Illumina UK Limited

Annual Report and Financial Statements

29 December 2013

Company information

Directors
J Flatley
C O Henry
M A Stapley
T S Orpin

Secretary
C Dadswell

Auditor
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Strategic report

As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Illumina UK Limited ("the company") present their annual report containing a Strategic Report, Directors' Report and the Financial Statements for the period ended 29 December 2013.

Principal activity

The principal activity of the company during the period (until the sale of the trade and certain assets and liabilities to Illumina Cambridge Limited on 1 October 2013) continued to be that of the sale of Illumina, Inc. instruments and consumables for the large scale analysis of genetic variation to customers in the UK, together with associated revenues arising from the separable warranty contracts and other servicing related activities of those instruments.

Review of the business and future developments

The Illumina, Inc. group ("the Illumina group") has developed a comprehensive line of products that address the scale of experimentation and the breadth of functional analysis required to advance disease research, drug development, and the development of molecular tests. The Illumina group's broad portfolio of leading-edge sequencing and array-based solutions address a range of genomic complexity and throughputs, enabling researchers to select the best solution for the scientific challenge. The Illumina group's products and services are used by a broad range of academic, government, pharmaceutical, biotechnology, and other leading institutions around the globe.

The directors are pleased with the company's results in 2013, which show that growth continues strongly across all revenue streams in line with the company's forecasts.

On 1 October 2013 the entire issued share capital of the company was transferred from Illumina Netherlands B.V. to Illumina Cambridge Limited for a consideration of £32,224,400. On the same day the assets, liabilities, employees, and full trading business were transferred to Illumina Cambridge Limited, for a consideration of £22,952,834, except the excluded assets and liabilities that comprised cash at bank, VAT and corporation tax liabilities. The purpose of the reorganisation was to streamline operations of the Illumina business in the UK. Accordingly, the company became non trading on 1 October 2013.

The company's financial performance is assessed primarily by consumable and instrument sales. These are reported in the management accounts and reviewed by the board of directors and operational managers.

	Period ended 29 December 2013 £'000	Period ended 30 December 2012 £'000	Change %
Consumable sales	29,139	32,855	-11%
Instrument sales	11,661	9,361	25%
Product warranty revenue and service related income	2,496	2,575	-3%

	No.	No.	Change %
Average headcount during the period of trading	62	48	29

Strategic report (continued)

Review of the business and future developments (continued)

For the period ended 29 December 2013, the amounts above represent 9 months of trading due to the transfer of the company's operations to Illumina Cambridge Limited on 1 October 2013. Accordingly, the change percentages in the table above are comparing 9 months of trading in 2013 to 12 months of trading in 2012. On an equivalent basis (grossing up the 2013 figures to reach a notional 12 month total), the changes in consumables sales, instrument sales and service and warranty sales would have been: 18% increase, 66% increase, and 29% increase respectively. These increases in the company's sales reflect the market for the Illumina group's products is growing quickly as the use of genetic analysis becomes more widespread in a number of sectors ranging from agriculture to forensics to clinical medicine. As the Illumina group dominates this market, it is expected that all of its revenue streams will be growing strongly.

Principal risks and uncertainties

Following the sale of the trade and certain assets and liabilities to Illumina Cambridge Limited on 1 October 2013, the company's exposure to risk has been reduced significantly. The only significant risks that remain at the balance sheet date and at the date of approval of these financial statements are as follows:

- Recoverability of intercompany debtor

At 29 December 2013, the company has an intercompany receivable of £22,536,321 from its immediate parent undertaking and accordingly the parent's ability to repay the debt is one of the main risks facing the company. The directors consider that the parent company is both profitable and cash generative, and currently there are no indicators to suggest that the balance will not be recovered in full.

- Foreign exchange risk

A proportion of the company's liquid assets are denominated in US Dollars, meaning that the company is subject to a foreign exchange risk. The company does not actively manage this risk by entering into any hedging arrangements, but the directors are content that this foreign exchange risk does not create any cashflow or liquidity risks.

By order of the board

M A Stapley
Director

31 October 2014

Directors' report

The directors present their report and financial statements for the period ended 29 December 2013.

The company operates on a 52 week financial period. For this financial period the accounting period was from 31 December 2012 to 29 December 2013.

