Registration number: 09903564

LGC Science Group Holdings Limited (Formerly Figaro Bidco Limited)

Annual report and accounts

For the period from incorporation to 31 March 2017

LGC Science Group Holdings Limited
Contents

LGC Science Group Holdings Limited

Group information and advisors

Directors

Dr. Derek Craston	Chief Scientific Officer
Mark Danzey	Director KKR Capital Markets
Brian Kim	Executive Director
Euan O'Sullivan	Executive Director
Simon Parsons	Chief Financial Officer
Edouard Pillot	Director KKR & Co. LP.
Tim Robinson	Chief Executive Officer
Nicolas Roelofs	Non-Executive Director
Kugan Sathiyanandarajah	Non-Executive Director

Secretary

Neetu Ogle

Independent Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

LGC
Queens Road
Teddington
Middlesex
TW11 0LY

LGC Science Group Holdings Limited

Group strategic report

The Directors present their strategic report for the period ended 31 March 2017. The Company was incorporated on 4 December 2015 as Figaro Bidco Limited. On 3 August 2016 the Company changed its name to LGC Science Group Holdings Limited.

The Company did not trade in the period 4 December 2015 to 8 March 2016.

The consolidated financial statements for the period 4 December 2015 to 31 March 2017 are the first the Group has prepared and are in accordance with International Financial Reporting Standards adopted by the European Union ("adopted IFRSs").

History

LGC's origins can be traced back to 1842 when the Laboratory of the Board of Excise was founded in the City of London to regulate the adulteration of tobacco.

Work to protect Government Revenue continued to be the Board's main occupation until 1875 when the laboratory was appointed 'referee analyst' under the new Sale of Food and Drugs Act. This was a landmark in legislation as it was specifically designed to protect the consumer rather than Government Revenue by ensuring, for example, that milk had not been watered down.

To this day, LGC hosts the unique function of the 'Government Chemist', providing expert opinion based on independent chemical and bioanalytical measurement to help avoid or resolve disputes pertaining to food and agriculture, and gives advice to Government and the wider community dependent on analytical science.

The Laboratory of the Government Chemist was privatised in 1996 and renamed LGC. Since privatisation, LGC has significantly expanded its activities.

Employee numbers have risen from 270 in 1996 to about 2,600 in 2017, as the Company has grown both organically and through multiple acquisitions. Significant acquisitions since 1996 include: Mikromol, Promochem, AGOWA, Forensic Alliance Limited, KBioscience, HFL, ARMI, VHG Labs, Quotient Bioanalytical Sciences, Dr Ehrenstorfer, Biosearch Technologies, Thistle QA and Maine Standards.

In the current period, under KKR ownership, the Group has completed a further 7 acquisitions: Douglas Scientific LLC, Prime Synthesis Inc, an immunosuppressive proficiency testing (PT) scheme from Analytical Services International, Organic Standard Solutions International LLC, BRC Trading Limited, API Food Quality Inc, and Axolabs GmbH.

Principal activity

LGC Science Group Holdings Limited ("the Company") and subsidiaries ("the Group" or "LGC") is an international life sciences business building leading positions in sustainable, growing markets.

LGC provides genomics solutions, reference materials, proficiency testing and analytical products and services, based on our innovations and own intellectual property. Our products underpin the health, safety and security of the public.

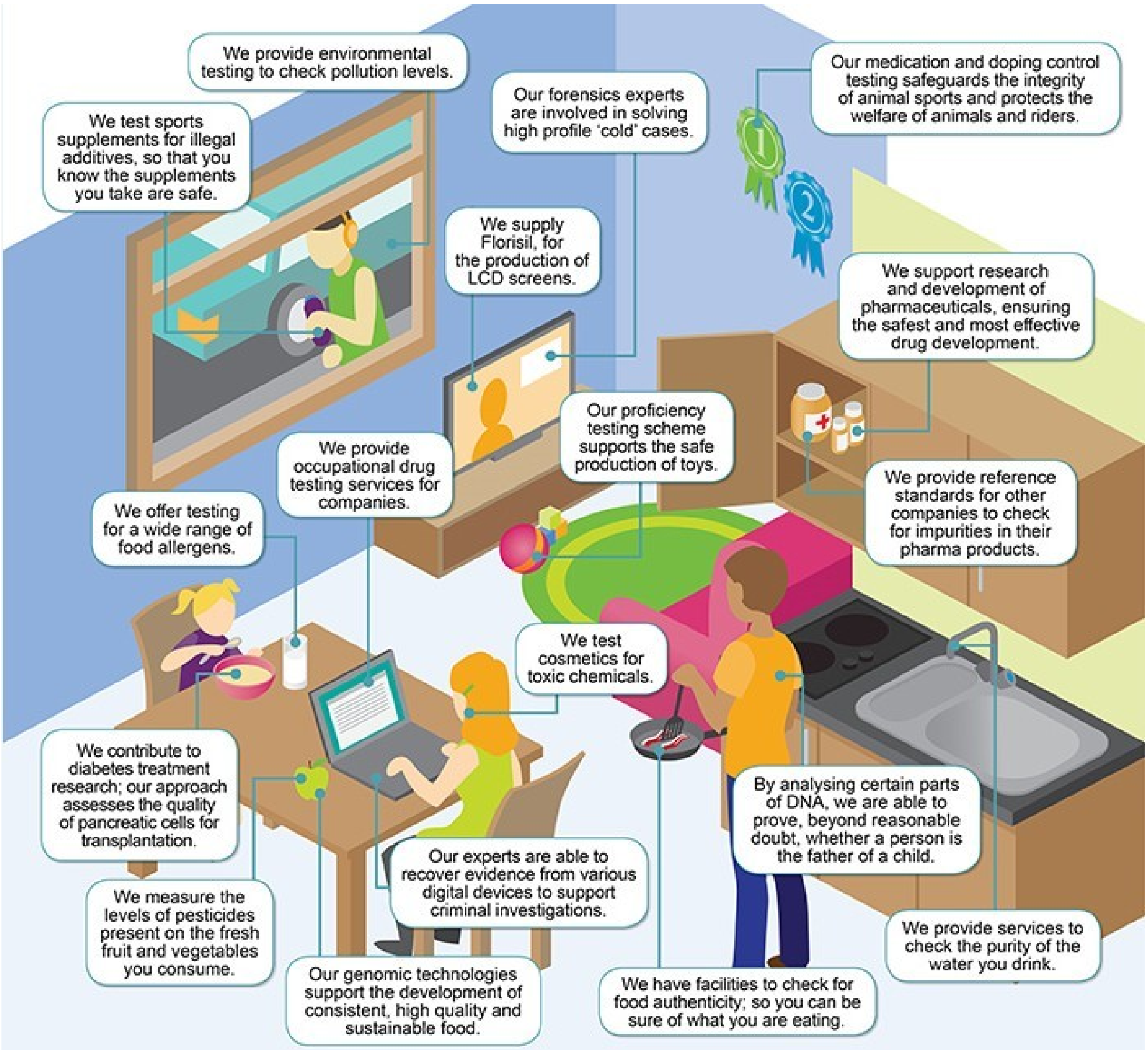
LGC serves customers across a number of end markets including Pharmaceuticals, Biotechnology, Diagnostics, Food, Environment, Sport, Government, Security and Academia.

Business model

The Group operates via 4 divisions: Standards, Genomics, Laboratory & Managed Services and Forensics & Security each of which provides mission critical products and / or services in the life sciences and other applied growing end markets. The business model includes the manufacturing and distribution of differentiated reference materials and proprietary / IP protected genomic products, through a product range of over 100,000 lines and the provision of advanced analytical and genomics testing services. The business addresses markets valued at over £3bn annually which are underpinned by sustainable growth drivers such as population demographics and increased regulatory activity.

Group strategic report (continued)

Our products and services impact consumers on an everyday basis:



Change of control & identity of private equity owner

On 8 March 2016 the entirety of the Company's share capital was acquired by Elwy 3 Limited ("the Parent") for a consideration of £1. On that same date, the Company acquired the entirety of the of the share capital of LGC Science Group Limited from Bridgepoint Capital.

The ultimate controlling party of LGC is KKR & Co. L.P. ("KKR"), an entity incorporated in the United States of America. KKR acquired their controlling interest through various subsidiary entities including KKR Blue Co-Invest L.P. and KKR European Fund IV L.P.

Founded in 1976, KKR is a leading global investment firm, listed on the New York Stock Exchange, with approximately $100 billion in assets under management and with deep roots in private equity. KKR has a long history of successfully investing in science and healthcare businesses, including investments such as Alliance Boots, Adocia, HCA, Jazz Pharmaceuticals, Panasonic Healthcare and PRA International. KKR bring decades of financial, operational and consultancy experience, strong strategic, sector and market knowledge and a powerful network of global relationships.

Group strategic report (continued)

The acquisition of LGC by KKR has created a strategic partnership that will accelerate the delivery of the LGC's strategy, provide LGC access to new opportunities, funding, clients and suppliers, and increase inorganic growth via mergers and acquisitions, helping LGC to deliver its strategic objectives.

During the period, KKR has partnered with LGC to provide advice, capital and operational support to facilitate delivery of LGC's strategy.

Brand, Vision, Values

LGC's brand is born from the precision in what we provide for our customers and in how we lead the way in advancement in many areas of science. Our reputation has been built on our commitment to using science for a safer world. LGC is synonymous with support for scientific excellence, continuous provision of innovation and the ability to exceed customer expectations.

LGC's vision is **science for a safer world**:

- We offer over 100,000 reference materials to analytical laboratories, as well as a range of over 40 proficiency testing schemes worldwide. This supports our customers' quality control in the laboratory, ensuring the safety of many every day and essential products;
- We support the development of disease and drought-resistant crops with our genomics capabilities including development of high throughput gene sequencing instrumentation;
- We test over 6,000 sports nutrition products and supplements each year, ensuring nutrients for athletes are safe;
- We have a world class bioanalytical capability with more than 50 years' experience in high-integrity analytical science. We also have leading capabilities in chemistry and manufacturing controls ("CMC"), with particular specialties in materials science and a wide range of CMC analytical services;
- We are the UK National Measurement Laboratory and Designated Institute for chemical and bio-measurement, offering unparalleled expertise on matters relating to standards, regulation and global measurement challenges;
- We pride ourselves on our measurement accuracy and can identify banned substances in a ratio of one spoonful in an Olympic-sized swimming pool;
- Our Government Chemist function advises policy makers to ensure there is enforceable and effective regulation to protect consumers;
- We host two laboratory groups for the MHRA. One tests medicinal samples, taken from the market, to ensure their quality, safety and, where appropriate, compliance with their licensing requirements. The other is the British Pharmacopoeia Commission Laboratory, responsible for work in support of the publication of the British Pharmacopoeia and maintenance of British Pharmacopoeia Certified Reference Standards; and
- We are the world's largest private provider of forensic science, helping the criminal justice system through expert analysis of biological, chemical and physical samples.

Our **values of Passion**, **Curiosity**, **Integrity**, **Brilliance** and **Respect** embrace our employees' commitment and dedication to using science to make the world safer, and are deeply rooted in the behaviours we expect from all our employees.

Passion: We are passionate about everything we do. Our passion translates into our ambition to make the world a safer place. We expect our employees to strive to continuously push boundaries, challenge the norm and come to work with an infectious energy to do their best every day.

Curiosity: We always look forward to what's next: our curiosity for today's discoveries makes tomorrow's innovations possible. We expect our employees to share their knowledge and expertise with each other and challenge the status quo. We anticipate our employees will discover creative and innovative solutions that will enable our customers and LGC to grow and evolve.

Integrity: We develop and deliver products and services that match our commitments. We demonstrate transparency and openness in all our actions. We expect our employees to trust the people they work with to do the right thing, to behave ethically at all times and to take accountability for their actions.

Brilliance: We strive to be the very best in everything we say and do. We exceed customers' expectations through innovation and pioneering science. We set the bar high for success and keep raising that bar. We expect our employees to achieve more by working together collaboratively and to meet customers' needs with agility, adaptability and speed.

Respect: We respect the needs of everyone; our customers, employees and our environment at large. We appreciate the skills, knowledge and strength of individuals, teams and the Group as a whole. We want our employees to feel included when decisions are made and to ensure that others feel included too. Employees should recognise the contribution made by themselves and others across all our teams.

Strategy

Our core purpose is to provide science for a safer world. Our strategy is to build sustainable leading positions in attractive niche segments requiring specialist scientific expertise. In doing so we will leverage our proven capability in organic and inorganic growth, our position as a global leader in life science tools and capability, our world class measurement science capabilities and our highly differentiated and complete portfolio of products and technologies.

Our strategic priorities include:

Our customers: We work closely with our customers, to ensure we deliver quality products and services. Many of our innovations are born from cooperating with customers and understanding their issues.

Our employees set us apart from our competition. Their in-depth knowledge and expertise across a breadth of scientific areas enable our business to provide high calibre solutions to our customers. We encourage our employees to set the bar high and challenge them continuously to look for ways to exceed our customers' expectations. It is through their infectious energy to do their best every day that we constantly challenge today's science to create tomorrow's innovations.

