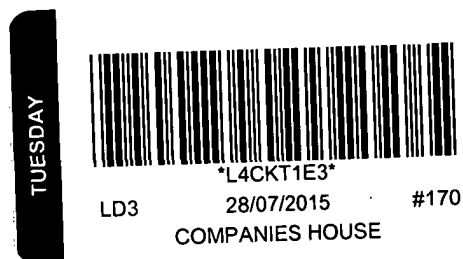


# Financial Statements

## Bioline Reagents Limited

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**For the year ended 30 September 2014**



**Registered number: 04838884**

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# Directors' report

For the year ended 30 September 2014

The directors present their report and the financial statements for the year ended 30 September 2014.

## **Principal activities and review of business**

The principal activity of the Company was the development and sale of reagents for molecular biology. There was a profit for the year after taxation amounting to £737,525. The directors do not recommend payment of a dividend.

## **Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

## **Results**

The profit for the year, after taxation, amounted to £737,525 (2013 - £728,850).

## **Directors**

The directors who served during the year and up to date of signing this report were:

Mr M J Calzavara  
Miss K Hirani  
Mr A Parker  
Mr R L Eberly  
Mr J A Kraeutler

## **Directors' report**

**For the year ended 30 September 2014**

### **Disclosure of information to auditor**

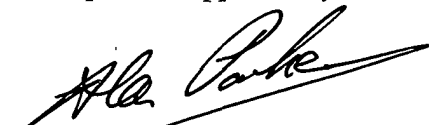
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is 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 relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

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



Director

Date: 21. July 2015

## Strategic report

For the year ended 30 September 2014

### Business review

The principal activity of the Company during the year was the development and sale of reagents for molecular biology. Sales to 3rd party customers increased compared to the prior year by 2.5%. The intercompany sales decreased by 8% due to a combination of challenging international market conditions and changes in overall product mix resulting in reduced intercompany sales from the UK. Gross margin remained constant during the year.

### Principal risks and uncertainties

The Board has a policy of continuous identification and review of key business risks and uncertainties. It oversees the development of processes to ensure that those risks are managed appropriately and operational management are delegated with the task of implementing these processes and reporting to the Board on the outcome. The key risks identified by the Board are as follows:

- Dependence on key personnel
- Continuing product development
- Adverse economic and market conditions
- Level of governmental spending on research
- Fluctuations of foreign currency exchange

The above risks are reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

### Financial key performance indicators

A number of Key Performance Indicators (KPI's) are used by the Company in managing and monitoring business performance. Financial KPI's include turnover, gross margins, operating expenses ratio as well as overall profitability.

Sales for the year were £7,900,384 (2013 £8,078,330), the gross margin was 53% (2013 53%), the profit for the year was £737,525 (2013 £728,850).

This report was approved by the board on 21<sup>st</sup> July 2015 and signed on its behalf.



## Independent auditor's report to the members of Bioline Reagents Limited

We have audited the financial statements of Bioline Reagents Limited for the year ended 30 September 2014, which comprise the Profit and loss account, the Balance sheet 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 30 September 2014 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.

### **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.

### **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.



# Independent auditor's report to the members of Bioline Reagents Limited

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

Christopher Smith (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
London  
Date: 21 JULY 2015

## Profit and loss account

For the year ended 30 September 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1	<b>7,900,384</b>	8,078,330
Cost of sales		<u>(3,725,907)</u>	<u>(3,805,577)</u>
<b>Gross profit</b>		<b>4,174,477</b>	4,272,753
Administrative expenses		<u>(3,308,783)</u>	<u>(3,359,878)</u>
<b>Operating profit</b>	4	<b>865,694</b>	912,875
Other income		-	(49,452)
Interest receivable and similar income		<u>78,008</u>	<u>69,170</u>
<b>Profit on ordinary activities before taxation</b>		<b>943,702</b>	932,593
Tax on profit on ordinary activities	8	<u>(206,177)</u>	<u>(203,743)</u>
<b>Profit for the financial year</b>		<u><b>737,525</b></u>	<u>728,850</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.