Results and dividends

The profit for the period amounted to £22,360,703 (period ended 30 December 2012: £1,415,195). The directors do not recommend the payment of a dividend (period ended 30 December 2012: £nil).

Going Concern

The company's business activities, together with the factors likely to affect its future development, financial risk and cash flow risk are described in the principal risks and uncertainties section of the Strategic Report.

The directors have prepared the financial statements on the going concern basis. In making this assessment the directors have considered the financial position of the company. As at 29 December 2013 and at the date of approval of these financial statements the company has liquid cash resources in excess of its liabilities. The directors therefore consider that the company will be able to meet its liabilities as they fall due for the foreseeable future and therefore the directors consider that the going concern basis of preparation remains appropriate.

Directors

The directors who served during the period and to the date of this report, except as stated otherwise, were as follows:

J Flatley
C O Henry
M A Stapley
T S Orpin (appointed 14 March 2013)

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Statement as to disclosure of information to auditor

The directors, who were members of the board at the time of approving this report, are listed above. Having made enquiries of company management and of the company's auditor, the directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditor is unaware; and

- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report (continued)

Auditor

Ernst & Young LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an AGM.

By order of the board

M A Stapley
Director

31 October 2014

Statement of directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report
to the members of Illumina UK Limited

We have audited the company's financial statements for the period ended 29 December 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These 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 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 Financial Statements 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 company's affairs as at 29 December 2013 and of the company's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of Illumina UK, Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

Rachel Wilden (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, UK

6 November 2014

Profit and loss account
for the period ended 29 December 2013

	Notes	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Turnover	2	43,296,647	44,791,392
Cost of sales		(33,768,129)	(35,677,470)
Gross profit		9,528,518	9,113,922
Administrative expenses		(7,719,988)	(7,393,916)
Operating profit	3	1,808,530	1,720,006
Profit on disposal of trade and certain assets and liabilities	7	20,861,325	-
Interest receivable and similar income	8	117,436	38,274
Interest payable and similar charges	9	-	(31)
Profit on ordinary activities before taxation		22,787,291	1,758,249
Tax on profit on ordinary activities	10	(426,588)	(343,054)
Profit for the financial period	17	22,360,703	1,415,195

All activities derive from discontinued operations following the transfer of trading activities and certain assets and liabilities to the immediate parent company, Illumina Cambridge Limited, on 1 October 2013 for a consideration of £22,952,834 (see note 7). Subsequent to the transfer the company undertook no trading activities.

There were no recognised gains or losses other than the profit for the current and prior period therefore no statement of total recognised gains and losses is presented.

Balance sheet
at 29 December 2013

	Notes	As at 29 December 2013 £	*As at 30 December 2012 £*
Fixed assets			
Tangible fixed assets	11	-	338,697
Current assets			
Debtors:	12		
Amounts falling due after one year		-	339,878
Amounts falling due within one year		22,536,709	12,219,853
		22,536,709	12,559,731
Cash at bank		10,271,500	11,491,371
		32,808,209	24,051,102
Creditors: amounts falling due within one year	13	(40,313)	(12,473,200)
Net current assets		32,767,896	11,577,902
Total assets less current liabilities		32,767,896	11,916,599
Creditors: amounts falling due after more than one year	14	-	(179,651)
Net assets		32,767,896	11,736,948
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	32,766,896	11,735,948
Shareholders' funds	17	32,767,896	11,736,948

The financial statements were approved by the board and authorised for issue on 31 October 2014, and signed on its behalf.

M A Stapley

M A Stapley
Director

Notes to the financial statements
at 29 December 2013

1. Accounting policies
Basis of preparation
The financial statements have been prepared using the historical cost convention, and in accordance with applicable UK accounting standards.

The company operates on a 52 week financial period. For this financial period, the accounting period was 31 December 2012 to 29 December 2013.

Going concern
The company's business activities, together with the factors likely to affect its future development, financial risk and cash flow risk are described in the principal risks and uncertainties section of the Strategic Report.

The directors have prepared the financial statements on the going concern basis. In making this assessment the directors have considered the financial position of the company. As at 29 December 2013 and at the date of approval of these financial statements the company has liquid cash resources in excess of its liabilities. The directors therefore consider that the company will be able to meet its liabilities as they fall due for the foreseeable future and therefore the directors consider that the going concern basis of preparation remains appropriate.

