

# ***Axis-Shield Laboratory Products Limited***

***Report and Accounts for year ended***

***31 December 2011***

***Registered No. 2466949***



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# ***Axis-Shield Laboratory Products Limited***

## **Report and Accounts for the year ended 31 December 2011**

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# ***Axis-Shield Laboratory Products Limited***

## **Report and Accounts for the year ended 31 December 2011**

### **Director, Secretary, and Company Advisors**

Directors	I Gilham (resigned 17/01/12) Axis-Shield Diagnostics Limited (resigned 17/01/12) D Walton (appointed 17/01/11) M Pither (appointed 17/01/12) D Home (appointed 17/01/12) C King (appointed 17/01/12)
Secretary	V Ameye
Bankers	Citizens Bank 28 State Street Boston, Massachusetts 02109 USA
Corporate Legal Advisors	Shepherd & Wedderburn WS 155 St Vincent Street, Glasgow, G2 5NR
Registered Office	Derwent House, Cranfield Technology Park, Cranfield England, MK43 0AZ
Registered Auditors	PricewaterhouseCoopers LLP Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Directors' Report**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

#### **Principal Activities and Business Review**

On 15 December 2010 the Company purchased the global, clinical homocysteine business of Catch Incorporated, a leading manufacturer of enzymatic homocysteine reagents (used in *in vitro* diagnostic testing), based in Washington State, USA. In the remainder of the year to 31 December 2010 the Company recorded no revenues but incurred losses net of tax of \$662,577, principally in relation to acquisition transaction and restructuring costs (see notes 8 and 15)

In the year to 31 December 2011, the Company continued to manufacture and sell enzymatic homocysteine reagents from its facility in Washington State, USA except where production was transferred to other group subsidiaries and until the closure of the US facility on 31 December 2011

#### **Dividends proposed and paid**

The directors do not propose the payment of a dividend for the year ended 31 December 2011

#### **Post Balance Sheet Events and Future Prospects**

The Company expects either to license its fellow group subsidiary, Axis-Shield Diagnostics Limited, to manufacture the reagents in future years, or to sell its intellectual assets to Axis-Shield Diagnostics Limited at close to book value. Any license income will be comparable with third-party income earned from the company's assets, and therefore sufficient to sustain net cash generation and profitability after amortisation charges, servicing of Company debt, other operating costs and all income tax payable

#### **Principal risks and uncertainties**

The Company, as a wholly owned subsidiary of Axis-Shield plc, which is in turn a subsidiary of Alere Inc, operates risk management procedures which are designed to serve as ongoing processes for identifying, evaluating and managing the significant risks faced by all Group companies. The managing director and the principal finance officer of each operating Company assess the effectiveness of the internal control environment and procedures in their units. They are responsible for the operation of key internal controls. The assessment monitors and evaluates the system of internal control, and covers the areas of most significant risk to the Group. An annual review programme is developed from feedback from both the external audit risk assessment planning process and the internal risk assessment priorities.

Each year, the operating companies prepare a report identifying the relative probability and severity of the risks identified, the process for managing and mitigating these risks, and the means by which management might be assured that the processes are effective. Additionally, any issues or incidents are considered at the respective operating company's management meetings on an ongoing basis. Significant or recurring matters are considered by the Executive Management Group and, where appropriate, by the Board.

In particular, the Board has reviewed the Group Risk and Control Framework in the light of experience following its introduction and has made such amendment as it thought appropriate.

The Company operates in varied markets and the principal risks and uncertainties that it faces or may face are set out below:

- Overall growth and demand for products including competition for market share
- Ability to respond to scientific and technological innovation
- Political, economic and regulatory factors
- Dependence on a small number of large customers
- Operational and products risks
- Loss of intellectual property

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Principal risks and uncertainties (continued)**

#### **Financial risk factors**

The Company is exposed to a variety of financial risks that include the effects of foreign currency exchange rates, credit risks and interest rates. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company principally by using foreign currency financial instruments.

##### **(a) Foreign exchange risk**

The Company has sales in a number of overseas countries and is exposed to foreign exchange risks primarily with respect to US dollars, the euro and, to a more limited extent, various other currencies.

##### **(b) Interest rate risk**

The Company has both interest bearing assets and interest bearing liabilities. The Company has a policy of seeking the highest return possible on interest bearing assets without bearing significant credit risk, and of minimising the rate payable on interest bearing liabilities. As a result of this the Company will have interest bearing assets and liabilities at fixed rates from time to time. At the year end, no interest bearing assets or liabilities were at fixed rates.