## Balance sheet

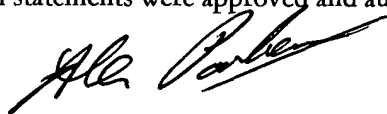
As at 30 September 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Intangible assets	9		76,971		148,394
Tangible assets	10		299,613		321,359
Investments	11		600		600
			<u>377,184</u>		<u>470,353</u>
<b>Current assets</b>					
Stocks	15	685,979		778,781	
Debtors	12	2,855,721		3,095,775	
Cash at bank		3,080,108		2,213,764	
		<u>6,621,808</u>		<u>6,088,320</u>	
<b>Creditors: amounts falling due within one year</b>	13	(746,265)		(1,068,403)	
<b>Net current assets</b>			<u>5,875,543</u>		<u>5,019,917</u>
<b>Total assets less current liabilities</b>			<u>6,252,727</u>		<u>5,490,270</u>
<b>Provisions for liabilities</b>					
Deferred tax	16		(27,185)		(2,253)
<b>Net assets</b>			<u><u>6,225,542</u></u>		<u><u>5,488,017</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		700		700
Profit and loss account	19		6,224,842		5,487,317
<b>Shareholders' funds</b>	18		<u><u>6,225,542</u></u>		<u><u>5,488,017</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Director

Date:

  
 21. July 2015

# Notes to the financial statements

For the year ended 30 September 2014

## **1. Accounting policies**

### **1.1 Basis of accounting**

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

### **1.2 Going concern**

The directors, based on their review of the cashflow forecasts for a period of not less than 12 months from the date of signing of the financial statements has assessed that the business and the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **1.3 Turnover**

Turnover is derived from sales of reagents and related products when the Company obtains the right to consideration, together with the provision of management, sales and marketing services to companies within Meridian Bioscience group of companies. Revenue is recognised from sales when the product is shipped and title has passed to the buyer. Revenue is measured net of any discount or rebates and value added tax. Service revenue is recognised on completion.

### **1.4 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

### **1.5 Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Patents	-	10 years
License and Issuance Fees	-	5 years

### **1.6 Fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Over lease term
Plant & equipment	-	4 years
Fixtures & fittings	-	4 years

### **1.7 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

# Notes to the financial statements

For the year ended 30 September 2014

## **1. Accounting policies (continued)**

### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Stock is valued using a standard costing system at the year end. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### **1.9 Operating leases agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **1.10 Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

-Deferred tax assets are recognised only to the extent that the directors consider that it is 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 tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **1.11 Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### **1.12 Financial instruments**

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# Notes to the financial statements

For the year ended 30 September 2014

## 1. Accounting policies (continued)

### 1.13 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

### 1.14 Related party transactions

The Company is exempt under FRS 8 from disclosing related party transactions between two or more members of the group, given that all subsidiaries which are party to the transaction are wholly owned by the group.

## 2. Turnover

The whole of the turnover is attributable to sale of reagents for molecular biology.

All turnover arose within the United Kingdom.

## 3. Other operating charges

	2014	2013
	£	£
Administrative expenses	<u>3,308,783</u>	<u>3,359,878</u>

## 4. Operating profit

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation - intangible fixed assets	88,620	115,316
Depreciation of tangible fixed assets:		
- owned by the company	174,588	145,605
Operating lease rentals:		
- plant and machinery	42,752	40,859
- other operating leases	284,976	281,976
Difference on foreign exchange	<u>255,326</u>	<u>49,452</u>

# Notes to the financial statements

For the year ended 30 September 2014

## 5. Auditors' remuneration

	2014 £	2013 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	20,500	20,500
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	7,500	4,000

## 6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries (including NI and pension costs)	2,856,146	2,951,555

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Management	3	3
Sales and marketing	20	20
Production	20	19
Administration	13	12
	56	54

## 7. Directors' remuneration

	2014 £	2013 £
Remuneration	454,061	640,507
Amounts receivable under long-term incentive schemes	56,765	53,591
Company pension contributions to defined contribution pension schemes	22,139	12,771

The highest paid director received remuneration of £272,839 (2013 - £376,262).

# Notes to the financial statements

For the year ended 30 September 2014

## 8. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge based on results of the year at 22% (23.5%)	181,245	201,490
<b>Deferred tax</b>		
Origination and reversal of timing differences	9,041	2,253
Prior year	15,891	-
<b>Total deferred tax</b> (see note 16)	24,932	2,253
<b>Tax on profit on ordinary activities</b>	206,177	203,743

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22% (2013 - 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	943,702	932,593
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013 - 23.5%)	205,703	219,159
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,797	(11,520)
Capital allowances for year in excess of depreciation	(9,944)	(6,149)
Adjustments to tax charge in respect of prior periods	27,600	-
R&D Relief	(36,436)	-
Group relief	(10,475)	-
<b>Current tax charge for the year</b> (see note above)	181,245	201,490