Cash flow statement
The company has taken advantage of the exemption in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a cash flow statement on the grounds that the company is wholly owned and its ultimate parent publishes consolidated financial statements which are publicly available.

Tangible fixed assets
Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

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

Plant & machinery	-	Over 3 years
Fixtures, fittings & computer equipment	-	Over 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of instruments and consumables
Revenue from the sale of instruments and consumables is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on dispatch of the goods.

Product warranty and service related income
The company sells contracts that require a warranty service to be provided over a period of time, often a number of years. The revenue is recognised on a straight line basis over the contract term. In addition, the company receives income for ad-hoc servicing and repair of machines that are not covered by a warranty. These revenues are recognised as the service or repair is performed.

Interest income
Revenue is recognised as interest accrues using the effective interest method.

Notes to the financial statements
at 29 December 2013

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses are included in the profit and loss account.

Share-based payments

Employees of the company are granted share options and restricted stock units in the ultimate parent undertaking, Illumina, Inc. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by means of an appropriate pricing model.

No expense is recognised for awards that do not ultimately vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account with a corresponding entry in equity. The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Pension costs

The company operates a Group Personal Pension Plan with defined contributions for all its directors and employees until 1 October 2013. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Lease arrangements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements (continued)
at 29 December 2013

2. Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties until the date of sale of the trade on 1 October 2013 (see note 7). Turnover is principally attributable to consumable and instrument sales within the UK. In addition the company receives revenues in relation product warranty contracts and servicing related income of instruments sold by the company.

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Consumable sales	29,139,455	32,854,665
Instrument sales	11,661,198	9,361,325
Product warranty revenue and service related income	2,495,994	2,575,402
	43,296,647	44,791,392

3. Operating profit
This is stated after charging:

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Auditor's remuneration:		
- Audit of the financial statements for the company	15,750	15,750
- Other assurance services – iXBRL tagging	1,000	1,055
Depreciation of owned tangible fixed assets	134,257	196,286
Operating lease rentals – plant and machinery	6,850	5,363
Net loss on foreign exchange transactions	191,730	483,441

Notes to the financial statements (continued)
at 29 December 2013

4. Staff costs

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Wages and salaries	4,179,949	3,941,045
Social security costs	365,398	444,410
Other pension costs (see note 15)	197,066	198,899
	4,742,413	4,584,354

Included within wages and salaries is a charge relating to equity settled share based payments of £708,605 (period ended 30 December 2012: £872,268).

The monthly average number of employees during the period of trading, including one executive director, was as follows:

	Period ended 29 December 2013 No.	*Period ended 30 December 2012 No.*
Sales and related support services	62	48

5. Directors' emoluments

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Directors' emoluments paid by company	152,989	-
Company contributions to money purchase pension schemes	-	-

All of the directors of the company are also directors of the ultimate parent company and other fellow group undertakings. These directors received total remuneration for their services, including amounts stated above, for the period of £2,512,848 (period ended 30 December 2012: £2,238,345), plus company pension contributions of £13,030 (period ended 30 December 2012: £13,718). The aggregate emoluments of the highest paid director was £1,326,297 (period ended 30 December 2012: £1,170,939) and company pension contributions of £4,886 (period ended 30 December 2012: £4,707) were made to a money purchase scheme on his behalf. The highest paid director received shares (RSUs) for qualifying services and exercised share options, in both the current and prior periods. The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the company and their services as directors of the ultimate parent company and other fellow group undertakings.

Notes to the financial statements (continued)
at 29 December 2013

5. Directors' emoluments (continued)

	Period ended 29 December 2013 No.	*Period ended 30 December 2012 No.*
Number of directors accruing benefits under money purchase schemes	3	3
Number of directors who received shares (RSUs) for qualifying services	4	3
Number of directors who exercised share options	4	2

6. Share-based payments

Employees are granted share options and restricted stock units (RSUs) in the ultimate parent company Illumina, Inc. Share options and RSUs vest over 4 years from the date of grant.