Our operating model: Our operating model fosters an agile and responsive organisation, with clear communication and lean and effective processes. Our science and innovation team works across all our divisions, with experts in key scientific domains to share knowledge and foster innovation.

Review of the business and financial performance

Key performance indicators

During the period, the Group has continued to invest organically and pursue its strategy of making highly targeted acquisitions to continue to develop leadership positions in sustainably growing niche markets.

The Group's key performance indicators ("KPIs") for the period are set out in the table below.

	Period ended 31 March 2017 £m
Revenue	328.4
Adjusted EBITDA*	77.6
Long-term syndicate borrowings	670.5
Net cash flow from operating activities	20.4

*Earnings (including joint venture) before interest, tax, depreciation, amortisation, unrealised foreign exchange gains and losses and material items and non-recurring items:

	Period ended 31 March 2017 £m
Operating profit before depreciation, amortisation, material and non-recurring items	86.8
Unrealised foreign exchange gain	(9.2)
Adjusted EBITDA	77.6

Group strategic report (continued)

The Group performed well in the period to 31 March 2017 with revenue of £328.4m and Adjusted EBITDA of £77.6m.

KPI - Revenue

Revenue performance in the period was ahead of management expectations, with strong progression across geographies. Of particular note was growth in North America, China and Europe, reflecting progression in all end markets.

Revenue progression is a key metric aligned to the Group's overall strategy of building sustainable leading positions in attractive niche markets requiring specialist scientific expertise.

In North America, revenue performance was driven both organically and by 4 of the 7 in period acquisitions being based in the US. The management team in North America was strengthened to support anticipated future growth in the North American market.

Growth in China was particularly strong, driven by sales of reference materials, particularly for the food, environment and pharmaceutical sectors, and also by genomics reagents. European growth reflects the core underlying performance of the existing business and also the acquisition of 3 businesses in Europe within the period.

The acquisitions in the period, listed below, all supported the strong performance reported for the period:

Company	Location	%	Principal Activity
Douglas Scientific LLC	Alexandria, MN, USA	55	Leader in high throughput Polymerase Chain Reaction platforms and consumables to customers in the AgBio, molecular diagnostics and other applied markets.
Prime Synthesis Inc	Aston, PA, USA	100	Leading manufacturer of controlled pore glass ('CPG') products used in oligonucleotide synthesis.
ASI (asset deal)	London, UK	100	A leading immunosuppressive proficiency testing (PT) scheme.
Organic Standard Solutions International LLC	Charleston, SC, USA	100	A leading manufacturer of organic and inorganic National Institute of Standards and Technology (NIST) traceable reference materials.
BRC Trading Limited	London, UK	71	A leading developer of benchmark standards across food safety, packing & packaging, storage & distribution, agents & brokers and consumer products.
API Food Quality, Inc,	Traverse City, MI, USA	100	A leading provider of food proficiency testing services.
Axolabs GmbH	Kulmbach, Germany	100	A leading specialist contract development and manufacturing organisation specialising in oligonucleotide therapeutics.

KPI - Adjusted EBITDA

Adjusted EBITDA is the one of the Group's key internal performance metrics which is monitored by both Management and our stakeholders as a measure of recurring, underlying profit performance. Adjusted EBITDA of £77.6m represents a margin of 23.6% which was in line with management expectations.

Adjusted EBITDA is operating profit before depreciation, amortisation, material items, non-recurring items and the impact of unrealised foreign exchange gains or losses. Adjusted EBITDA is not specifically defined under, nor presented in accordance with IFRS. You should not therefore consider it as an alternative to profit / loss for the period as determined in accordance with IFRS.

In deriving Adjusted EBITDA, operating profit / loss is adjusted for a number of material items and non-recurring items to permit a better understanding by Management and other stakeholders of the recurring profit performance of the Group.

Group strategic report (continued)

Typically these material items and non-recurring items include: one off costs associated with the transfer of ownership between Bridgepoint Capital and KKR & Co. LP. of LGC Science Group Limited on 8 March 2016, one off costs associated with the acquisitions pursued by the Group, costs associated with the integration of businesses successfully acquired by the Group, restructuring costs, the periodic impact of the unwind of Fair Value adjustments made in accordance with IFRS3 ("Business Combinations") relating to the transfer of ownership of LGC Science Group Limited between Bridgepoint Capital and KKR & Co and subsequent business combinations. Further details are included in notes 4 and 7.

The largest material item in the period ended 31 March 2017 (£36.4m) relates to the purchase of LGC Science Group Limited. The amount is comprised of financial and commercial due diligence and advisory fees.

KPI - Long-term syndicate borrowings & financial position

Strong financial capital management is critical to the delivery of the Group's strategy. The capital structure of the Group is managed and controlled by the Group's senior management, working closely with KKR Capital Markets and external advisors, and within defined limits agreed by the Board. Long-term syndicate borrowings and operating cash flows are therefore included as key performance indicators above.

The Group maintains sufficient cash to fund day-to-day operating requirements. At the end of the year the Group has £60.5m of cash on its consolidated statement of financial position.

In common with many other with Private Equity backed businesses, the capital structure of the Group includes a significant proportion of debt. Together with equity funding and reserves of £529.8m, the Group has long-term borrowing of £675.7m at 31 March 2017, a ratio of 0.8 equity and reserves: 1.0 long-term debt.

At 31 March 2017, the Group had long-term borrowings comprised of the following:

Group and Company	**Interest**	**Maturity**	**2017 £000**
USD denominated syndicated loans	LIBOR + (3.75%-6.75%)	6-7 years	269,548
EUR denominated syndicated loans	EURIBOR + (3.75%-6.50%)	6-7 years	351,225
GBP denominated syndicated loans	LIBOR+8%	5 years	63,500
Issue costs			(13,744)
Syndicated loans subtotal			670,529
Long-term loan notes (including accrued interest)	10%	13 years	5,188
			675,717

The Group's syndicated loans are secured on the assets of the Company and certain subsidiary undertakings.

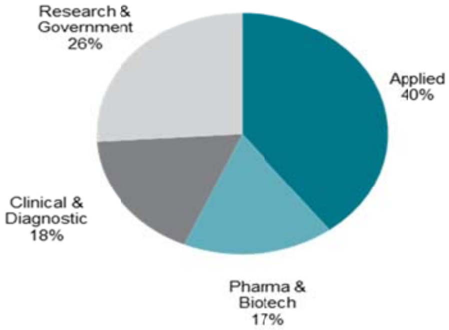
The purpose of these financial instruments was to repay debt and fund the acquisition of LGC Science Group Limited (and associated undertakings) on 8 March 2016, to additionally fund the subsequent acquisitions in the period 8 March 2016 to 31 March 2017, together with providing sufficient operational funds to support Management with the execution of the Group's strategy. The total committed and undrawn Group facilities under the Senior Facilities Agreement at 31 March 2017 were £50m.

Further information on the Group's capital structure is included in notes 19, 20 and 26 to the financial statements.

KPI – Operating cash flow

The Group's cash generation was also strong, with positive net cash flow from operating activities in the period of £20.4m. This represents net cash flow from operating activities after the material and non-recurring costs identified in note 7. Management monitor this metric as cash availability and liquidity is critical to pursuing the Group's strategy of building sustainable leading positions in attractive niche segments requiring specialist scientific expertise.

Other key performance indicators



In addition to the main key performance indicators, Management review metrics regarding end market sector, end market geography and growth in those key markets, as a measure of performance against our strategy: to build sustainable leading positions in attractive niche segments requiring specialist scientific expertise.

Financial risks

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk.

The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the Group that could arise, including monitoring levels of debt finance and related finance costs. Cash flow and leverage in respect of the Company's banking facilities are reported monthly to the Board. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board are implemented by the Group's finance department.

Financial risk	**Risk approach**
Price	The Group's specialist and centralised procurement function engages across the business to ensure price risk is minimised on key supplies. Although no formal programme of commodity price management has been adopted, any significant exposure is reviewed periodically by both the procurement function and Group Management and, where appropriate, pricing is fixed by future purchasing agreements.
Credit	The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. A policy of individual customer credit limits is used to manage exposure to any individual customer. The Group's principal financial assets are bank balances, cash, trade and other receivables.
Liquidity	The Group actively maintains a mixture of long-term and short-term debt finance and cash deposits that are designed to ensure the Group has sufficient available funds for operations, expansion and planned acquisitions. From 8 March 2016, there are no liquidity covenants associated with the Company's banking facilities.
Interest rate cash flow	During the period ended 31 March 2017 all of the Group's bank debt was at floating interest rates (3 month LIBOR / EURIBOR). The Group monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. The Group has not opted to fix interest rates currently. The Group holds fluctuating cash balances that earn interest at fluctuating market rates.

Financial risk	Risk approach
Foreign exchange cash flow	The Group is exposed to cash flow risk as a result of assets and liabilities denominated in foreign currency. This risk is partially mitigated by internally generated cash flows in a similar mix of currencies. Net risk of exposure to operations in foreign currencies is managed by the purchase of forward foreign exchange contracts.

Investment

In the period to 31 March 2017 the Group invested in existing businesses, new technology and new ventures. Overall capital expenditure for the period was £16.6m, which consisted of continued investment in scientific equipment, facilities and IT across the business. In particular, investment was made in our eCommerce platform, a new central distribution facility in Luckenwalde in Germany, as well as in the National Measurement Institute and Government Chemist functions in the UK, to ensure the maintenance of leading edge scientific capability. Additional investment was made in the drug development services business and the forensics business, in particular in the DNA unit, driven by the adoption of new technology.

Other principal risks and uncertainties

The review of other principal risks and uncertainties contains certain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising because they relate to circumstances that may or may not occur in the future.

The Group's effective risk management is central to the achievement of our strategic priorities. It is managed across our business through a number of formal and informal processes. These risk management processes sit within our overall governance framework, which include clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee and business conduct. LGC approaches risk in accordance with standard risk management methodology which is based upon the process set out in ISO 31000:2009 Risk Management, Principles and Guidelines. LGC also considers organisational resilience as a key part of risk management and works in accordance with the principles of BS 65000:2014.

The Group Risk Committee has overall responsibility for operational risk management and meets regularly to review the risk environment and risk mitigations. The Committee is chaired by the Head of Enterprise Risk Management and comprises senior members of Management including the Chief Financial Officer, Chief Information Officer and the Group General Counsel. The principal risks facing the Group include:

Risk	Risk approach
Macroeconomic, market and competitor	The Group operates globally in many countries and markets where both competitive action and technological innovation are high. The global reach of the Group minimises the impact of macroeconomic shocks on the Group. In addition, the Group invests in Research and Development, new production capabilities, laboratory instrumentation, new technologies and improving general business infrastructure to maintain our leading position in these markets. The Group also regularly monitors market trends and competitor developments. In some areas, the Group has longer term contracts, some with Government bodies, which are subject to periodic competitive tender. Renewal of these contracts is uncertain and is based on financial and performance criteria, in some cases allied to the continuance or otherwise of testing or research programmes. Overall, customer concentration is low with the largest customer accounting for less than 5% of revenues.
Legal & regulatory	The Group is subject to various legal and regulatory requirements in relation to, for example, employment, data protection, health and safety, environmental protection, trade sanctions, and tax and other corporate regulations governing the Group's activities. The Group is aware of the importance of identifying and complying with all applicable legislation and regulation affecting our business activities globally.

Group strategic report (continued)

Risk	Risk approach
	Legal and regulatory developments are actively monitored by the Group's risk committee and by our QHSE, Security and Risk, Tax, Legal and Company Secretarial departments, in conjunction with our advisors, to ensure that new and existing laws and regulations are identified, understood and complied with.
Employee recruitment and retention	The Group's ability to deliver our strategy depends on having the right talent. The loss of key talent, or the failure to attract sufficient talent could have a serious impact on our ability to deliver our strategy. To ensure that the Group is able recruit and retain the right people and develop them with the right skills, we have strong recruitment practices in place and provide regular learning and development opportunities in order to enhance the professional ability of all employees.
IT Resilience	Technology underpins the Group's ability to deliver its strategy. Cybersecurity, platform performance and infrastructure resilience are of significant importance to the Group. In addition to financial investment, our senior technology leaders regularly assess risk, policy and best practice to ensure IT operational resilience.

Future Developments

Looking forward, LGC will continue to invest to drive organic and acquisitive growth in its chosen markets. From a geographic perspective, this growth will come from expanding presence within all regions but in particular North America, where LGC continues to develop it's standards, genomics and lab services platform, and Asia, where there is a particular demand for LGC's products and services due to the macro economic growth drivers in that region.

The investment in the new specialist central distribution warehouse in Germany has been completed, enabling a wider service offering to be made to our reference materials customers in future periods. Additional investment will be made into eCommerce and salesforce effectiveness, to enable continued scale up of the organisation, in particular in the standards and genomics divisions.

Investments will also be made in the laboratory services business, to maintain and further develop its leadership position in its areas of expertise in specialist drug development bioanalysis and sport supplement testing. With the stabilisation of the UK forensics market we anticipate ongoing growth in our business given the breadth of our offering and focus on quality outcomes for our UK customers, whilst also pursuing emerging opportunities in the sector outside of the UK.

The relationship with the UK Government continues to be a cornerstone of LGC and we will continue to invest in our people and infrastructure to live up to the responsibilities entrusted to us.

