% (2007 – 30%)	(77,471)	(23,220)
Factors affecting charge for the period		
Expenses not deductible for tax purposes	(27)	(3,128)
Capital allowances in excess of depreciation	(265)	94
Marginal relief	-	4,292
Adjustments in respect of prior periods	2,036	920
Current tax charge for the period	(75,727)	(21,042

The reduction in the tax rate to 28% is not expected to materially affect the future tax charge.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

7. DIVIDENDS

	Year ended 31 March 2008 £	15 months ended 31 March 2007 £
Final - £nil (2007 - £232) per share	-	23,244

8. TANGIBLE FIXED ASSETS

	Plant and machinery £
Cost	
At 1 April 2007	9,453
Additions	808
At 31 March 2008	10,261
Depreciation	
At 1 April 2007	3,654
Charge for the year	2,065
At 31 March 2008	5,719
Net book value	
At 31 March 2008	4,542
At 31 March 2007	5,799

9. STOCKS

	2008 £	2007 £
Finished goods	46,962	27,867

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

10. DEBTORS

	2008	2007
	£	£
Trade debtors	373,500	21,301
Other debtors	30,428	30,000
Amounts owed by group undertakings	-	8,951
Prepayments and accrued income	6,748	2,304
Deferred tax (note 12)	848	-
	411,524	62,556

All amounts are due within one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	112,943	37,968
Other taxes and social security	25,722	-
Corporation tax	67,436	29,073
Other creditors	-	7,510
Accruals and deferred income	27,290	500
Amounts owed to group undertakings	6,367	-
	239,758	75,05

12. DEFERRED TAX

Deferred tax is provided at 28% (2007 – 30%) in respect of:

	2008	2007
	£	£
Capital allowances in excess of depreciation	-	562

	£
At 1 April 2007	562
Credit to the profit and loss account	(1,410
At 31 March 2008	(848

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

13. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100

14. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total 2008 £	Total 2007 £
At 1 April	100	75,891	75,991	42,518
Profit for financial period	-	183,922	183,922	56,717
Dividends paid	-	-	-	(23,244)
At 31 March	100	259,813	259,913	75,991

15. OPERATING LEASE COMMITMENTS

At 31 March 2008 and 31 March 2007, the company was committed to making the following payments during the next year in respect of operating leases:

	2008 £	2007 £
Leases which expire:		
Between two and five years	25,443	25,443

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

16. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents pension contributions payable to the scheme and amounted to £3,222 (2007 - £2,057). There were no accrued or prepaid pension expenses at the period-end.

17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 8, transactions with group companies that are at least 90% owned are not reported as the consolidated financial statements of the parent company are publicly available.

18. CONTINGENT LIABILITIES

The company has guaranteed the loan facilities of other group companies. At 31 March 2008, the potential liability was £5,117,000 (2007 - £nil) for loans.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is British Biocell International Limited, which is incorporated in Great Britain. British Biocell International Limited is itself wholly owned by BBI Holdings Plc, which is incorporated in Great Britain.

On 12 February 2008, BBI Holdings Plc and its subsidiary companies were acquired by Inverness Medical Innovations Inc, which is incorporated in the United States of America. Inverness Medical Innovations Inc is the ultimate parent company.

At the balance sheet date, BBI Holdings Plc is the smallest and larger company which prepares consolidated financial statements.

Copies of the financial statements of BBI Holdings Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

BBI Holdings Plc was the ultimate controlling party until 12 February 2008. Following the acquisition, the ultimate controlling party is Inverness Medical Innovations Inc.