Share options granted to new employees have a 1 year cliff where 25% of the grant vests on the anniversary of the start date, with the remainder vesting over 3 years on a straight line monthly basis. Subsequent awards vest over 4 years on a straight line monthly basis. Share options must be exercised within 10 years of the grant date otherwise they expire.

RSUs typically vest in 4 instalments on each of the first four anniversaries of the date of grant in the proportions 25%, 25%, 25% and 25% (prior to December 2012 the vesting schedule was: 15%, 20%, 30%, 35%).

Options and RSUs are equity settled, and there are no other vesting conditions.

The charge to the profit and loss account in accordance with FRS 20 is set out below:

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Profit and Loss Account		
Increase in administrative expenses	708,605	872,268

Notes to the financial statements (continued)
at 29 December 2013

6. Share-based payments (continued)

Share options

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options in the period.

	Period ended 29 December 2013 No.	Period ended 29 December 2013 WAEP	*Period ended 30 December 2012 No.*	*Period ended 30 December 2012 WAEP*
Outstanding as at the beginning of the period	48,703	$26.51	41,286	$22.28
Lapsed during period	-	-	(280)	$36.21
Exercised during period	(40,100)	$29.93	(35,503)	$29.06
Transfers out to from other group companies	(8,603)	$26.51	(6,800)	$13.96
Transfers in from other group companies	-	-	50,000	$30.16
Outstanding at the end of the period	-	-	48,703	$26.51
Exercisable at the end of the period	-	-	48,275	$26.05

There were no share options outstanding at the period end following the transfer of the employees to Illumina Cambridge Limited, the immediate parent undertaking, on 1 October 2013. The range of exercise prices for share options outstanding 30 December 2012 was $2.88 - $37.79.

The weighted average contractual life of share options outstanding at 29 December 2013 is nil (30 December 2012: 4.46 years). The weighted average share price at the date of exercise for those share options exercised during the period was $75.54 (period ended 30 December 2012: $50.69).

Restricted Stock Units

During the period, Illumina, Inc., the ultimate parent of the company, granted RSUs to certain employees representing a right to receive, in aggregate, 21,520 (period ended 30 December 2012: 47,575) shares of its common stock. The weighted average fair value of the RSUs at the date of grant was $53.54 at 29 December 2013 (period ended 30 December 2012: $46.82).

Notes to the financial statements (continued)
at 29 December 2013

6. Share-based payments (continued)

The following table illustrates the number and weighted average market value at date of grant (WAMV) of, and movements in, RSUs in the period.

	Period ended 29 December 2013 No.	Period ended 29 December 2013 WAMV	*Period ended 30 December 2012 No.*	*Period ended 30 December 2012 WAMV*
Outstanding as at the beginning of the period	82,559	$46.82	53,101	$40.97
Granted during period	21,520	$53.54	47,575	$49.52
Vested during period	(13,401)	$73.55	(15,344)	$39.01
Lapsed during period	(6,261)	$46.46	(7,747)	$44.96
Transfers out to from other group companies	(84,417)	$44.32	(3,411)	$38.21
Transfers in from other group companies	-	-	8,385	$49.20
Outstanding at the end of the period	-	-	82,559	$46.82

Market value at date of grant was used to calculate the fair value of the RSUs in the current and preceding periods.

Employee Stock Purchase Plan

Employees are able to save up to 15% of their gross salary and then periodically use these funds to purchase shares in Illumina, Inc. at a discount.

The following table illustrates the number and weighted average purchase price (WAPP) of, and movements in, share options in the period.

	Period ended 29 December 2013 No.	Period ended 29 December 2013 WAPP	*Period ended 30 December 2012 No.*	*Period ended 30 December 2012 WAPP*
Outstanding as at the beginning of the period	3,746	$35.62	2,086	$44.17
Granted during period	1,682	$43.77	5,836	$37.87
Exercised during period	(4,332)	$36.72	4,176	$43.04
Transfers out to from other group companies	(1,096)	$67.43	-	-
Outstanding at the end of the period	-	-	3,746	$35.62
Exercisable at the end of the period	-	-	-	-

There were no options outstanding at the period end following the transfer of the employees to Illumina Cambridge Limited, the immediate parent undertaking, on 1 October 2013. The range of exercise prices for options outstanding 30 December 2012 was $35.62 - $44.17.