Acquisitions will remain a feature of LGC's growth, building capability and geographic presence, according to a tailored and disciplined approach to deal origination, execution and integration.

Long-term sustainable growth drivers, include the increasingly complex regulatory, production and supply chain environments in both developed and emerging markets, the growing role of health and safety in both developed and emerging economies, the increasing regulatory frameworks in a wide range of technically demanding industries (including pharmaceutical, food, environment and industrial), the need to increase crop yields to meet growing demand and the increased use of molecular diagnostics and therapeutics in a clinical setting.

Corporate Social Responsibility

LGC is committed to a working environment which encourages employees to recognise the importance of Corporate Social Responsibility and diversity. Alongside the Company's approach to equal opportunities, other important examples of reaching out to the wider community include our support and commitment to fund raise for an annual charity, activities for and within the local communities in which we operate, and policies designed to foster sustainability at local, national and global levels.

Group strategic report (continued)

Corporate charity

Every year, LGC supports a charity chosen by our employees. Since 2010, we have donated over £145,000 to charity, the totals each year being boosted by LGC matching any funds raised through team-building events. Our “charity of the year” partnerships are established with charities which demonstrate links to our business activities and have an international reach to reflect our own global footprint.

In 2016-17, we were fundraising for the Motor Neurone Disease (MND) association, also commonly known as amyotrophic lateral sclerosis (ALS) or Lou Gehrig’s Disease in the USA.

Working with the community

LGC contributes to local communities through various initiatives, including open days to promote science awareness, encouraging members of our communities to see “science for a safer world” in action. We understand the importance of working with local schools and colleges to allow students the opportunity to see first-hand the work we do towards science for a safer world. Inviting school groups into our laboratories for tours and presentations helps us to demonstrate the breadth of our science, how just about everything in our everyday lives relates to science and the huge value that can arise from science to our lives, our communities and wider society.

Quality, Health, Safety and the Environment (QHSE)

Overall, the Group continued to build on its excellent quality, health, safety and environmental record during the past period. Our dedicated QHSE team have continued to ensure significant focus in this area across our business. Our quality performance was underlined by successful UKAS, FDA, BSI and a number of customer audits. The Group continues to comply with all environmental legislative requirements in the territories in which we operate and to maintain a programme of continuous improvement in all QHSE areas.

The Group is committed to the continual improvement of our environmental performance we and aim to operate our Environmental Management System (EMS) aligned with ISO 14001 principles. This EMS provides the framework for setting and reviewing environmental objectives and targets.

The Group Head of Environment, in conjunction with the Environment Adviser, Environment Manager, and the Environmental Management Steering Group, is responsible for setting the environmental strategy and monitoring environmental compliance and performance.

The Group is also committed to the prevention of pollution and to reducing the environmental impact of our business operations in order to protect the health and safety of our employees, surrounding communities and ecosystems. The control of energy and materials consumption, along with the responsible management of our waste, is key to the Group’s efforts to improve environmental performance and reduce our carbon footprint.

Employees and Gender Diversity

The average employee number (based on full time equivalent employees) during the period was 2,615.

The Group is committed to creating an employment environment that attracts, retains and motivates the best employees. Throughout the Group, emphasis is placed on personal development to meet both today's needs and those of the future. Employee communication and consultation is encouraged at all levels of the business and there is a Consultative Committee at the Head Office site. In addition, the provision of information and consultation between management and staff is facilitated through structured monthly and quarterly communication, the myLGC intranet and various consultative committees existing across the Group.

A requirement of the Companies Act 2006 is that the Group should assess and comment on any pertinent information regarding human rights issues in this report. Given the nature of our business we do not believe it is necessary to include such information.

It is the Group's policy to provide equal opportunities for all staff and applicants on the basis of objective criteria and personal abilities regardless of gender, age, religion, sexual orientation or ethnic origin. This policy is designed to ensure that recruitment and advancement are carried out on the basis of merit.

The Group also gives full and fair consideration to disabled persons applying for employment, having regard to their particular aptitudes and abilities, as well as the continuing employment and appropriate training of employees who become disabled.

The table below show the Gender Diversity within the Group at the date of reporting.

	2017	**2017**
	Male %	**Female %**
Board Of Directors and Company Secretary	90	10
Senior Managers	69	31
Other employees	45	55

Senior managers are comprised of the members of the executive committee (unless already included within the Board of Directors) and members of the executive teams.

The Strategic report, as set out on pages 4 to 14 has been approved by the Board.

Tim Robinson
Director and Chief Executive Officer
27 July 20171

Corporate governance report

The Board of Directors is responsible for setting the Group's strategic direction, the overall management of the Group and maintaining effective operational control, including significant financial, organisational, legal and regulatory controls.

The Board is committed to high standards of corporate governance and ethical behaviour in directing the Group's affairs. The Board is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

The Board consists of senior LGC employees: specifically the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), two other Executive Directors and other Non-Executive Directors and KKR appointed Directors.

The Board is organised in such a way as to ensure each member receives the appropriate business and functional support required to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate at Board level.

The Board Directors and Company Secretary are:

Tim Robinson,
Chief Executive Officer

Tim joined LGC in 2013 as Chief Executive. He was previously Chief Executive of Talaris (formerly De La Rue), the global leader in technology-based solutions for cash management. Tim has followed an international career in the technology and services sectors, spanning Engineering, Marketing and Corporate Leadership.

Following a decade with IBM in Asia and Europe, Tim joined Silicon Graphics (SGI) as European Marketing Director, before becoming Managing Director of SGI in the UK & Ireland. After his appointment as Chief Executive of DSC Group, he led the company into the FTSE 250 and was subsequently appointed Senior Vice President of the global Civil Security Division of Thales, based in Paris. Tim was then appointed CEO for Xafinity, the privatised Office of the Paymaster General.

Tim is a Non-Executive Director of the Department for International Development. He has also been a Non-Executive Board Member of UK Trade & Investment, a Member of the Association of Oxfam, serving on their Audit Committee, and a Non-Executive Director of Camelot Group.

Simon Parsons,
Chief Financial Officer

Simon was appointed Chief Financial Officer of LGC in 2010. He joined LGC after working as CFO in two private equity investments owned by Apax Partners and Balderton Capital. Prior to that, Simon held a number of General Manager and Finance Director positions in the UK and Italy with Celesio AG, a leading European wholesale and retail pharmaceuticals business. Simon qualified as a Chartered Accountant with Ernst & Young in 1993 where he worked in both the UK and US practices.

Derek Craston,
Chief Scientific Officer

Derek joined the Group in 1991 and joined the Board in 2012 as Chief Scientific Officer (CSO). In addition to his role as CSO, Derek serves as Government Chemist and leads LGC's Science & Innovation capability. Derek's responsibilities as CSO include leading the scientific effort of the Group, coordinating science development and developing our scientific partnerships for research, discovery and innovation. Derek has a degree in Chemistry from the University of St Andrews, a PhD from Imperial College, London and has been awarded an honorary doctorate by Kingston University.

Brian Kim,
Managing Director, LGC Genomics

Brian joined the Board in June 2017 having joined LGC in November 2016. Brian has a wealth of experience in the genomics and life sciences markets, having run large, complex global businesses for a number of major companies. Brian joined LGC from PerkinElmer, where he led the Life Sciences and Tools division, managing a global portfolio of various technologies and products ranging from instruments, reagents, service, and software.

Brian holds a Master of Business Administration from Tuck School of Business at Dartmouth and both a BS in Economics and a BA in History, from the University of Pennsylvania.

Corporate governance report (continued)

Euan O'Sullivan, Managing Director, LGC Standards

Euan joined the Board in June 2017. Having initially joined LGC as a Non-Executive Director in late 2007, Euan assumed an executive role as Corporate Development Director in July 2010. In this role, Euan was responsible for the Group's corporate development activities, including mergers, acquisitions, disposals and strategy development. Euan assumed his current role as Managing Director of the Standards division in July 2012.

Euan joined LGC from UK mid-market private equity house LGV Capital, where he was an Investment Director. Prior to LGV, Euan worked as a consultant in Accenture's business strategy practice and within the M&A division of Close Brothers Corporate Finance. Euan is a graduate of University College, Oxford.

Edouard Pillot, Director KKR & Co. L.P.

Edouard joined the Board in March 2017, having joined KKR in 2006. Edouard is part of KKR's Private Equity team, where he heads Business Services. Prior to joining the Services industry team, he spent four years in the Industrials industry team and one year with KKR Capstone as part of a mobility program.

Since joining KKR, Edouard has been involved in the investments in A-Gas, Travelopia, Välinge, SMCP and KION as well as the portfolio management of the investments in LGC, Maxeda and Northgate Information Solutions. Prior to joining KKR, he was with CIBC World Markets' European leveraged finance group, and the diversified industrials investment banking department of J.P. Morgan in London and Paris. Edouard holds an MSc from the Ecole Superieure des Sciences Economiques et Commerciales (ESSEC).

Mark Danzey, Director KKR Capital Markets

Mark joined the Board in March 2016. Mark joined KKR Capital Markets (KCM) in 2009. Since joining KCM, Mark has worked on a variety of debt and equity financings for KKR portfolio companies and third party clients. Prior to joining KCM, Mark was a Vice President on J.P. Morgan's leveraged finance capital markets desk and previously also worked in J.P. Morgan's leveraged finance origination team. Mark spent the first year of his career at Deutsche Bank.

Nicolas Roelofs, Non-Executive Director

Nicolas joined the Board in April 2016. Prior to joining the Group, Nicolas served as Senior Vice President at Agilent Technologies Inc., as well as President of its Life Sciences Group from 2009 to 2013. He also served as the Vice President and General Manager of the Life Sciences division from 2006 to 2009. His contributions during his term at Agilent Technologies Inc., in the areas of business development, sales, manufacturing, R&D and marketing saw him play a key role in the life science business.
Prior to joining Agilent Technologies Inc., Nicolas was with Bio-Rad Laboratories, Inc., from 2005 to 2006 and served as the Life Science Group's Group Operations Officer heading five business divisions spanning life science and food science. His time at Stratagene Corporation from 2001 to 2005 saw him serve as Senior Vice President of marketing, sales and business development for the first 2 years and as Chief Operating Officer for the last 2 years.

Professionally, Nicolas is a Global 50 Member and also a part of the Malaysian Biotechnology International Advisory Panel. He has also served on the Advisory Board of Chemical & Engineering News for the American Chemical Society Magazine. Nicolas completed his M.S. in Organic Chemistry from Iowa State University and has a PhD in Organic Chemistry from the University of Nevada, Reno.

Kugan Sathiyanandarajah, Non-Executive Director

Kugan joined the Board in March 2016, whilst at KKR. Kugan joined KKR in 2010 as co-head of European Healthcare and was involved with the investments in Alliance Boots and Northgate. Prior to joining KKR, Kugan was with Goldman Sachs, where he was a member of the UK mergers & acquisitions team.

Kugan holds an M.A (First Class Hons) in Physical Natural Sciences, specialising in theoretical chemistry, from the University of Cambridge.

Corporate governance report (continued)

Neetu Ogle
General Counsel and Company Secretary

Neetu joined LGC in July 2016, as General Counsel and Company Secretary. She has overall responsibility for LGC Group's legal, company secretarial and IP management functions. Prior to joining LGC, Neetu was a senior member of the legal team at Inmarsat plc which she joined after a period of time at QinetiQ Group plc.

Neetu gained her private practice experience at leading national and international law firms, Wragge & Co and Allen & Overy. Neetu holds an LLB in Law and Politics from the University of Birmingham.

Board meetings and committees

During the period the Board met on various scheduled occasions. At each Board meeting, the CEO provided an update on the Group's key activities and the CFO provided an update on the Group's financial performance.

In addition to the routine reports, the Board considered a range of matters during the period including, amongst other items:
- Strategy - the Group's strategy was discussed, confirmed and approved;
- Business performance - financial, operational and strategic performance updates on the Group's divisions were provided by the relevant Executive Directors;
- Annual budget - the Group's annual budget was approved;
- Technology - progress updates on the development of the Group's ERP system and other significant investments in technology and scientific equipment were provided by senior science and technology staff;
- Quality, Health, Safety and the Environment (QHSE) - the Group's approach to QHSE matters and performance against that strategy were discussed; and
- Disputes and litigation - updates on any material disputes faced by the Group were provided by the General Counsel.

The CEO and other members of the Board provide regular updates to employees both face to face, by email and via recorded videos and the intranet. These updates provide a summary of the Group's strategy and performance, together with details of the challenges and opportunities faced by the Group. These events are designed to update employees on the progress of the Group and provide them with an opportunity to ask questions and provide feedback regarding the conduct of the business.

The Board is supported by two Board Committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is chaired by Mark Danzey and includes one other Non-Executive Director. The CFO is required to be present at all meetings together with the Group Finance Director. The quorum for the Audit Committee is two, one of whom must be a director appointed by KKR.

The Audit Committee's main responsibilities are:
- Monitoring the integrity of the Groups financial statements and reviewing significant accounting and reporting judgements;
- Receiving feedback from the Group's external auditor regarding key financial controls and any judgmental areas;
- Reviewing the effectiveness of the internal control environment; and
- Overseeing the relationship with the Groups external auditor, including appointment, remuneration, nature and scope of work and review of independence.