# Notes to the financial statements

For the year ended 30 September 2014

## 9. Intangible fixed assets

	Patents £	Licences and Issuance Fees £	Total £
<b>Cost</b>			
At 1 October 2013	104,397	413,557	517,954
Additions	-	17,197	17,197
At 30 September 2014	104,397	430,754	535,151
<b>Amortisation</b>			
At 1 October 2013	37,441	332,119	369,560
Charge for the year	4,491	84,129	88,620
At 30 September 2014	41,932	416,248	458,180
<b>Net book value</b>			
At 30 September 2014	62,465	14,506	76,971
At 30 September 2013	66,956	81,438	148,394

## 10. Tangible fixed assets

	Plant & Equipment £	Fixtures & fittings £	Leasehold improvement s £	Total £
<b>Cost</b>				
At 1 October 2013	433,426	92,931	39,806	566,163
Additions	104,270	82,847	-	187,117
Disposals	-	-	(34,275)	(34,275)
At 30 September 2014	537,696	175,778	5,531	719,005
<b>Depreciation</b>				
At 1 October 2013	220,433	24,371	-	244,804
Charge for the year	141,727	32,861	-	174,588
At 30 September 2014	362,160	57,232	-	419,392
<b>Net book value</b>				
At 30 September 2014	175,536	118,546	5,531	299,613
At 30 September 2013	212,993	68,560	39,806	321,359

# Notes to the financial statements

For the year ended 30 September 2014

## 11. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2013 and 30 September 2014	600
<b>Net book value</b>	
At 30 September 2014	600
At 30 September 2013	600

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name of subsidiary undertaking	Country of incorporation	Holding
Bioline Limited	United Kingdom	100%

## 12. Debtors

	2014 £	2013 £
Trade debtors	730,066	708,418
Amounts owed by group undertakings	1,991,789	2,244,471
Other debtors	6,159	16,919
Prepayments and accrued income	127,707	125,967
	<u>2,855,721</u>	<u>3,095,775</u>

## 13. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	163,478	148,060
Amounts owed to group undertakings	270,435	100,775
Corporation tax	8,974	84,175
Other taxation and social security	90,619	77,959
Accruals and deferred income	212,759	657,434
	<u>746,265</u>	<u>1,068,403</u>



# Notes to the financial statements

For the year ended 30 September 2014

## 14. Related party transactions

During the year, the Company paid £60,000 (2013: £36,000) to Barringham Limited and £60,000 (2013: £36,000) to Wakefore Limited, two companies controlled by Mr M Calzavara, a director of the Company, for the on-going lease of premises. At the date of the balance sheet, the Company owed £nil (2013: £12,000) to Barringham Limited and £nil (2013: £12,000) to Wakefore Limited.

No other transactions with related parties were undertaken.

## 15. Stocks

	2014 £	2013 £
Finished goods and goods for resale	<u>685,979</u>	<u>778,781</u>

## 16. Deferred taxation

	2014 £	2013 £
Provision brought forward	2,253	13,738
Profit and loss account movement arising during the year	9,041	(11,485)
Prior year	15,891	-
	<u>27,185</u>	<u>2,253</u>
At end of year	<u>27,185</u>	<u>2,253</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Excess of taxation allowances over depreciation on fixed assets	27,961	2,253
Other timing differences	(776)	-
	<u>27,185</u>	<u>2,253</u>

## 17. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
700 Ordinary shares of £1 each	<u>700</u>	<u>700</u>

# Notes to the financial statements

For the year ended 30 September 2014

## 18. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	5,488,017	4,759,167
Profit for the financial year	737,525	728,850
Closing shareholders' funds	<u>6,225,542</u>	<u>5,488,017</u>

## 19. Reserves

	Profit and loss account £
At 1 October 2013	5,487,317
Profit for the financial year	737,525
At 30 September 2014	<u>6,224,842</u>

## 20. Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 September 2014 or 30 September 2013.

## 21. Capital commitments

The directors have confirmed that there were no capital commitments at 30 September 2014 or 30 September 2013.

## 22. Ultimate parent undertaking

The ultimate parent undertaking and controlling related party is Meridian Bioscience Inc, a Company incorporated in the United States of America and quoted on the NASDAQ, which is also the parent undertaking of the largest and smallest group which consolidates the balance sheet and the results of the Company.

## 23. Operating lease commitments

At 30 September 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Between 2 and 5 years	<u>319,229</u>	<u>249,784</u>