The weighted average contractual life of share options outstanding at 29 December 2013 is nil (30 December 2012: 9.0 months). The weighted average share price at the date of exercise for those share options exercised during the period was $67.43 (period ended 30 December 2012: $46.93).

Notes to the financial statements (continued)
at 29 December 2013

6. Share-based payments (continued)

The expense recognised in the profit and loss account of the company has been derived by using the Black-Scholes option pricing model to calculate the market value of the right to purchase shares at the grant of these rights, and the expense is then amortised over the vesting period.

The assumptions used to estimate the fair value of share options granted in the period were as follows:

	Period ended 29 December 2013	*Period ended 30 December 2012*
Fair value of common stock	\$51.50-79.45	\$41.91-51.97
Fair value of stock options granted	\$12.26-19.18	\$8.85-17.03
Risk-free interest rate	0.08-0.15%	0.09-0.14%
Expected life (in years)	0.5-1.0	0.5-1.0
Expected volatility	30.57-32.44%	33.11-63.50%
Expected dividend yield	-%	-%

7. Profit on disposal of trade, certain assets and liabilities

On 1 October 2013 the company sold its trade, certain assets and liabilities to its immediate parent undertaking, Illumina Cambridge Limited for a consideration of £22,952,834.

The net assets disposed of and the related sale proceeds were as follows:

	£
Fixed assets	
Tangible fixed assets	412,391
Current assets	
Trade debtors	8,951,992
Amounts owed by other group undertakings	2,551,075
Deferred tax asset	365,105
Total assets	12,280,563
Liabilities	
Payments received on account	(1,766,320)
Amounts owed to other group undertakings	(4,910,434)
Other taxes and social security	(50,756)
Other creditors	(576,510)
Accruals and deferred income	(2,885,034)
Total liabilities	(10,189,054)
Net assets	2,091,509
Profit on sale	20,861,325
Sale proceeds	22,952,834
Satisfied by	
Loan from immediate parent undertaking	22,952,834

The directors consider that the profit on disposal of trade, certain assets and liabilities is not taxable.

Notes to the financial statements (continued)
at 29 December 2013

8. Interest receivable and similar income

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Bank interest receivable	18,566	23,055
Interest receivable on loans to other group undertakings	98,870	15,219
	117,436	38,274

9. Interest payable and similar charges

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Other interest payable	-	31

10. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge comprises the following:

	Period ended 29 December 2013 £	*Period ended 30 December 2012 £*
Current tax:		
UK Corporation Tax at 23.25% (period ended 30 December 2012: 24.50%)	447,539	546,608
Adjustment in respect of prior periods	(960)	-
Total current tax (see note 10(b))	446,579	546,608
Deferred tax:		
Origination and reversal of timing differences	(17,179)	(228,866)
Adjustment in respect of previous periods	929	-
Effect of changes in tax rates	(3,741)	25,312
Total deferred tax (see note 10(d))	(19,991)	(203,554)
Tax on profit on ordinary activities	426,588	343,054

Notes to the financial statements (continued)
at 29 December 2013

10. Tax on profit on ordinary activities (continued)
(b) Factors affecting current tax charge

The differences are reconciled below:

	Period ended 29 December 2013 £	Period ended 30 December 2012 £
Profit on ordinary activities before tax	22,787,291	1,758,249
Profit on ordinary activities multiplied by the standard rate of tax of 23.25% (period ended 30 December 2012: 24.50%)).	5,298,045	430,723
Effect of:		
Expenses not deductible for tax purposes	190,476	214,504
Non taxable income (primarily arising on the sale of the trade and certain assets and liabilities)	(4,851,374)	-
Permanent difference on share based payments	(198,237)	(119,438)
Depreciation in excess of capital allowances	12,925	25,936
Other timing differences	(4,296)	(5,117)
Adjustment in respect of prior periods	(960)	-
Total current tax (see note 10(a))	446,579	546,608

(c) Factors that may affect future tax charges

The main rate of UK Corporation Tax was reduced from 24% to 23% from 1 April 2013. The Finance Act 2013, enacted in July 2013, reduced further the UK main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred tax, recognised and unrecognised, has been restated accordingly in these financial statements.