The Audit Committee discharges its responsibilities through its meetings which are held twice per year and at other times as needed.

Corporate governance report (continued)

Remuneration Committee
The Remuneration Committee is chaired by Tim Robinson. The quorum for the Remuneration Committee is two, one of whom must be a director appointed by KKR.

The Committee has responsibility for determining the overall framework and policy for the remuneration of the Executive Directors and other senior Executives, as determined by the Board.

The remuneration policy in respect of Executive Directors and senior Executives is to provide packages that are intended to attract, motivate and retain the talent necessary to develop the Group and deliver the Group's strategy.

Items discussed included appointments, objectives, performance management and related incentive schemes.

The Committee discharges its responsibilities through its meetings which are held four times per year and at other times as needed.

Signed on behalf of the Board

Tim Robinson
Director and Chief Executive Officer
27July 2017

Directors' report

The Directors present their report and financial statements for the period ended 31 March 2017.

Directors

The Directors who served the Company during the period were as follows:

Derek Craston	(appointed 8 March 2016)
Mark Danzey	(appointed 8 March 2016)
Brian Kim	(appointed 29 June 2017)
Dominic Murphy	(appointed 4 December 2015, resigned 29 June 2017)
Euan O'Sullivan	(appointed 29 June 2017)
Simon Parsons	(appointed 8 March 2016)
Edouard Pillot	(appointed 30 March 2017)
Tim Robinson	(appointed 8 March 2016)
Nicolas Roelofs	(appointed 28 April 2016)
Kugan Sathiyanandarajah	(appointed 4 December 2015)

Directors' liabilities

The Company has in force and has granted indemnities in respect of some of its subsidiary companies to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report. The Company reviews its policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Dividends

The Directors do not recommend an interim dividend or final dividend.

Employee involvement and disabled employees

The Groups approach to employee involvement, inclusiveness, equal opportunities and support of disabled employees are set in the strategic report on page 14.

Going concern

The financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has loan facilities to provide adequate financing to support the Group's operations. The covenants set out in the facilities are, and are forecast to continue to be, satisfied. The loans have a remaining term in excess of 5 years. Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

Research and development activities

In the period ended 31 March 2017 significant research and development was undertaken by the Group, both directly funded by the Group, through Government and other customer funded programmes in support of both Customer's and the Group's own projects. The Group is proud of its record of developing new products and service, with a significant focus on research and development activities again in the period.

Financial instruments

Details of financial instruments are provided in the strategic report on page 9.

Future developments

Details of future developments are provided in the strategic report on page 12.

LGC Science Group Holdings Limited
Directors' report

Events since the balance sheet date

On 15 July 2017 the Group acquired the entire voting rights of Link Technologies Limited, a premier supplier of specialty reagents for oligonucleotide synthesis in the Genomics sector, based in Glasgow, UK, for a consideration of £4.2m. The net assets of the acquired business were £0.8m.

Guidelines for Disclosure and Transparency in Private Equity

The Directors consider that the annual report and financial statements have been prepared in accordance with the Walker Guidelines for Disclosure and Transparency in Private Equity.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Simon Parsons
Director and Chief Financial Officer
27 July 2017

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Corporate governance report, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union for the consolidated financial statements and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) for the Company. 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 Group and of the Company and of the profit or loss of the Group 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed for the consolidated financial statements, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of LGC Science Group Holdings Limited

We have audited the financial statements of LGC Science Group Holdings Limited for the period ended 31 March 2017 which comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Statement of financial position of the Company, Consolidated statement of changes in equity, Statement of changes in equity of the Company, Consolidated statement of cash flows and the related Notes 1 to 31. The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the 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 and accounts 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.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2017 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report (continued)

to the members of LGC Science Group Holdings Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report and Directors' report.
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

Ernst & Young LLP

Philip Young (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 28 July 2017

LGC Science Group Holdings Limited
Consolidated income statement
for the period ended 31 March 2017

	Notes	2017 £000
Revenue		338,023
Less: share of joint venture's revenue		(9,601)
Group revenue	**5**	**328,422**
Raw materials and consumables		(99,283)
Staff costs	9	(125,060)
Depreciation and amortisation		(33,213)
Other administration and operating expenses		(85,602)
Loss on disposal of fixed assets		(16)
Operating profit before depreciation, amortisation, material and non-recurring items		**86,766**
Material and non-recurring items	7	(68,305)
Depreciation and amortisation		(33,213)
Group operating loss	**6**	**(14,752)**
Finance income	8	880
Finance cost	8	(40,273)
Share of profit in joint venture	14	206
Loss on ordinary activities before taxation		**(53,939)**
Tax income on loss on ordinary activities	10	6,910
Loss for the period		**(47,029)**
Attributable to:		
Equity holders of the Company		(45,508)
Non-controlling interests		(1,521)
Loss for the financial period		**(47,029)**

All activities in the period relate to continuing operations.

LGC Science Group Holdings Limited

Consolidated statement of comprehensive income

for the period ended 31 March 2017

	Notes	2017 £000
Loss for the financial period		**(47,029)**
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations		26,665
Items not to be reclassified subsequently to profit or loss		
Actuarial loss on UK defined benefit pension scheme	22(b)	(12,358)
Actuarial loss on foreign defined benefit pension schemes		(4)
Income tax effect		(4,808)
Total comprehensive income for the period, net of tax		**(37,534)**
Attributable to:		
Owners of the Company		(36,013)
Non-controlling interests		(1,521)
Total comprehensive income for the period, net of tax		**(37,534)**

LGC Science Group Holdings Limited

Consolidated statement of financial position

at 31 March 2017

		2017
Assets	Notes	**£000**
Non-current assets		
Property, plant and equipment	12	76,206
Intangible assets	13	1,130,742
Long-term receivables	15	716
Deferred tax assets	10	11,119
Derivative asset	26 (a)	13,166
		1,231,949
Current assets		
Inventories	16	62,872
Trade and other receivables	17	59,707
Income tax asset		98
Cash and cash equivalents	18	60,538
		183,215
Total Assets		**1,415,164**
Equity and liabilities		
Issued share capital	19	56,582
Share premium	19	509,242
Foreign currency translation reserve		26,665
Retained earnings		(62,678)
Equity attributable to equity holders of the Group		529,811
Non-controlling interests		10,179
Total equity		539,990
Non-current liabilities		
Loans and borrowings	20	675,717
Retirement benefit obligation	22	12,735
Deferred tax liabilities	10	92,519
Provisions	23	7,001
		787,972
Current liabilities		
Trade and other payables	24	81,309
Income tax liability		5,495
Derivative liability	26(a)	398
		87,202
Total liabilities		875,174
Total equity and liabilities		**1,415,164**

Simon Parsons

Chief Financial Officer

27 July 2017

LGC Science Group Holdings Limited
Statement of financial position of the Company
at 31 March 2017

	Notes	2017 £000
Non-current assets		
Investments in subsidiaries	14	277,981
Long-term receivables	15	526,921
		804,902
Current assets		
Amounts owed by subsidiary undertakings		401,818
Total Assets		**1,206,720**
Equity and liabilities		
Share capital	19	56,582
Share premium	19	509,242
Retained earnings		(29,817)
Total equity		**536,007**
Non-current liabilities		
Loans and borrowings	20	670,529
Current liabilities		
Trade and other payables	24	184
Total liabilities		**670,713**
Total equity and liabilities		**1,206,720**

Simon Parsons
Chief Financial Officer
27 July 2017

LGC Science Group Holdings Limited

Consolidated statement of changes in equity

for the period ended 31 March 2017

	Issued Share capital £000	Share Premium £000	Foreign currency translation £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At incorporation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital issued in period	56,582	509,242	-	-	565,824	-	565,824
Acquisition of non-controlling interests	-	-	-	-	-	11,700	11,700
Loss for the period	-	-	-	(45,508)	(45,508)	(1,521)	(47,029)
Other comprehensive income	-	-	26,665	(17,170)	9,495	-	9,495
Total comprehensive income	**-**	**-**	**26,665**	**(62,678)**	**(36,013)**	**(1,521)**	**(37,534)**
At 31 March 2017	**56,582**	**509,242**	**26,665**	**(62,678)**	**529,811**	**10,179**	**539,990**

Statement of changes in equity of the Company

for the period ended 31 March 2017

	Issued Share capital £000	Share Premium £000	Retained earnings £000	Total £000
At incorporation	**-**	**-**	**-**	**-**
Share capital issued in period	56,582	509,242	-	565,824
Loss for the period	-	-	(29,817)	(29,817)
Total comprehensive income	**-**	**-**	**(29,817)**	**(29,817)**
At 31 March 2017	**56,582**	**509,242**	**(29,817)**	**535,706**

LGC Science Group Holdings Limited

Consolidated statement of cash flows

for the period ended 31 March 2017

	Notes	**2017 £000**
Loss for the period		(47,029)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	6	33,213
Loss on disposal of property, plant and equipment		16
Finance income	8	(880)
Finance costs	8	40,273
Share of loss in joint venture	14	(206)
Income tax income	10	(6,910)
Unwind of fair value adjustments	7	14,748
Net foreign exchange differences		(9,209)
		24,016
Working capital adjustments		
Increase in inventories		(4,921)
Increase in trade and other receivables		(872)
Increase in trade and other payables		8,856
		3,063
Operating cash flows (before income tax)		**27,079**
Income taxes paid		(6,703)
Net cash flows from operating activities		**20,376**
Cash flows from investing activities		
Interest received		185
Proceeds from sale of property, plant and equipment		125
Proceeds from sale of joint venture	14	3,951
Acquisition of tangible assets	12	(16,623)
Acquisition of intangible assets	13	(3,092)
Acquisition of subsidiary undertakings (net of cash acquired)		(1,101,849)
Net cash flows from investing activities		**(1,117,303)**
Cash flows from financing activities		
Interest paid		(33,703)
Issue of share capital	19	565,824
Bank loans repaid		(97,651)
New borrowings		718,465
Net cash flows from financing activities		**1,152,935**
Net decrease in cash and cash equivalents		**56,008**
Net foreign exchange difference		4,530
Cash and cash equivalents at 31 March 2017	18	**60,538**

Notes to the financial statements

at 31 March 2017

1. Corporate information

The consolidated financial statements of LGC Science Group Holdings Limited and its subsidiaries (collectively, the Group) for the period ended 31 March 2017 were authorised for issue in accordance with a resolution of the Directors and the Board on 27 July 2017. The Group and the Company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

LGC
Queens Road
Teddington
Middlesex
TW11 0LY

2. Accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") and the Companies Act 2006 applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (ISAB).

The financial information is presented in GBP pounds (£) sterling and all values are rounded to the nearest thousand (£000) except where otherwise stated.

2.2 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of preparation – the Group

The consolidated financial statements have been prepared in accordance with adopted IFRSs and under the historical cost convention, as modified by the revaluation financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Basis of preparation – the Company

The financial statements of the Parent company were prepared in accordance with FRS 101 and under historical cost accounting rules.

Disclosure exemptions

The Company has taken advantage of the following exemptions under IFRS:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 10(d) and 10(f) of IAS 1 Presentation of Financial Statements; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2. Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, having regard to future projections for the Group and financing arrangements in place. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Parent has the banking facilities to provide adequate financing to support the Group's operations and the covenants set out in the facilities are, and are forecast to continue to be, satisfied.

Whilst acknowledging the inherent risk in any plan, the Directors are concluding that, having considered the factors set out above, it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The Group financial statements consolidate the financial statements of LGC Science Group Holdings Limited and its subsidiary undertakings, drawn up to 31 March 2017. No income statement is presented for LGC Science Group Holdings Limited as permitted by section 408 of the Companies Act 2006.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group has contractual arrangements with other parties that have joint control of the arrangement and have rights to the net assets of the arrangement. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of is joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

2. Accounting policies (continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. There has been no impact on the financial position, comprehensive income or cash flows of the Group.

Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value. The Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines each year whether transfers have occurred between levels of the hierarchy.

Revenue recognition

Revenue is recognised on the sale of goods when the risks and rewards of ownership are transferred to the buyer and the revenue can be reliably measured, regardless of when the payment is being made. For services, revenue is generally recognised when services have been delivered and invoiced unless the stage of completion of work can be reasonably determined, in which case revenue is recorded in line with the stage of work completed.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Group assess its revenue arrangements against specific criteria to determine if it is acting as principal or agent and it has concluded that it is acting as a principal in all of its revenue arrangements.

The Group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- and specific criteria have been met for each of the Group activities.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the useful lives of the relevant assets by equal annual instalments.

2. Accounting policies (continued)

Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the Group's presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction at spot rates or the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Foreign exchange gains and losses arising on settlement or translation of monetary items are presented in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the income statement.