##### **(c) Credit risk**

The Company has no significant concentrations of credit risk. The Company has implemented policies that require appropriate credit checks on potential customers before sales commence.

##### **(d) Liquidity risk**

The Company actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure it has sufficient available funds for operations and planned expansions. These borrowing facilities are mainly inter-company.

### **Wages, Conditions of Employment and Employee Involvement**

On 15 December 2010 the company entered into 12-month employment contracts with seven previous US employees of Catch Incorporated, and a three-month contract with one other. By 31 December 2011 all of these contracts had expired and the Company had no employees.

The Directors maintained close attention to the wages and conditions of employment of all employees. Details of the average number of employees throughout the year and related costs can be found in note 7 of the financial statements.

### **Charitable and Political Contributions**

The Company made no charitable or political donations during the year (2010 Nil).

### **Director's Responsibilities Statement**

The directors are responsible for preparing the 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.

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Directors' Report (continued)**

#### **Director's Responsibilities Statement (continued)**

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.

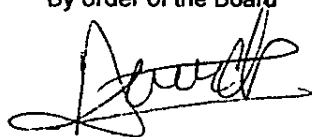
#### **Disclosure of information to auditors**

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



**V Ameye**  
Secretary

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIS-SHIELD LABORATORY PRODUCTS LIMITED**

We have audited the financial statements of Axis-Shield Laboratory Products Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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.

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.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and accounts 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 company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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

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



**Caroline Roxburgh (Senior Statutory Auditor)**

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
28 March 2013

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Profit and Loss Account**

For the year ended 31 December

	<b>Notes</b>	<b>2011</b> \$	<b>2010</b> \$
<b>Turnover</b>	1	2,522,955	-
Cost of Sales		(522,888)	-
<b>Gross Profit</b>		2,000,067	-
Operating costs	2	(2,255,982)	(886,659)
<b>Operating (loss)</b>		(255,915)	(886,659)
Interest (payable)/receivable	4	(218,768)	3,548
<b>Loss on ordinary activities before taxation</b>	5	(474,683)	(883,111)
Taxation	6	(220,000)	220,534
<b>Loss on ordinary activities after taxation</b>		(694,683)	(662,577)

All activities of the Company are continuing

The Company has no recognised gains and losses other than the loss (2010 loss) above and therefore no statement of total recognised gains and losses has been presented

There is no difference between the loss (2010 loss) on ordinary activities before taxation and the retained loss (2010 loss) for the year stated above, and their historical cost equivalents



# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### Balance Sheet

As at 31 December

	Notes	2011 \$	2010 \$
<b>Fixed Assets</b>			
Intangible Assets	9	15,973,665	17,177,791
Tangible Assets	10	-	101,282
		<u>15,973,665</u>	<u>17,279,073</u>
<b>Current Assets</b>			
Stocks	11	-	346,317
Debtors	12	661,635	278,644
Deferred Tax	16	-	220,000
Cash at Bank and in hand		<u>24,321</u>	<u>-</u>
		<u>685,956</u>	<u>844,961</u>
<b>Creditors – Amounts falling due within one year</b>	14	<u>(3,191,327)</u>	<u>(2,387,545)</u>
<b>Net Current Assets/(Liabilities)</b>		<u>(2,505,371)</u>	<u>(1,542,584)</u>
<b>Total Assets add Current Assets/(Liabilities)</b>		<u>13,468,294</u>	<u>15,736,489</u>
<b>Creditors – Amounts falling due after more than one year</b>	14	<u>(14,545,216)</u>	<u>(15,415,093)</u>
Provisions for liabilities and charges	15	-	(711,903)
<b>Net Liabilities</b>		<u>(1,076,922)</u>	<u>(390,507)</u>
<b>Capital and reserves</b>			
Called up share capital	17	157	157
Other Equity	18	13,849	13,849
Other Reserve		8,268	-
Profit and Loss account	19	<u>(1,099,196)</u>	<u>(404,513)</u>
<b>Equity Shareholders' Deficit</b>	20	<u>(1,076,922)</u>	<u>(390,507)</u>

The accounts on pages 7 to 17 were approved and signed by the Board on 27 March 2013

  
C King  
Director

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Accounting Policies**

A summary of the more important accounting policies, which have been applied consistently, is set out below

#### **a) Basis of Accounting**

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and with applicable Accounting Standards in the United Kingdom

After making enquiries, the directors have a reasonable expectation that the business of Axis-Shield Laboratory Products Limited can continue in operational existence for the foreseeable future. In addition, Alere Inc, the ultimate parent company, has provided an undertaking to the directors that it will provide its support to the company for the foreseeable future. For these reasons, the directors have adopted the going concern basis in preparing the financial statements

