

2807736

MOLECULAR DEVICES LIMITED

Report and Accounts

31 December 2000

 ERNST & YOUNG



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COMPANIES HOUSE

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11/02/02

Molecular Devices Limited

Registered No. 2807736

DIRECTORS

J Keegan
T Harkness
J Novi (appointed 3 September 2001)

SECRETARY

D A Harrison

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Barclays Bank PLC
International Branch
68 Knightsbridge
London SW1X 7NT

Bank of America
London Branch
1 Abchurch Lane
London EC4N 3DF

SOLICITORS

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA

REGISTERED OFFICE

135, Wharfedale Road
Winnersh Triangle
Winnersh
Wokingham
Berkshire RG41 5RB

Molecular Devices Limited

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company sells and performs repairs and servicing of proprietary, high-performance bioanalytical measurement systems and associated consumable reagents that are developed by the parent undertaking, Molecular Devices Corporation, a company that is incorporated in the United States of America. The products are used in many aspects of the therapeutic development process, from drug discovery and clinical research through manufacturing and quality control.

RESULTS AND DIVIDENDS

The loss for the year after tax amounted to £215,479 (1999 - profit £213,914).

The directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS

The company continues to sell and perform repairs and servicing on its specialist equipment and anticipates that it will make a significant contribution to the turnover and profit before tax of the group.

During the period the parent company acquired LJI BioSystems Inc. From 1 January 2001 the UK trade and assets of LJI BioSystems Limited, the UK registered subsidiary of LJI BioSystems Inc., was transferred to Molecular Devices Limited. This will allow the company to sell high-throughput screening solutions that are complimentary to its own.

DIRECTORS AND THEIR INTERESTS

None of the directors had any interest in the share capital of the company at the beginning or end of the year.

Richard Graham who served as a director during the year resigned on 11 October 2001.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

Deborah Kneifer

31.1.2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE INDEPENDENT AUDITORS
to the members of Molecular Devices Limited**

We have audited the company's accounts for the year ended 31 December 2000, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

08/02/02

Molecular Devices Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £	1999 £
TURNOVER	2	5,212,047	4,624,208
Cost of sales		3,759,568	3,263,282
Gross profit		1,452,479	1,360,926
Administrative expenses		1,742,060	1,094,784
OPERATING (LOSS)/PROFIT	3	(289,581)	266,142
Bank interest receivable		28,517	20,882
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(261,067)	287,024
Taxation	5	49,659	(73,110)
RETAINED (LOSS)/PROFIT FOR THE YEAR	12	(211,405)	213,914

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than as shown above.

Molecular Devices Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	6	107,278	55,635
CURRENT ASSETS			
Stocks	7	509,754	309,549
Debtors	8	2,013,192	1,563,555
Cash at bank and in hand		659,370	1,054,496
		3,182,316	2,927,600
CREDITORS: amounts falling due within one year	9	2,040,644	1,527,954
NET CURRENT ASSETS		1,141,672	1,399,646
TOTAL ASSETS LESS CURRENT LIABILITIES		1,248,950	1,455,281
PROVISIONS FOR LIABILITIES AND CHARGES	10	5,074	-
		1,243,876	1,455,281
CAPITAL AND RESERVES			
Called up share capital	11	10,000	10,000
Profit and loss account	12	1,233,876	1,445,281
Equity shareholders' funds	12	1,243,876	1,455,281

ERNST & YOUNG

Director



29/1/02

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

The cost of tangible fixed assets is written off by equal annual instalments over their expected useful lives at the following annual rates:

Leasehold improvements	-	over the term of the lease
Computer equipment and software	-	33%
Office furniture and equipment	-	20%
Laboratory equipment	-	20%

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.

Stocks

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

Demonstration equipment which is available for resale is included within stock and written down by the greater of 20% of cost per annum or the reduction to net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 (revised) from producing a statement of cash flows on the grounds that its parent undertaking produces publicly available group accounts.

Molecular Devices Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is all in respect of continuing activities.