Non-monetary items measured that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

For group companies that have a functional currency different from the presentation currency, assets and liabilities are translated at the closing rate at the date of that balance sheet and the resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income or directly to equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Investments

Investments in subsidiaries are carried at cost less provision for impairment. In its separate financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

2. Accounting policies (continued)

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. When significant parts of assets are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the original cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Asset class	Depreciation method and rate
Freehold Buildings	40 years
Short-term leasehold buildings	lesser of 5–14 years or period of lease
Building plant	5-12 years
Scientific equipment	3-15 years
Other equipment	2-5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the period to which the expenditure relates.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses, if any. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is not subject to amortisation but is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

2. Accounting policies (continued)

Trademarks and licences
Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

Research and development
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
IP and other intangibles	straight line over period between 6 and 19 years
Internally generated development costs	straight line over period between 2 and 5 years

Impairment of non-financial assets
The carrying values of non-financial assets are reviewed for impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Financial assets
Classification
At initial recognition, the Group classifies its financial assets within the scope of IAS 39 as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement
All financial assets are recognised initially at fair value plus transaction costs.

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the income statement.

2. Accounting policies (continued)

The losses arising from impairment are recognised in the income statement in interest payable for loans and in other operating expenses for receivables.

Impairment

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest receivable and similar income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials, direct labour and, where applicable, attributable overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in income statement.

2. Accounting policies (continued)

Inventories include fair value uplifts identified in accordance with IFRS 3 "Business combinations" that are unwound through the Consolidated income statement. A key judgement is the unwind of these uplifts which is determined based on the sale of inventories that existed at the point of acquisition and was subject to a fair value uplift. Due to the material nature of these unwinds they are disclosed separately in the Consolidated statement of cash flows and as a material and non-recurring item in the Consolidated income statement and note 7.

Share capital
Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial liabilities
Classification
At initial recognition, the Group classifies its financial liabilities within the scope of IAS 39 as financial liabilities at fair value through profit or loss or loans and borrowings. The Group's financial liabilities include trade and other payables and payables to related parties.

Recognition and measurement
All financial liabilities are recognised initially at fair value, net of transaction costs incurred.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the relevant borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Trade payables
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2. Accounting policies (continued)

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The expense relating to any provision is presented in the income statement net of any reimbursement.

Warranty provisions
Provisions for warranty-related costs are recognised when a product is sold or a service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions
Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business, or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, an appropriate timeline, and the employees affected have been notified of the plan's main features.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases – Group as a lessee
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the Group at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the shorter of the lease term and the date of the rent review.

Leases – Group as a lessor
Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. At inception the leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised in the statement of financial position. The amount receivable within one year or less is classified as a current asset and included in "Trade and other receivables" with the amount receivable after more than one year classified as a non-current asset and included in "Long-term receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income. Each lease payment received is applied against the gross investment or asset in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

2. Accounting policies (continued)

Material and non-recurring items

Material and non-recurring items are disclosed separately in the financial statements where it is necessary to do so to provide a better understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans:

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current or prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset to the extent a cash refund or a reduction in the future payments is available.

Defined benefit pension obligation

The Group, through the acquisition of LGC Science Group Limited, operates a defined benefit pension plan which requires contributions to be made to separately administered funds. The scheme was closed to new members on 1 October 2002 from which time membership of a defined contribution plan became available.

During 2015 the Group closed its UK defined benefit pension scheme to future accrual of benefits for current employees. The closure of the scheme to future accrual helps align pension benefits more consistently across all of the Group's employees and manage volatility risk in relation to the schemes funding position. Employees impacted by this change have been provided with transitional benefits in respect of the Group's defined contribution pension scheme.

The cost of providing benefits under the defined benefit plan is determined separately using the projected unit method. The defined benefit obligation is calculated annually by independent actuaries.

The present value of the defined benefit obligation are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Group recognises the following changes in the net defined benefit obligation under "Other administration and operating" in the income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

2. Accounting policies (continued)

Derivative instruments

The Group uses derivative financial instruments such as forward foreign currency contracts to manage its forward currency risks associated with the Group's underlying business activities and the financing of these activities. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Income statement.

Adoption of new standards

None of the standards, interpretations and amendments effective for the first time from 4 December 2015 have had a material effect on the financial statements (note 30).

3. Judgements and key sources of estimation uncertainty

The preparation of historical financial information typically requires management to make judgements, estimates and assumptions that affect the reported accounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Assessment of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on a value-in-use calculation. The key assumptions, being the discount rate and terminal value growth rate, are disclosed in note 13.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Defined benefit plans

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in note 22.

4. Business combinations

LGC Science Group Limited

On 8 March 2016 the Group acquired 100% of the ordinary share capital in LGC Science Group Limited, an international life sciences business with leading positions in sustainable, growing markets headquartered in the United Kingdom. LGC Science Group Limited provides genomics solutions, reference materials, proficiency testing and analytical products and services, underpinning the health, safety and security of the public. LGC Science Group Limited serves customers across a number of end markets including Pharmaceuticals, Biotechnology, Diagnostics, Food, Environment, Sport, Government, Security and Academia.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	61,790
Inventory	64,189
Property, plant and equipment	63,653
Identifiable intangible assets	343,066
Financial liabilities	(507,429)
Total identifiable assets	25,269
Goodwill	576,157
Total consideration	601,426
Total cash consideration	601,426
Less: cash and cash equivalent balances acquired	(7,049)
Net cash outflow arising on acquisition	594,377

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, registered IP and customer relationships based on the final revaluations in accordance with IFRS 3 “Business combinations”. The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company and future economic benefits for which individual intangible assets are not recognised.

4. Business combinations (continued)

On the date of acquisition a loan of £368.0m was extended to LGC Science Investments Limited to allow bank debt to be repaid in that company. This amount is disclosed within Acquisition of subsidiary undertakings (net of cash acquired) in the Consolidated statement of cash flows.

From the date of acquisition, LGC Science Group Limited contributed £306.1m revenue and £22.5m to the loss before tax on ordinary activities of the Group. If the combination had taken place at the date of incorporation, revenue would have been £396.9m and loss before tax on ordinary activities would have been £27.8m.

Douglas Scientific Instruments Inc

On 1 April 2016 the Group completed the acquisition of 55% voting rights in Douglas Scientific Instruments Inc, a leading manufacturer of high throughput PCR platforms and consumables in the Genomics sector, based in Alexandria, Minnesota, USA. The acquisition is highly complementary to the Group's Genomics business and provides additional opportunities to develop commercial relationships with existing and new customers.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	1,546
Inventory	4,497
Property, plant and equipment	1,234
Identifiable intangible assets	17,698
Financial liabilities	(3,346)
Total identifiable assets	21,629
Goodwill	1,123
Total identifiable net assets at fair value	22,752
Less: non-controlling interest	(9,723)
Total consideration	13,029
Cash paid	24,484
Less: fair value of option	(11,455)
Total consideration	13,029
Less: cash and cash equivalent balances acquired	(395)
Net cash outflow arising on acquisition	12,634

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, registered IP and customer relationships based on the final revaluations in accordance with IFRS 3 “Business combinations”. The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the existing business and creates significant opportunities for cross-selling and other synergies.

On 1 April 2016 the Group also entered into a call option agreement with the non-controlling interest to purchase the entire NCI. The option was fair valued at £11,455k and is shown in the above table.

From the date of acquisition, Douglas Scientific Instruments Inc. contributed £11.7m of revenue and £3.2m to the loss before tax on ordinary activities of the Group. If the combination had taken place at the date of incorporation, revenue would have been £14.8m and loss before tax on ordinary activities would have been £4.3m.

4. Business combinations (continued)

BRC Trading Limited

On 24 November 2016 the Group completed the acquisition of 71.275% of the voting rights in BRC Trading Limited, a leading provider of GFSI-benchmarked standards across food safety, packing and packaging, storage and distribution, agents and brokers and consumer products. The business is based in London, UK. The acquisition is highly complementary to the Group's Standards business and provides additional opportunities to develop commercial relationships with existing and new customers.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	1,716
Inventory	46
Property, plant and equipment	772
Identifiable intangible assets	14,352
Financial liabilities	(4,146)
Total identifiable assets	12,740
Goodwill	22,820
Total identifiable net assets at fair value	35,560
Less: non-controlling interest	(1,911)
Total consideration	33,649
Cash paid	28,812
Less: cash and cash equivalent balances acquired	(176)
Net cash outflow arising on acquisition	28,636
Long-term loan note issued	5,013
Total consideration	33,649

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, registered IP and customer relationships based on the final revaluations in accordance with IFRS 3 "Business combinations". The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the exiting business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, BRC Trading Limited contributed £2.4m of revenue and £0.8m of profit before tax to ordinary activities of the Group. If the combination had taken place at the date of incorporation, revenue would have been £9.2m and profit before tax on ordinary activities would have been £2.3m.

4. Business combinations (continued)

API Food Quality, Inc

On 31 January 2017 the Group acquired 100% of the ordinary capital of API Food Quality Inc, a leading provider of food proficiency testing Services in the US. Based in Traverse City, Michigan, the acquisition is highly complementary to the Group's Standards proficiency testing business and provides additional opportunities to develop commercial relationships with existing and new customers.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total fair value £000
Assets and liabilities acquired	
Financial assets	22,313
Inventory	818
Property, plant and equipment	682
Identifiable intangible assets	30,023
Financial liabilities	(23,652)
Total identifiable assets	30,184
Goodwill	42,033
Total consideration	72,217
Cash paid	72,217
Less: cash and cash equivalent balances acquired	(21,529)
Net cash outflow arising on acquisition	50,688

Adjustments made to the fair value of identifiable intangible assets acquired include the value of internally developed intellectual properties, registered IP and customer relationships based on the final revaluations in accordance with IFRS 3 “Business combinations”. The goodwill arising on the acquisition of the business represents the premium the Group paid to acquire the Company which complements the exiting business and creates significant opportunities for cross-selling and other synergies.

From the date of acquisition, API Food Quality Inc contributed £3.9m of revenue and £0.2m to the loss before tax on ordinary activities of the Group. If the combination had taken place at the date of incorporation, revenue would have been £30.6m and profit before tax on ordinary activities would have been £8.4m.

4. Business combinations (continued)

Axolabs GmbH
On 28 March 2017 the Group acquired 100% of the ordinary capital in Axolabs GmbH, a leading contract development and manufacturing organization in the Genomics sector. Based in Kulmbach, Germany, Axolabs GmbH provides a range of bespoke manufacturing and analytical services to pharma and biotech customers in support of their drug discovery and development programmes from lead identification to clinical trials across all major modalities of oligo therapeutics including antisense oligos, siRNA, immunostimulatory oligos, aptamers, microRNA modulation, synthetic mRNA and gene editing using CRISPR. The acquisition is highly complementary to the Group's Genomics business and provides additional opportunities to develop commercial relationships with existing and new customers.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Total provisional fair value £000
Assets and liabilities acquired	
Financial assets	2,237
Property, plant and equipment	2,763
Financial liabilities	(602)
Total identifiable assets	4,398
Goodwill	18,989
Total consideration	23,387
Cash paid	23,387
Less: cash and cash equivalent balances acquired	(692)
Net cash outflow arising on acquisition	22,695

The initial accounting for the acquisition of Axolabs GmbH has been determined provisionally. Any adjustments to the accounting required following finalisation of the fair values to be assigned to the acquired assets and liabilities will be recorded within 12 months of the acquisition date.

If the combination had taken place at the date of incorporation, revenue would have been £10.5m and profit before tax on ordinary activities would have been £3.3m.

Prime Synthesis Inc
On 31 August 2016 the Group acquired 100% of the ordinary capital in Prime Synthesis Inc, a leading manufacturer of controlled pore glass ('CPG') products used in oligo synthesis, based in Aston, Pennsylvania, USA. The cost of the acquisition was £4.5m including £4.3m of goodwill, £0.1m of net assets and £0.1m cash acquired. Due to the immaterial nature of this acquisition, the full disclosure required under IFRS 3 "Business combinations" has not been presented.

Organic Standard Solutions International, LLC
On 4 November 2016 the Group acquired 100% of the ordinary capital in Organic Standard Solutions International LLC, a leading manufacturer of organic and inorganic NIST traceable reference materials, based in Charleston, South Carolina, USA. The cost of the acquisition was £8.3m including £7.1m of goodwill, £1.2m of net assets and £0.1m cash acquired. Due to the immaterial nature of this acquisition, the full disclosure required under IFRS 3 "Business combinations" has not been presented.

4. Business combinations (continued)

Analytical Services International Limited ("ASI")

On 10 October 2016 the Group completed the acquisition via an asset deal of "ASI", a small clinical and forensic toxicology laboratory, research and consultancy center based at St George's Hospital in South London. ASI's proficiency testing business is a leading global provider of proficiency testing ("PT") for immunosuppressive drugs, a small niche market within the wider clinical PT sector. The Group acquired ASI (to include the customer database, all physical assets, software relating to scheme reporting, intellectual property (including trademarks), goodwill, historical financial records and PT results) for aggregate consideration of up to £1.3 million. Due to the immaterial nature of this acquisition, the full disclosure required under IFRS 3 "Business combinations" has not been presented.