(d) Deferred tax asset

	£
At 30 December 2012 included in debtors (see note 12)	345,114
Credit to profit and loss (see note 10(a))	19,991
Disposed of with trade and assets of the business (see note 7)	(365,105)
At 29 December 2013 included in debtors (see note 12)	-

The elements of the deferred tax asset are as follows:

	As at 29 December 2013 £	As at 30 December 2012 £
Depreciation in advance of capital allowances	-	13,891
Short term timing differences	-	5,236
Share based payments	-	325,987
	-	345,114

Notes to the financial statements (continued)
at 29 December 2013

11. Tangible fixed assets

	Plant & machinery £	Fixtures, fittings & computer equipment £	Total £
Cost:			
At 31 December 2012	733,334	51,483	784,817
Additions	125,986	6,610	132,596
Disposals	-	(49,855)	(49,855)
Transfers to other group undertakings (see note 7)	(934,675)	(8,238)	(942,913)
Transfers from other group undertakings	75,355	-	75,355
At 29 December 2013	-	-	-
Depreciation:			
At 31 December 2012	394,637	51,483	446,120
Provided during the period	134,066	191	134,257
Disposals	-	(49,855)	(49,855)
Transfers to other group undertakings (see note 7)	(528,703)	(1,819)	(530,522)
At 29 December 2013	-	-	-
Net book value:			
At 29 December 2013	-	-	-
At 31 December 2012	338,697	-	338,697

12. Debtors

	As at 29 December 2013 £	*As at 30 December 2012 £*
Trade debtors	-	9,101,418
Amounts owed by group undertakings	22,536,321	2,235,447
Vat receivable	388	825,833
Other debtors	-	832
Prepayments and accrued income	-	51,087
Deferred tax asset (note 10(d))	-	345,114
	22,536,709	12,559,731

Amounts falling due after more than one year included above are:

	As at 29 December 2013 £	*As at 30 December 2012 £*
Deferred tax asset	-	339,878

Notes to the financial statements (continued)
at 29 December 2013

13. Creditors: amounts falling due within one year

	As at 29 December 2013 £	*As at 30 December 2012 £*
Payments received on account	-	1,011,976
Amounts owed to group undertakings	-	5,223,174
Corporation tax payable	40,313	43,735
Other taxation and social security	-	1,096,977
Other creditors	-	471,944
Accruals and deferred revenue	-	4,625,394
	40,313	12,473,200

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

	As at 29 December 2013 £	*As at 30 December 2012 £*
Deferred revenue	-	179,651

15. Pensions

The company operates a Group Personal Pension Plan with defined contributions, for all its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge for the period was £197,066 (period ended 30 December 2012: £198,899). Contributions outstanding at the period end were £nil (30 December 2012: £22,763).

16. Share capital

	Allotted and called up	
	As at 29 December 2013 £	As at 30 December 2012 £
1,000 Ordinary shares of £1 each	1,000	1,000

Notes to the financial statements (continued)
at 29 December 2013

17. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 1 January 2012	1,000	10,188,175	10,189,175
Profit for the period	–	1,415,195	1,415,195
Share based payments:			
Group recharge*	–	(739,690)	(739,690)
FRS 20**	–	872,268	872,268
At 30 December 2012	1,000	11,735,948	11,736,948
Profit for the period	–	22,360,703	22,360,703
Share based payments:			
Group recharge*	–	(2,038,360)	(2,038,360)
FRS 20**	–	708,605	708,605
At 29 December 2013	1,000	32,766,896	32,767,896

* Payment to Illumina, Inc. for share based payments
** Credit to equity for share based payments

18. Related Party Transactions

As the company is a wholly owned subsidiary of Illumina, Inc., which prepares group financial statements which are publically available, the company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with wholly owned members of the Illumina, Inc. group.

19. Ultimate Parent Undertaking

The immediate parent undertaking is Illumina Cambridge Limited, a company registered in the United Kingdom.

The company's ultimate and immediate parent undertaking and controlling party is Illumina, Inc., a company registered in the USA. The smallest and largest group in which the results of the company are included within is headed by Illumina, Inc. Copies of which are available from Illumina, Inc., 5200 Illumina Way, San Diego, CA 92122, USA.