	2000 £	1999 £
Sales of instruments, parts and consumables	4,453,225	4,079,738
Repairs and servicing	758,822	544,470
	<u>5,212,047</u>	<u>4,624,208</u>
UK	4,029,600	4,072,410
Europe	1,179,307	550,430
Outside Europe	3,140	1,368
	<u>5,212,047</u>	<u>4,624,208</u>

3. OPERATING (LOSS)/PROFIT

This is stated after charging:

	2000 £	1999 £
Depreciation	30,403	19,374
Auditors' remuneration	8,600	7,100
Operating lease rentals	56,608	25,603
- plant and machinery	84,028	12,067
- land and buildings	146,221	12,421
Exchange loss	<u>146,221</u>	<u>12,421</u>

4. STAFF COSTS

	2000 £	1999 £
Wages and salaries	652,496	447,134
Social security costs	90,203	46,360
	<u>742,699</u>	<u>493,494</u>

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

	2000 No.	1999 No.
Sales	6	4
Service	3	2
Applications	1	1
Finance	2	1
Sales administration	1	1
	<u>13</u>	<u>9</u>

None of the directors of the company received any emoluments during the year.

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 2000

5. TAXATION

	2000 £	1999 £
Based on the (loss)/profit for the year:		
Corporation tax (credit)/charge	(78,611)	73,110
Deferred tax	5,074	-
Underprovision in prior years	23,878	-
	<u>(49,659)</u>	<u>73,110</u>

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office furniture and equipment £	Laboratory equipment £	Computer equipment £	Computer software £	Total £
Cost:						
At 1 January 2000	12,966	30,876	40,055	91,263	25,633	200,793
Additions	21,269	1,493	48,634	10,650	-	82,046
At 31 December 2000	<u>34,235</u>	<u>32,369</u>	<u>88,689</u>	<u>101,913</u>	<u>25,633</u>	<u>282,839</u>
Depreciation:						
At 1 January 2000	12,966	15,800	19,132	71,627	25,633	145,158
Charge for the year	296	3,680	15,450	10,977	-	30,403
At 31 December 2000	<u>13,262</u>	<u>19,480</u>	<u>34,582</u>	<u>82,604</u>	<u>25,633</u>	<u>175,561</u>
Net book value:						
At 31 December 2000	<u>20,973</u>	<u>12,889</u>	<u>54,107</u>	<u>19,309</u>	<u>-</u>	<u>107,278</u>
At 1 January 2000	<u>-</u>	<u>15,076</u>	<u>20,923</u>	<u>19,636</u>	<u>-</u>	<u>55,635</u>

7. STOCKS

	2000 £	1999 £
Finished goods	80,460	118,710
Demonstration equipment	429,294	190,839
	<u>509,754</u>	<u>309,549</u>

8. DEBTORS

	2000 £	1999 £
Trade debtors	1,647,140	1,481,606
Amounts due from ultimate parent undertaking	74,581	19,450
Amounts due from fellow subsidiary	32,188	9,205
Other debtors	137,061	19,724
Prepayments	43,611	33,570
Corporation tax	78,611	-
	<u>2,013,192</u>	<u>1,563,555</u>

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 2000

9. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Trade creditors	69,844	40,103
Amounts due to ultimate parent undertaking	1,425,503	1,010,115
Corporation tax	-	60,933
Other taxes and social security costs	16,439	18,647
Other creditors	-	6,000
Accruals and deferred income	528,858	392,156
	<u>2,040,644</u>	<u>1,527,954</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	2000 £	1999 £
At 1 January	-	-
Charge for the year in respect of accelerated capital allowances	5,074	-
At 31 December	<u>5,074</u>	<u>-</u>

11. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
£1 ordinary shares	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total £
At 31 December 1998	10,000	1,231,367	1,241,367
Profit for the year	-	213,914	213,914
At 31 December 1999	<u>10,000</u>	<u>1,445,281</u>	<u>1,455,281</u>
Loss for the year	-	(211,405)	(211,405)
At 31 December 2000	<u>10,000</u>	<u>1,233,876</u>	<u>1,243,876</u>

13. POST BALANCE SHEET EVENTS

During the period the parent company acquired LJL BioSystems Inc. From 1 January 2001 the UK trade and assets of LJL BioSystems Limited, the UK registered subsidiary of LJL BioSystems Inc., was transferred to Molecular Devices Limited. This will allow the company to sell high-throughput screening solutions that are complimentary to its own.

Molecular Devices Limited

NOTES TO THE ACCOUNTS at 31 December 2000

14. OTHER FINANCIAL COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Operating leases which expire:				
within one year	-	-	4,783	23,512
in two to five years	-	-	23,962	31,716
in over five years	81,466	81,466	-	-
	<u>81,466</u>	<u>81,466</u>	<u>28,745</u>	<u>55,228</u>

15. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's ultimate parent undertaking is Molecular Devices Corporation, a company incorporated in the USA. Copies of Molecular Devices Corporation's group accounts, which include the company, can be obtained from 1311 Orleans Drive, Sunnyvale, California 94089-1136, USA.

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Molecular Devices Corporation group.