5. Revenue

	2017
	£000
Sale of goods	191,393
Rendering of services	137,029
	328,422

6. Group operating loss

This is stated after charging /(crediting):		2017
		£000
Auditor's remuneration	- audit fees	423
	- corporate finance advisory	908
	- taxation services	323
Depreciation expense		12,054
Amortisation of intellectual property		20,664
Amortisation of development costs		495
Operating lease rentals	- land and buildings	5,737
	- plant and machinery	929
Foreign exchange gains		(9,209)
Research and development expense		29,869

7. Material and non-recurring items

Items that are material either because of their size or their nature, or that are non-recurring, are presented within line items to which they best relate. During the period, the items detailed below have been adjusted in determining "Adjusted EBITDA". Adjusted EBITDA is one of the Group's key internal performance metrics which is monitored by both Management and our stakeholders as a measure of recurring, underlying profit performance. Adjusted EBITDA is operating profit before depreciation, amortisation, material and non-recurring items, together with the impact of unrealised foreign exchange gains or losses.

Adjusted EBITDA is not specifically defined under, nor presented in accordance with IFRS. Material and non-recurring items in the period are as follows:

	2017 £000
Costs associated with the purchase of LGC Science Group Limited	36,352
Costs associated with mergers and acquisitions	8,718
One off costs of integrating acquisitions	2,023
Restructuring and reorganisation costs	3,633
KKR integration costs	2,831
Unwind of inventory fair value step ups	14,748
	68,305

One off costs associated with the purchase of LGC Science Group Limited and the costs associated with mergers and acquisitions completed during the year principally relate to financial and commercial due diligence and advisory fees.

The cost of integrating acquisitions relates to one off costs to restructure the acquired businesses and costs to bring processes and systems in line with LGC.

KKR integration costs relate to material non-recurring projects that were instigated by KKR following the acquisition of LGC Science Group Limited.

Unwind of inventory fair value step ups are in line with the accounting policy disclosed in note 2, which have a material impact on the profit performance of the Group until such time as they are fully unwound.

8. Finance income and costs

	2017 £000
Finance income	
Interest income on bank deposits	185
Gain on foreign exchange forward contracts	695
Total Finance income	**880**
Finance cost	
Interest on bank overdrafts and borrowings	(33,703)
Interest on Long-term loan notes	(174)
Amortisation of debt issue costs	(6,396)
Total Finance costs	**(40,273)**

9. Staff costs and Directors remuneration

(a) Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2017
	£000
Wages and salaries	110,474
Social security costs	10,495
Other pension costs	4,091
	125,060

There has been no expense on share base payment schemes recognised in the period.

Included in other pension costs are £205,000 in respect of the defined benefit scheme and £3,886,000 in respect of the defined contribution scheme.

The average number of persons employed by the Company (including Directors) during the period, analysed by category was as follows:

	2017
	No.
Average monthly number of employees	
Scientific	1,704
Administration and management	911
	2,615

There were no staff employed by the Company during the period.

(b) Directors' remuneration

The Directors' remuneration for the period was as follows:

	2017
	£000
Aggregate remuneration in respect of qualifying services	**1,118**

	2017
	No.
The number of Directors receiving remuneration during the period	**3**
The number of Directors accruing benefits under a defined contribution pension scheme	**3**

	2017
	£000
Aggregate remuneration in respect of the highest paid Director	**558**

During the period, the Group made contributions of £20,000 to defined contribution pension scheme on behalf the Directors.

The Company believes that key management personnel as defined in IAS 24 is comprised solely of the statutory Directors of the Company. As such, no additional disclosures are provided in respect of key management personnel.

10. Taxation

Tax charged in the income statement:

(a) Analysis of charge / (income) in period:

	2017
Current tax	**£000**
UK income tax on the loss for the period	(51)
Adjustments in respect of current UK income tax of previous years	(7)
Foreign tax	7,591
Adjustments in respect of current Foreign income tax of previous years	(2,050)
Total current tax	**5,483**
Joint venture tax (note 14)	**294**
Deferred tax	
Relating to origination and reversal of temporary differences	(11,943)
Adjustments in respect of previous years	288
Changes in tax rates	(1,032)
Total deferred tax	**(12,687)**
Total tax income for the period	**(6,910)**
Consolidated statement of other comprehensive income	
Deferred tax related to items recognised in other comprehensive income during the period:	
Employee defined benefit plans / Foreign exchange rate revaluation	**4,808**

(b) Factors affecting tax income for the period:

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are reconciled below:

	2017
	£000
Loss on ordinary activities before taxation	**(53,939)**
Corporation tax at standard rate of 20%	**(10,788)**
Effects of:	
Non-deductible expenses for tax purposes	6,309
Non-taxable income	(1,046)
Adjustments in respect of previous years	(1,770)
Tax effect of losses not previously recognised	(162)
Higher foreign tax rates on overseas earnings	(1,517)
Movement in unrecognised deferred taxes	3,234
Patent Box	(48)
Rate change adjustment	(816)
Recognition of previously unrecognised tax assets	(598)
Minority Interest	292
Total tax income for the period	**(6,910)**

10. Taxation (continued)

(c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	2017 £000
Accelerated tax depreciation	5,725
Other post-employment benefits	37
Foreign exchange contracts	(147)
Interest rates swap	103
Pension benefit obligations	1,976
Other items related to overseas entities	180
Revaluation of land	(788)
Revaluation of buildings	(1,008)
Tax losses	1,797
Goodwill	(3,160)
Revaluation of intangible assets	(87,648)
Interest carry forward	1,223
Deferred tax not recognised	(87)
Other items	397
Net deferred tax liability	**(81,400)**
Reflected in the statement of financial position as follows:	
Deferred tax assets	11,119
Deferred tax liabilities	(92,519)
Net deferred tax liability	**(81,400)**

Reconciliation of net deferred tax liability

	2017 £000
At incorporation	-
Tax income during the period recognised in the Income Statement	12,687
Tax income during the period recognised in Other Comprehensive Income	(4,808)
Foreign exchange movements	(3,394)
Deferred tax arising on business combinations	(85,885)
At 31 March	**(81,400)**

There is a deferred tax asset of £11.1m recognised in the statement of financial position.

Group companies have tax losses carried forward at 31 March 2017 of approximately £52.2m. Of the related deferred tax asset of £10.2m, £1.8m has been recognised to offset the deferred tax liability on future capital gain on land and buildings. The remaining deferred tax asset of £8.4m has not been recognised as the recognition criteria of IAS 12 have not been met.

Group companies have depreciation in excess of capital allowances of approximately £38.7m. The related deferred tax asset is £5.7m which has been recognised as the recognition criteria of IAS 12 have been met.

10. Taxation (continued)

(d) Factors that may affect future tax charges

A corporation tax rate reduction was announced in the UK Budget 2015 to 19% in 2017 and 18% by 2020 for the financial year beginning 1 April. These changes were included in Finance (2) Act 2015 and substantively enacted on 26 October 2015. A further announcement has been made on the reduction of corporate tax rate to 17% which has not been enacted yet.

The deferred tax on temporary differences and tax losses as at 31 March 2017 was calculated at the rate applicable to the year in which the temporary differences and tax losses are expected to reverse.

11. Result attributable to members of the Company

As permitted by section 408(3) of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The loss dealt with in the financial statements of the Company was £29,817,000.

12. Property, plant and equipment

	Freehold land and buildings £000	Short-term leasehold buildings £000	Building Plant £000	Scientific equipment £000	Other Equipment £000	Total £000
Group						
Cost:						
At incorporation	-	-	-	-	-	-
Acquisitions	35,194	5,729	5,049	16,987	5,954	68,913
Additions	3,623	475	1,651	6,409	4,465	16,623
Disposals	-	-	-	(141)	-	(141)
Foreign exchange translation	1,521	423	170	650	171	2,935
At 31 March 2017	**40,338**	**6,627**	**6,870**	**23,905**	**10,590**	**88,330**
Depreciation:						
At incorporation	-	-	-	-	-	-
Charge for the period	1,116	894	1,338	5,625	3,081	12,054
Disposals	-	-	-	-	-	-
Foreign exchange translation	15	24	16	15	-	70
At 31 March 2017	**1,131**	**918**	**1,354**	**5,640**	**3,081**	**12,124**
Net book value:						
At 31 March 2017	**39,207**	**5,709**	**5,516**	**18,265**	**7,509**	**76,206**

The element of land included in the net book value of freehold land and buildings at 31 March 2017 is £13.9m.

No assets are held under finance leases.

Notes to the financial statements

at 31 March 2017

13. Intangible assets

Group	Goodwill £000	IP and Other intangibles £000	Internally generated development Costs £000	Total Intangibles £000
Cost:				
At incorporation	-	-	-	-
Acquisitions	748,317	327,873	2,570	1,078,760
Other additions	-	254	2,838	3,092
Foreign exchange translation	52,345	18,038	161	70,544
At 31 March 2017	**800,662**	**346,165**	**5,569**	**1,152,396**
Amortisation:				
At incorporation	-	-	-	-
Charge for the period	-	20,664	495	21,159
Foreign exchange translation	-	468	27	495
At 31 March 2017	**-**	**21,132**	**522**	**21,654**
Net book value:				
At 31 March 2017	**800,662**	**325,033**	**5,047**	**1,130,742**

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment using a value-in-use calculation. The discounted cash flows are based on the approved three year plan with an extrapolation and terminal growth rate thereafter.

For the purposes of impairment testing, the Group considers there to be four CGUs. The CGUs and key assumptions used in the estimation of the recoverable amounts are;

CGU	Discount rate	Terminal value growth rate
	%	%
Standards	9.0	3.0
Genomics	10.0	3.0
Others	7.5 – 8.5	3.0

The discount rates and terminal growth rates were provided by an independent third party advisor and management considers them to be prudent and reflective of the risk associated with each CGU.

Management believes that no reasonably possible change in any of the key assumptions would result in the carrying value of any CGU to exceed its recoverable amount.

14. Investments

Group

As part of the acquisition of LGC Science Group Limited on 8 March 2016, the Group acquired a joint venture. The movement in relation to the joint venture is as follows:

	2017 £000
At incorporation	**-**
Acquisitions	**2,967**
Share of operating profit before taxation	979
Tax on operating profit	(294)
Share of operating profit	**685**
Foreign exchange translation	1,072
Disposal	(4,724)
At 31 March	**-**

On 31 March 2017 the Group disposed of its share in the joint venture and a loss is recognised in the income statement as follows:

	2017 £000
Consideration received	3,951
Carrying amount of assets disposed	(4,724)
Loss on disposal	**(773)**

The total amount recognised in the income statement comprises:

	2017 £000
Share of operating profit before tax	979
Loss on disposal	(773)
	206

Company

As at 31st March 2017 the Company held 100% of the entire share capital of its subsidiary, LGC Science Group Limited and 21% of the share capital of its subsidiary, LGC Whirlwind Limited.

	2017 £000
At incorporation	**-**
Acquisitions	277,981
At 31 March	**277,981**

Details of the investments in which the Group holds 20% or more of the nominal value are disclosed in note 31.

15. Long-term receivables

Group	2017
Plant and equipment investment	**£000**
Minimum lease rentals receivable	966
Estimated residual value	16
Gross investment	982
Unearned finance income	(121)
Present value of the minimum lease rentals receivable	**861**
Total minimum lease rentals to be received	
Within 1 year - included within Other receivables (note 17)	131
Within 2-5 years	716
	847

The Group is a lessor in a non-cancellable leveraged lease agreement entered into during the period. At the end of the lease term the lessee has the option to purchase the equipment being leased, otherwise the equipment will be returned to the Group. The Group has taken into account the unrealised portion of deferred interest and related deferred tax. Interest income is recognised when received.

	2017
Company	**£000**
Long-term loan notes (including accrued interest)	286,951
Preference shares (including accrued interest)	239,970
	526,921

Long-term loan notes
On 8 March 2016 the Company acquired all of the long-term loan notes of Teddington 2 Limited, which are accruing interest of 10% and 15% per annum.

Preference shares
On 8 March 2016 the Company acquired all of the preference shares of LGC Science Group Limited, which are accruing a dividend at 10% per annum.

16. Inventories

	Group
	2017
	£000
Raw materials and consumables	10,783
Work in progress	17,384
Finished goods	34,705
	62,872

17. Trade and other receivables

	2017
	£000
Trade receivables	46,399
Provision for impairment of trade receivables	(852)
Net trade receivables	45,547
Other receivables	8,163

Prepayments and accrued income	5.997
	59,707

17. Trade and other receivables (continued)

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

	Group 2017 £000
Age of trade receivables not impaired	
Not Due	30,615
Past Due	
1 to 30 days	10,735
31 to 60 days	1,989
61 to 90 days	791
>90 days	2,269
	15,784
	46,399

18. Cash and cash equivalents

	Group 2017 £000
Cash at bank	59,373
Short-term deposits	1,165
	60,538

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

19. Issued share capital

Group and Company

Allotted and issued share capital

	2017 Number	Share capital 2017 £000	Share premium 2017 £000	Total 2017 £000
A Ordinary shares of £1 each	**56,582,484**	**56,582**	**509,242**	**565,824**

During the period, the Group and Company issued the following ordinary shares:

A Ordinary shares of £1 each	2017 Number	Share capital 2017 £	Share premium 2017 £	Total 2017 £
Issued on 4 December 2015	1	1	-	1
Issued on 8 March 2016	54,582,483	54,582,483	491,242,352	545,824,835
Issued on 27 January 2017	2,000,000	2,000,000	18,000,000	20,000,000
	56,582,484	**56,582,484**	**509,242,352**	**565,824,836**

A Ordinary shares are voting shares and carry rights to receive dividends.