#### **b) Turnover**

Turnover represents the value of goods sold and services rendered to customers during the year net of VAT and other applicable sales taxes

#### **c) Development and Commercialisation**

Expenditure on new product development and commercialisation is written off as incurred

#### **d) Pension Costs**

Pension costs represent the amount of contributions payable by the company to its defined contribution pension scheme in each accounting period

#### **e) Share – Based Payment**

FRS 20 has been applied to all grants of equity instruments after 7 November 2002 in accordance with the transitional provisions of the standard. The parent company issues equity-settled share-based payments to certain employees under the terms of the Group's various employee share and share option schemes. Equity-settled share-based payments are measured at the fair value at the date of the grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on an estimate of the shares that will ultimately vest. Fair value is measured by use of the Monte Carlo and Black Scholes simulation methods. The expected lives used in the models have been adjusted for estimates of the effects of non-transferability, exercise restrictions and behavioural considerations

#### **f) Fixed Assets**

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

Plant and equipment	-	1 - 5 years
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#### **g) Goodwill**

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Purchased goodwill is eliminated by amortisation through the Profit and Loss account over a period of 5 to 20 years. These are the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **Accounting Policies (continued)**

#### **h) Intangible Assets**

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, being the shorter of 12 years or the contract period. Purchased computer software is capitalised at cost, including both the purchase price and any expenses incurred in bringing the asset into working condition for its intended use. Costs directly associated with the internal development of software considered likely to generate economic benefits over a period in excess of one year are also capitalised. These include dedicated employee costs and an appropriate allocation of directly attributable overheads. Computer software is amortised over its expected operational life, and not more than five years.

#### **i) Foreign Currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into dollars at exchange rates ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction.

#### **j) Stocks**

Stocks are stated at the lower of the cost and net realisable value. Provision is made for obsolete and slow moving items.

#### **k) Cash Flow**

The Company has taken advantage of the exemptions in FRS1 not to prepare a cash flow statement as the cash flows of the Company are incorporated within the consolidated accounts of the holding company, Axis-Shield plc.

#### **l) Operating Leases**

Operating lease rentals are expensed as incurred.

#### **m) Deferred Tax**

Provision is made for deferred taxation using the liability method on all material timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised in the financial statements only to the extent that it is more likely than not that they will crystallise in the immediate future.

# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 1 Geographical Analysis of Turnover

All of the Company's sales are of medical diagnostic products

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
North America	2,522,955	-
	<u>2,522,955</u>	<u>-</u>

The above sales are by destination. All of the company's sales, operating profit and net assets also originate from within North America.

### 2 Operating Expenses

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
Acquisition transaction costs	-	245,628
Restructuring and site closure costs (note 15)	-	626,522
Research and development	568,408	-
Administrative costs and general overheads	1,687,574	14,509
	<u>2,255,982</u>	<u>886,659</u>

Acquisition transaction costs in 2010 consisted of legal and other incremental costs incurred directly in the course of completing the acquisition of the homocysteine business of Catch Incorporated (see note 8). Restructuring and site closure costs represented estimated costs associated with relocating acquired production facilities to Dundee and closing the existing production site in Washington State, USA.

### 4 Interest Payable/(Receivable)

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
Payable to other group companies	(218,776)	-
Receivable on short term deposits	-	3,547
<b>Interest (payable)/receivable</b>	<u>(218,776)</u>	<u>3,547</u>

### 5 Operating Profit/(Loss)

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
The operating profit/(loss) is stated after charging		
Amortisation of intellectual property	767,193	-
Amortisation of goodwill	436,933	-
Auditors' remuneration for audit services	3,000	3,000
Operating lease rentals	1,993	-
	<u>1,993</u>	<u>-</u>

# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 6 Tax on profit/(loss) on ordinary activities

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
<b>Current Tax</b>		
UK corporation tax on income for the year	-	-
Adjustments in respect of previous periods	-	-
<b>Total current tax charge</b>	-	-
<b>Deferred tax</b>	220,000	(220,000)
<b>Total tax charge</b>	220,000	(220,000)

The tax assessed for the period is lower than (2010 the same as) the standard effective rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

#### Corporation tax reconciliation

Loss on ordinary activities before tax	(474,683)	(883,111)
Multiplied by 26.5% (2010 28%) being the UK standard rate of tax	(125,791)	(247,272)
Current tax charge for the year	220,000	(220,696)
<b>Total Difference</b>	345,791	26,576