20. Loans and borrowings

Group	**2017 £000**
Non-current loans and borrowings	
Bank borrowings	670,529
Long-term loan notes (including accrued interest)	5,188
	675,717

Company	**2017 £000**
Non-current loans and borrowings	
Bank borrowings	670,529
	670,529

Bank borrowings

On 8 March 2016 in order to make available funding to acquire LGC Science Group Limited (and associated undertakings) and repay debt, the Group entered into a Senior Facilities Agreement and Second Lien Facility Agreement. The facilities include a committed multicurrency revolving credit facility, of which £nil was drawn at 31 March 2017. The total committed and undrawn Group facilities under the Senior Facilities Agreement at 31 March 2017 were £50m.

The Group's syndicated loan facility is secured on the assets of the Company and certain of its subsidiary undertakings. The loans bear interest at rates of LIBOR + 3.75%-6.75% for USD denominated loans, EURIBOR + 3.75%-6.5% for EUR denominated loans and LIBOR + 8% for GBP denominated loans.

Long-term loan notes

The Long-term loan notes are accruing interest of 10% per annum.

21. Operating leases

The Group has entered into commercial lease agreements.

The total future value of minimum lease payments is as follows:

	Group Land and buildings 2017 £000	Group Other 2017 £000
Within one year	5,544	739
In two to five years	14,130	1,367
In over five years	12,406	-
	32,080	**2,106**

The amount of non-cancellable operating lease payments recognised as an expense during the period was £6.7m.

22. Pension and other schemes

(a) Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £3,886,000. At the end of the period contributions of £313,000 were outstanding.

Contributions of £4,000,000 are expected to be made to the plan in the next financial year.

(b) UK Defined benefit pension scheme

The Group operates a defined benefit funded pension scheme, the assets of the scheme are held in a trustee fund which required contribution to be made to a separately administered fund. The scheme is a UK-based defined benefit scheme, providing benefits at retirement and on death. The scheme was closed to future accrual on 31 March 2014. The closure of the scheme to future accrual reduces future volatility risk and helps align pension benefits more consistently across all of the Group's employees.

In accordance with IAS 19 (R) re-measurements, comprising of actuarial gains and losses, excluding net interest costs are recognised immediately in the financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'other external expenses' in consolidated statement of profit or loss (by nature):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The expected contributions to the plan for the next reporting period are £nil.

22. Pension and other schemes (continued)

The scheme was most recently valued on 1 July 2015. The most recent full funding assessment was as at 1 July 2015 and the results, benefit structure and data were summarised to the trustees in October 2015. The benefit structure has not changed since the funding assessment.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board has issued statement IFRIC14 that deals with how surpluses in IAS19 are approached within the employer's accounts:

a) only allows a surplus at the accounting date to be recognised in the accounts if the employer has an unconditional right to it at some future date. If the employer does not have a right to it, then the surplus recognised cannot be bigger than the present value of the future service cost less the present value of the contributions for future service committed to in the Schedule of Contributions

b) requires an additional liability to be recognised if the employer is obliged to pay future contributions and will not be able to recover these amounts in the future.

Risks

Investment risk

A significant proportion of assets are invested in equities and property whereas the defined benefit obligation value depends on the yield on long-dated corporate bonds. These two asset classes can move in different directions causing the pension disclosure on the balance sheet to improve or deteriorate rapidly. The balance sheet volatility has been mitigated to an extent by moving investment from equities into multi asset credit investment and bonds, together with the use of a Liability Driven Investment (LDI) strategy.

Inflation risk

Since the pension liability is adjusted to consumer price index, the pension plan is exposed to the UK's inflation, interest rate risks.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2017 **£000**
Fair value of scheme assets	97,773
Present value of scheme liabilities	(109,168)
Defined benefit pension scheme deficit	**(11,395)**

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2017 **£000**
Fair value at start of financial year	84,608
Interest income	3,017
Actuarial gains and losses arising from changes in financial assumptions	11,757
Employer contributions	-
Benefits paid	(1,609)
Fair value at end of period	**97,773**

22. Pension and other schemes (continued)

Analysis of assets
The major categories of scheme assets are as follows:

	2017 £000
Cash and cash equivalents	2,771
Equity instruments	40,047
Debt instruments	48,625
Real estate	6,330
	97,773

Asset valuations are based on quoted market prices in an active market and investment profile of the assets.

	2017 £000
Actual return on scheme assets	**14,774**

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities
Changes in the present value of scheme liabilities are as follows:

	2017 £000
Present value at start of financial year	83,679
Actuarial gains and losses arising from changes in financial assumptions	24,115
Interest cost	2,983
Benefits paid	(1,609)
Present value at end of financial year	**109,168**

Analysed as:

Present value of scheme liabilities arising from wholly or partly funded schemes	**25,489**

Principal actuarial assumptions
The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Statement of financial position date are as follows:

	2017 %
Retail price inflation (RPI)	3.50
Consumer price inflation (CPI)	2.50
Deferred pension revaluation	2.50
Discount rate	2.60
Mortality rate	1.50
Future pension increases	3.30

Actual return on scheme's assets

Post retirement mortality assumptions

	2017 Years
Current UK pensioners at retirement age - male	22.9
Current UK pensioners at retirement age - female	24.6
Future UK pensioners at retirement age - male	25.1
Future UK pensioners at retirement age - female	26.1

22. Pension and other schemes (continued)

Amounts recognised in the income statement

	2017 £000
Amounts recognised in operating profit	
Recognised in arriving at operating profit	-
Amounts recognised in finance income or costs	
Net interest	(34)
Total recognised in the income statement	**(34)**

The service cost and net interest expense are recognised in the income statement.

Amounts taken to the Statement of comprehensive income

	2017 £000
Actuarial gains and losses arising from changes in financial assumptions	(25,414)
Return on plan assets, excluding amounts included in interest income/(expense)	13,056
Amounts recognised in the Statement of comprehensive income	**(12,358)**

Actuarial gains and losses arise when assumptions made about the future benefits or investment returns are not realised in practice and/or when assumptions are revised at the end of the financial year. Actuarial gains or losses are recognised immediately via Other comprehensive income.

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2017	
	+ 0.1%	**- 0.1%**
Adjustment to discount rate	**£000**	**£000**
Present value of total obligation	(2,493)	2,568

		2017
	+ 0.1%	**- 0.1%**
Adjustment to rate of inflation	**£000**	**£000**
Present value of total obligation	1,481	(1,449)

		2017
	+ 1 Year	**- 1 Year**
Adjustment to mortality age rating assumption	**£000**	**£000**
Present value of total obligation	(3,977)	4,026

The scheme is a UK-based providing benefits at retirement and on death. The most recent full funding assessment was as at 1 July 2015 and the benefit structure has not changed since the funding assessment. The scheme was closed to future accrual on 31 March 2014. The scheme is governed by a trustee that has a large degree of control over the operation, funding and investment strategy of the scheme. The Company works with the trustees to ensure the scheme has an appropriate funding strategy that meets legislative and regulatory requirements. Any shortfall of assets relative to funding target is financed over an appropriate period of time taking account of the contribution level that is reasonably affordable to the sponsoring employer.

The weighted average duration of the defined benefit obligation is around 23 years.

22. Pension and other schemes (continued)

(c) Foreign defined benefit pension schemes

The Group's subsidiaries in Germany operate defined pension benefit schemes for the employees and the funds are administered locally. The schemes have been re-measured in accordance with IAS 19(R). Actuarial gains and losses excluding net interest costs are recognised in the financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension liability in the statement of financial position comprises the total for the plan at the present value of the defined benefit obligation, based on actuarial reports, which applied a discounted rate of 1.52%.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2017
	£000
Present value of scheme liabilities	**1,340**

23. Provisions for liabilities and charges

Group	**Total Provisions £000**
At incorporation	-
Acquisitions	6,481
Foreign exchange translation	520
At 31 March 2017	**7,001**

The provisions are for potential litigation, uncertain tax positions, dilapidations, legal fees and a call / put option.

24. Trade and other payables

Group	**2017 £000**
Trade and other payables	24,037
Social security and other taxes	3,686
Accruals and deferred income	45,829
Deferred consideration	1,416
Other payables	6,341
	81,309

Company	**2017 £000**
Accruals and deferred income	**184**

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

25. Commitments and guarantees

Capital commitments
Amounts contracted for but not provided in the financial statements amounted to £1,807,000 for the Group and £nil for the Company, and authorised but not yet contracted of £8,723,000 for the Group and £nil for the Company.

Pension commitments
Contributions of £4,000,000 are expected to be made to the defined contribution plan in the next financial year.

Guarantees
The Group and other subsidiaries have provided guarantees and granted security to support the syndicated bank borrowing arrangements of the Group.

26. Financial instruments

(a) Financial assets and Liabilities

Financial assets

	Carrying value	Fair value
	2017	**2017**
	£000	**£000**
Cash and cash equivalents	60,538	60,538
Trade and other receivables *	53,710	53,710
	114,248	**114,248**

Financial liabilities

	Carrying value	Fair value
	2017	**2017**
	£000	**£000**
Trade and other payables **	76,207	76,207
Borrowings	675,717	675,717
	751,924	**751,924**

* Trade and other receivables are excluding Prepayments and accrued income
** Trade and other payables are excluding Social security and other taxes and Deferred consideration

The fair values of these financial instruments reflect market value which is not materially different to the carrying values.

Foreign exchange forward contracts:

Carrying value and Fair value	**2017**
	£000
Foreign exchange forward contracts	(398)
Derivative liability	**(398)**

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. These contracts are not designated as hedging instruments but trading derivatives and are generally from 1 to 12 months. Trading derivatives are classified as a current asset or liability and changes in value are recorded in the Income statement.

The valuation of foreign exchange forward contracts was provided by HSBC Bank Plc. The valuation method was derived from proprietary models based upon recognised financial principles and reasonable estimates about relevant future market conditions and may reflect certain other financial factors.

26. Financial instruments (continued)

The Group classifies its foreign exchange forward contracts as level 2 within the fair value hierarchy. There were no transfers between fair value hierarchies during the period. The notional principal amount of outstanding foreign exchange forward contracts at 31 March 2017 was EUR 19,500,000.

Call option:

Carrying value and Fair value	**2017**
	£000
Call option over Douglas Scientific LLC non-controlling interest	13,166
Derivative asset	**13,166**

On 1 April 2016 the Group entered into a call option agreement with the non-controlling interest of Douglas Scientific LLC to purchase the entire NCI. The option is classified as a non-current derivative asset and changes in value are recorded in the Income statement.

(b) Financial risk management and impairment of financial assets

The Group is exposed to market risk (including interest rate and foreign currency risk), credit risk and liquidity risk.

The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the Group that could arise, including monitoring levels of debt finance and related finance costs. Cash flow and leverage in respect of the Company's banking facilities are reported monthly to the Board. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board are implemented by the Group's finance department.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Key market risks affecting the Group including interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and deposits.

<u>Interest rate risk</u>

During the period ended 31 March 2017 all of the Group's bank debt was at floating interest rates (3 month LIBOR). The Group monitors the trends in interest rates and regularly consults with investors and advisors regarding interest rates. The Group has not opted to fix interest rates currently. The Group holds fluctuating cash balances that earn interest at fluctuating market rates.

<u>Foreign exchange risk</u>

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to the risk of changes in foreign exchange rates arising from various currency exposures, primarily with respect to Euro, US dollar and the UK pound. Foreign exchange risk arises primarily from foreign acquisitions, foreign operations, trade payables and trade receivables held in foreign currencies, recognised assets and liabilities and net investments in foreign operations.

This risk is partially mitigated by internally generated cash flows in a similar mix of currencies. Net risk of exposure to operations in foreign currencies is managed by the purchase of foreign exchange forward contracts.

26. Financial instruments (continued)

Credit risk and impairment

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Cash and receivables credit risk exposure and management

2017	Maximum amount of exposure £000	Provision for doubtful debt £000	Carrying value £000
Cash and cash equivalents	60,538	-	60,538
Trade and other receivables *	54,562	(852)	53,710
	115,100	**(852)**	**114,248**

* Trade and other receivables are excluding Prepayments and accrued income

The majority of the Group's trade receivables are due from large national or multinational companies, or are government backed where the risk of default is considered low and there is limited customer concentration. Outstanding customer receivables are regularly monitored and any contracts with major customers are generally covered by letters of credit or other forms of credit insurance. Individual credit limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department and the credit risk on liquid funds and derivative financial instruments is considered limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

Allowances for impairment by credit losses

	2017 £000
At incorporation	-
Acquisitions	(776)
Movement during the period	(76)
At end of period	**(852)**

Liquidity risk

The Group monitors liquidity on an ongoing basis. All financial liabilities outstanding at the current period end are due within one year and the contractual maturities are the same as the carrying value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a variety of borrowing instruments. The Group assessed the concentration of risk and concluded it to be low. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Maturity analysis

2017	Within 1 year £000	>5 years £000	Total £000
Trade and other payables *	76,207	-	76,207
Bank borrowings	-	670,529	670,529
Long-term loan notes	-	5,188	5,188
	76,207	**675,717**	**751,924**

***** Trade and other payables are excluding Social security and other taxes and Deferred consideration

26. Financial instruments (continued)

(c) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure to support its business and maximise shareholder value. In order to achieve this business objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the bank borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings.