#### Analysis of Differences

Permanent disallowables	(5,349)	26,576
Movement on unrecognised tax losses	131,140	-
Adjustments to tax charge in respect of previous period	220,000	-
	345,791	26,576

# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 7 Directors and Employees

	Year to 31 Dec 11 \$	Year to 31 Dec 10 \$
Employee costs		
Wages and salaries	944,617	-
Social security costs	70,702	-
Other pension costs	22,615	-
	<u>1,037,934</u>	<u>-</u>

The average number of persons employed by the Company (including the Director) during the period was

	Year to 31 Dec 11	Year to 31 Dec 10
Production	5	-
Administration	1	-
	<u>6</u>	<u>-</u>

All costs above relate to persons directly contracted to Axis-Shield Diagnostics Limited and whose costs have been recharged to Axis-Shield Laboratory Products Limited

### Director's Emoluments

The Directors are employed by Axis-Shield Diagnostics Limited and any costs relating thereto are paid by Axis-Shield Diagnostics Limited and are recharged as applicable to the Company by way of management charge

### 8 Acquisition of homocysteine business

On 15 December 2010 the Company acquired the global, clinical chemistry homocysteine business of Catch Incorporated ("Catch"), a leading manufacturer of enzymatic homocysteine reagents based in Washington State, USA. Pending completion of the fair value process in 2011, no fair value adjustments were made in the prior year, so that net assets acquired were recognised at their book value in the vendors' balance sheet prior to acquisition. During the year to 31 December 2011 acquisition fair values were finalised as set out below

	Provisional fair values \$	Fair value adjustments \$	Final fair values \$
Intangible Assets Patents and intellectual property (note 9)	504,318	7,941,068	8,445,386
Tangible Assets Plant and equipment (note 10)	101,282	-	101,282
	<u>605,600</u>	<u>7,941,068</u>	<u>8,546,668</u>
Inventories	382,328	-	382,328
<b>Assets acquired at provisional fair value</b>	<b>987,928</b>	<b>7,941,068</b>	<b>8,928,996</b>
Goodwill (note 9)	16,654,684	(7,941,068)	8,713,616
<b>Total consideration</b>	<b>17,642,612</b>	<b>-</b>	<b>17,642,612</b>
<b>Satisfied by</b>			
Cash	11,437,438	-	11,437,438
Deferred consideration	6,205,174	-	6,205,174
<b>Total consideration</b>	<b>17,642,612</b>	<b>-</b>	<b>17,642,612</b>

# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 9 Intangible Assets

	Goodwill \$	Patents and development costs \$	Total \$
<b>Cost</b>			
At 1 January 2011	16,679,736	498,055	17,177,791
Fair value adjustment to final valuations (note 8)	(7,941,068)	7,941,068	-
<b>At 31 December 2011</b>	<b>8,738,668</b>	<b>8,439,123</b>	<b>17,177,791</b>
<b>Amortisation</b>			
At 1 January 2011	-	-	-
Charge for the year	(436,933)	(767,193)	(1,204,126)
<b>At 1 January and 31 December 2011</b>	<b>(436,933)</b>	<b>(767,193)</b>	<b>(1,204,126)</b>
<b>Net Book Value</b>			
<b>At 31 December 2011</b>	<b>8,301,735</b>	<b>7,671,930</b>	<b>15,973,665</b>
At 31 December 2010	16,679,736	498,055	17,177,791

### 10 Tangible Assets

	Plant and Equipment \$
<b>Cost</b>	
At 1 January 2011	101,282
Transfers	(101,282)
<b>At 31 December 2011</b>	<b>-</b>
<b>Depreciation</b>	
At 1 January and 31 December 2011	-
<b>Net Book Value</b>	
<b>At 31 December 2011</b>	<b>-</b>
At 31 December 2010	101,282

# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 11 Stocks

	31 Dec 11 \$	31 Dec 10 \$
Raw Materials and Consumables	-	217,001
Work in progress	-	91,118
Finished Goods	-	38,198
	<u>-</u>	<u>346,317</u>

### 12 Debtors

	31 Dec 11 \$	31 Dec 10 \$
<b>Amounts falling due within one year</b>		
Trade debtors	385,990	-
Amount due from Parent Company	263,645	263,645
Prepayments and accrued income	12,000	14,999
	<u>661,635</u>	<u>274,644</u>

### 13 Creditors

	31 Dec 11 \$	31 Dec 10 \$
<b>Amounts falling due within one year</b>		
Trade creditors	112,401	-
Deferred consideration (note 8)	703,219	384,545
Amount due to Parent Company	2,267,727	2,003,000
Accruals	34,980	-
Corporation tax	73,000	-
	<u>3,191,327</u>	<u>2,387,545</u>
<b>Amounts falling due after more than one year</b>		
Deferred consideration (note 8)	5,023,280	5,740,844
Amounts due to fellow group company Axis-Shield Diagnostics Limited	3,521,936	1,662,249
Amounts due to Parent Company	6,000,000	8,012,000
	<u>14,545,216</u>	<u>15,415,093</u>

Deferred consideration represents estimated further amounts payable for the acquired Catch business and assets (see note 8), which will be based on a percentage of future homocysteine enzymatic revenues earned by the Axis-Shield Group and payable quarterly as those revenues are recognised. Future homocysteine enzymatic revenue forecast used are based on management's best estimates, and the deferred consideration is recognised after applying a 10% discount rate to the estimated payments.

£8,000,000 of the amounts due to the Parent Company are repayable over four years in 20 equal instalments, accrue interest at LIBOR plus 1.75% and are denominated in US dollars. The amounts payable to Axis-Shield Diagnostics Limited are not subject to any repayment terms, accrue interest at the Bank of England base rate plus 2.0% and are also denominated in USD.



# Axis-Shield Laboratory Products Limited

## Report and Accounts for the year ended 31 December 2011

### 14 Provisions for liabilities and charges

	31 Dec 11 \$	31 Dec 10 \$
<b>Amounts falling due within one year:</b>		
Restructuring costs	-	746,562

The 2010 provision for restructuring costs related to the closure of production facilities in Washington State, USA (see note 8) and was fully utilised within the year to 31 December 2011

### 15 Deferred Tax

In accordance with Company accounting policy, the following potential deferred tax asset has been recognised

	31 Dec 11 \$	31 Dec 10 \$
Short term timing difference on restructuring provision	-	220,000

### 16 Called-up Share Capital

	31 Dec 11 \$	31 Dec 10 \$
<b>Authorised</b>		
100 Ordinary Shares of £1 each	157	157
<b>Allotted, called-up and fully paid</b>		
100 Ordinary Shares of £1 each	157	157

### 17 Other Equity

	2011 \$	2010 \$
At 1 January and 31 December	13,849	13,849

Other equity represents capital contributions received from the Axis-Shield plc, the immediate and ultimate holding company, in the form of share options and awards issued to previous employees of the Company. At 31 December 2010 and 2011, no options and awards granted over ordinary shares of its parent company were outstanding under share option and awards plans granted to the director and employees of the Company

### 18 Profit and Loss Account

	2011 \$	2010 \$
At 1 January	(404,513)	258,064
Loss for the financial year	(694,683)	(662,577)
At 31 December	(1,099,196)	(404,513)

# **Axis-Shield Laboratory Products Limited**

## **Report and Accounts for the year ended 31 December 2011**

### **19 Reconciliation of Movements in Equity Shareholders' deficit**

	<b>31 Dec 11</b>	<b>31 Dec 10</b>
	<b>\$</b>	<b>\$</b>
Loss for the financial year	(694,683)	(662,577)
Foreign currency translation	8,268	-
Opening shareholders' deficit	(390,507)	272,070
Closing shareholders' deficit	<u>(1,076,922)</u>	<u>(390,507)</u>

### **20 Other Financial Commitments**

The Company had annual commitments under a non-cancellable operating lease for land and buildings as follows

	<b>31 Dec 11</b>	<b>31 Dec 10</b>
	<b>\$</b>	<b>\$</b>
Where the lease expires within one year	<u>-</u>	<u>159,105</u>

### **21 Related Party Transactions**

The Company has taken advantage where appropriate of the exemptions within FRS 8 from disclosing transactions and balances with both its parent company and fellow subsidiaries

### **22 Subsequent Events**

After completing the transfer of the company's production to its sister company Axis-Shield Diagnostics Limited, the directors expect either to grant Axis-Shield Diagnostics Limited a license, priced at fair value, to manufacture using the Enzymatic Homocystiene technology, or to sell that intellectual property and the business to Axis-Shield Diagnostic Limited in its entirety. In either case, the directors consider that the Enzymatic Homocystiene business remains a going concern and that values recognised in the company balance sheet at 31 December 2011 will be fully realised or maintained

### **22 Ultimate Holding Company**

The Company is a wholly owned subsidiary of Axis-Shield plc a Company registered in Scotland. The ultimate parent undertaking and controlling party is Alere Inc, a US company. Alere Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements, the address at which copies of the consolidated financial statements can be obtained is Suite 200, 51 Sawyer Road, Waltham, MA, 02453, United States