The Group monitors capital using a leverage ratio, which is net debt divided by pro forma adjusted EBITDA*.

*Earnings (including joint venture) before interest, tax, depreciation, amortisation, unrealised foreign exchange gains and losses and material and non-recurring items, including the pre-acquisition period for businesses acquired during the period.

27. Related party transactions

(a) Transactions with KKR, the majority shareholder

	2017 £000
Services and closing balance	
Costs relating to the acquisition of the LGC Science Group Limited	20,017
Management fees	532
Debt facility fees	3,288
Other services	632
Payables closing balance	146

(b) Transactions with non-controlling interest – Douglas Scientific LLC

Group companies entered into transactions with Douglas Scientific LLC (a 55% controlled subsidiary).

	2017 £000
Trading	
Sale of goods and services during the period	950
Purchase of goods and services during the period	(1,742)
Trade receivable closing balance	989
Trade payables closing balance	(410)
Intercompany loan account	
Interest payable	127
Closing balance	2,046

(c) Transactions with non-controlling interest – Brand Reputation Compliance Limited

Group companies entered into transactions with Brand Reputation Compliance Limited (a 71% controlled subsidiary) and its subsidiary BRC Trading Limited.

	2017 £000
Intercompany loan account	
Interest payable	4
Closing balance	204

27. Related party transactions (continued)

(d) Transactions with joint venture

The Group had a 50% interest in LGC Promochem India Private Limited. During the period sales have been made at normal market prices.

	2017 £000
Trading	
Sale of goods during the period	99
Trade receivable closing balance	8

(e) Transactions with other related party

Group companies entered into transactions with Airto Ltd, a company where Derek Craston holds a Directorship. During the period, purchases have been made at normal market price on an arm's length basis.

	2017 £000
Trading	
Purchase of services during the period	(7)
Trade payables closing balance	(1)

(f) Transactions with companies owned by KKR

Group companies entered into transactions Walgreens Boots Alliance, Software One Inc., Software One UK Limited, Ursapharm GmbH, Capsugel, Analytica Alimentara GmbH, Epicore Inc. During the period, sales and purchases have been made at normal market price on an arm's length basis.

	2017 £000
Trading	
Sale of goods and services during the period	193
Purchase of goods and services during the period	(220)
Trade receivable closing balance	43
Trade payables closing balance	(114)

28. Ultimate holding company and controlling party

The Company's immediate parent undertaking is Elwy 3 Limited.

The majority shareholders of LGC Science Group Holdings Limited are KKR Fund Holdings L.P. and KKR European Fund IV L.P. (the "Funds"). Kohlberg Kravis Roberts & Co. L.P., a registered investment adviser regulated by the United States Securities & Exchange Commission (Registration NO. 90169634) under the U.S. Investment Advisors Act of 1940, acts as a manager for and on behalf of the Funds. No individual investor in the Funds has more than 25% of the interest in LGC Science Group Limited. The ultimate parent company of KKR Fund Holdings L.P. and KKR European Fund IV L.P. is KKR & Co. L.P., an entity incorporated in the United States of America.

29. Post balance sheet event

On 15 July 2017 the Group acquired the entire voting rights of Link Technologies Limited, a premier supplier of specialty reagents for oligonucleotide synthesis in the Genomics sector, based in Glasgow, UK, for a consideration of £4.2m. The net assets of the acquired business were £0.8m.

30. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of the issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The financial impact of these standards is not yet known and reasonably estimable.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. If a contract with a customer does not yet meet all of the criteria, the entity will continue to reassess the contract going forward to determine whether it subsequently meets the criteria and from that point to recognise the revenue.

The Group is in the business of providing contract services and sales of modified high-tech goods. The services and goods are sold on its own in separate contracts with customers and together as a bundled package of goods and/or services. The Group provides warranties for the goods and/ or services sold in its contracts with customers. As such, the Group determines that such warranties are assurance-type warranties which will continue to be accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its current practice.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

IFRS 16 Leases
IFRS 16 *Leases* was issued in January 2016 and has a mandatory effective date of 1 January 2019. Early adoption is permitted but only if IFRS 15 is also applied.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 replaces the previous leases Standards, IAS 17 *Leases*, and related Interpretations.

31. Details of the investments of the Group

As at 31 March 2017 details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
Analytical Reference Materials International Corp	(1)	Ordinary	100	Distribution of analytical reference standards
API Food Quality Inc	(2)	Ordinary	100	Food proficiency testing services
Aquacheck Limited†	(3)	Ordinary	100	Dormant
Axolabs GmbH	(4)	Ordinary	100	Contract development and manufacturing of oligonucleotide therapeutics.
Biosearch Technologies Inc	(5)	Ordinary	100	Genomics products and services
Brand Reputation Compliance Limited	(3)	Ordinary	71	Holding company
BRC Trading Limited	(3)	Ordinary	71	Distribution of analytical reference standards
BRC Global Standards (Americas) Corporation	(29)	Ordinary	71	Distribution of analytical reference standards
Cardiff Bioanalytical Services Limited†	(3)	Ordinary	100	Dormant
DNA Technology A/S	(6)	Ordinary	100	Genomics products and services
Douglas Scientific LLC	(7)	Ordinary	55	Genomics products and services
Dr Ehrenstorfer GmbH	(8)	Ordinary	100	Distribution of analytical reference standards
Focus Forensic Telecommunications Limited†	(3)	Ordinary	100	Dormant
Forensic Alliance Limited†	(3)	Ordinary	100	Dormant
HFL Sport Science Limited†	(3)	Ordinary	100	Dormant
Industrial Analytical Pty Limited	(9)	Ordinary	100	Distribution of analytical reference standards
Institut für Blutgruppenforschung LGC GmbH	(8)	Ordinary	100	Forensic analysis
KBiosciences Limited†	(3)	Ordinary	100	Dormant
LGC (Holdings) Limited	(3)	Ordinary	100	Holding company
LGC (North West) Limited	(3)	Ordinary	100	Holding company
LGC (Teddington) Limited	(3)	Ordinary	100	Holding company
LGC Beteiligungs GmbH	(8)	Ordinary	100	Holding company
LGC Bio Senate Limited†	(3)		100	Dormant
LGC Bioresearch Limited†	(3)	Ordinary	100	Dormant
LGC Biosearch GmbH	(10)	Ordinary	100	Genomics products and services
LGC Forensics Limited†	(3)	Ordinary	100	Dormant
LGC Genomics GmbH	(11)	Ordinary	100	Genomics products and services
LGC Genomics Holding GmbH	(11)	Ordinary	100	Holding company
LGC Genomics Limited	(3)	Ordinary	100	Genomics products and services
LGC Genomics LLC	(2)	Ordinary	100	Genomics products and services
LGC Genomics US Holdings Inc	(2)	Ordinary	100	Holding company
LGC GmbH	(12)	Ordinary	100	Manufacture of analytical reference standards
LGC Group Holdings Limited	(3)	Ordinary	100	Holding company
LGC Holding GmbH	(11)	Ordinary	100	Holding company
LGC Investments GmbH	(8)	Ordinary	100	Holding company

31. Details of the investments of the Group (continued)

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
LGC Investments Limited	(3)	Ordinary	100	Holding company
LGC Labor GmbH	(8)	Ordinary	100	Manufacture of analytical reference standards
LGC Limited	(3)	Ordinary	100	Chemical and biochemical analysis consultancy and distribution of analytical reference standards
LGC North America Inc	(2)	Ordinary	100	Holding company
LGC Rhone Inc	(2)	Ordinary	100	Holding company
LGC Science (Beijing) Co Limited	(13)	Ordinary	100	Distribution of analytical reference standards
LGC Science (Shanghai) Co Limited	(14)	Ordinary	100	Distribution of analytical reference standards
LGC Science Group (Singapore) Pte Limited	(15)	Ordinary	100	Holding company
LGC Science Group Limited	(3)	Ordinary	100*	Holding company
LGC Science Holdings Limited	(3)	Ordinary	100	Holding company
LGC Science Inc	(16)	Ordinary	100	Analytical testing services
LGC Science Investments Limited	(3)	Ordinary	100	Holding company
LGC Science Limited†	(3)	Ordinary	100	Dormant
LGC Standards (South Africa) Pty. Limited	(9)	Ordinary	100	Holding company
LGC Standards AB	(17)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Brazil Exportacao E Importacao Ltda	(18)	Ordinary	100	Distribution of analytical reference standards
LGC Standards GmbH	(8)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Inc	(19)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Sarl	(20)	Ordinary	100	Distribution of analytical reference standards
LGC Standards SL	(21)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Spzoo	(22)	Ordinary	100	Distribution of analytical reference standards
LGC Standards Srl	(23)	Ordinary	100	Distribution of analytical reference standards
LGC Whirlwind Ltd	(3)	Ordinary	100**	Holding company
Maine Standards Company LLC	(24)	Ordinary	100	Manufacture of analytical reference standards
Organic Standard Solutions International LLC	(25)	Ordinary	100	Distribution of analytical reference standards
Prime Synthesis Inc	(26)	Ordinary	100	Genomics products and services
Promochem Limited†	(3)	Ordinary	100	Dormant

31. Details of the investments of the Group (continued)

Subsidiary	Registered office/principal place of business	Type of shares	Proportion of voting rights and shares held	Nature of business
Quality Management Holdings Limited†	(3)	Ordinary	100	Holding company
Quality Management Limited†	(3)	Ordinary	100	Dormant
Teddington 2 Limited	(3)	Ordinary	100	Holding company
Thistle Laboratory Services Pty Ltd	(27)	Ordinary	100	Analytical testing services
University Diagnostics Limited†	(3)	Ordinary	100	Dormant
VHG Labs Inc	(28)	Ordinary	100	Distribution of analytical reference standards

* Directly held by the Company
** 21% directly held by the Company
† Companies exempt from the requirement of the Companies Act 2006 relating to the preparation of accounts under section 394A of the Act.

Statutory instrument exemption

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- Brand Reputation Compliance Limited
- LGC (North West) Limited
- LGC (Teddington) Limited
- LGC Group Holdings Limited
- LGC Holdings Limited
- LGC Investments Limited
- LGC Science Group Limited
- LGC Science Holdings Limited
- LGC Science Investments Limited
- LGC Whirlwind Limited
- Teddington 2 Limited

The country of incorporation matches the country in which the registered office/principal place of business is located.

Key to registered office/principal place of business

(1) National Registered Agents, Inc, 1021 Main Street,1150, Houston TX 77002, United States
(2) National Registered Agents, Inc, 160 Greentree Drive, Suite 101, Dover, DE 19904, United States
(3) LGC, Queens Road, Teddington, Middlesex, TW11 0LY, United Kingdom
(4) Fritz-Hornschuch-Straβe 9, D-95326 Kulmbach, Germany
(5) National Registered Agents, Inc, 818 W Seventh Street, Suite 930, Los Angeles, CA 90017, United States
(6) Voldbjergvej 16B, 8240, Risskov, Denmark
(7) 3600 Minnesota Street, Alexandria MN 56308, United States
(8) Mercatorstr. 51, 46485 Wesel, Germany
(9) Industrial Analytical House, 4 Indianapolis Road, Kyalami 1684, South Africa

Notes to the financial statements

at 31 March 2017

31. Details of the investments of the Group (continued)

Key to registered office/principal place of business (continued)

(10) Sonneberger Strasse 69, 96523 Steinach, Germany

(11) Ostendstrasse 25, 12459 Berlin, Germany

(12) Im Biotechnologiepark, TGZ II, 14943 Luckenwalde, Germany

(13) Room 110, Unit 3, No 6 Building, No 88 Yark, Kechuang Sixth Street, Beijing China

(14) Room 1577B, No 55 Xili Road, Shanghai Free Trade Zone, Shanghai, China

(15) 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, Singapore

(16) Northwest Registered Agent Service, Inc, 1521 Concord Pike, Suite 202, Wilmington DE 19803, United States

(17) Box 1737, 50117 Boras, Sweden

(18) Avenida Salmao 663, Sala 66, Bairro Parque Residencial Aquarius, Sao Jose, 12246-260, Brazil

(19) National Registered Agents, Inc, 155 Federal Street, Suite 700, Boston MA 02110, United States

(20) 6 rue Alfred Kastler, 67120 Molsheim, France

(21) Salvador Espriu 59, 08005 Barcelona, Spain

(22) Marii Konopnickiej 1, Dziekanow Lesny, 05-092 Lomianki, Poland

(23) Via Tintoretto n. 5, 20145 Milano, Italy

(24) 221 US Route 1, Cumberland Foreside, ME 04110, United States

(25) National Registered Agents Inc., 2 Office Park Court, Columbia SC 29223, United States

(26) 2 New Road, Suite 126, Aston DE 19014, United States

(27) Block 5, Ground Floor, Bryanston Gate, Main Road, Bryanston 2074, South Africa

(28) National Registered Agents. Inc, 276 Abby Road, Manchester NH 03103, United States

(29) 850 New Burton Road Suite 201 Dover, DE 19904, United States