

**MDS Analytical Technologies (GB) Limited**  
(formerly known as Molecular Devices Limited)

**Report and Financial Statements**

31 December 2003

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COMPANIES HOUSE

**MDS Analytical Technologies (GB) Limited (formerly known as Molecular Devices Limited)**

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Registered No: 2807736

**Directors**

P Brent  
J Ross  
D A Harrison

**Secretary**

D A Harrison

**Auditors**

Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

**Bankers**

Bank of America  
1 Abchurch Lane  
London  
EC4N 3DF

**Solicitors**

Baker & McKenzie  
100 New Bridge Street  
London  
EC4V 6JA

**Registered office**

660-665 Eskdale Road  
Winnersh Triangle  
Wokingham  
Berkshire  
RG41 5TS

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2003.

### Results and dividends

The profit for the year, after taxation, amounted to £425,034 (2002: £858,784). The directors do not recommend the payment of any dividends (2002: £nil).

### Change of company name

On 2 June 2008 the company changed its name from Molecular Devices Limited to MDS Analytical Technologies (GB) Limited.

### Principal activities and review of the business

The company sells and performs repairs and servicing of proprietary, high-performance bioanalytical measurement systems and associated consumable reagents that are developed by 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.

### 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 group.

### Directors

The directors who served the company during the year were as follows:

P Brent	(Appointed 1 May 2008)
J Ross	(Appointed 1 May 2008)
J Keegan	(Resigned 1 May 2008)
T Harkness	(Resigned 1 May 2008)
J Novi	(Resigned 1 May 2008)
D A Harrison	(Appointed 30 March 2009)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware; and
- each director has 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 auditors are aware of that information.

## Directors' report (continued)

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are as follows:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 9 to the financial statements. The company has a large customer base of varying size and risk which covers a large geographical area and therefore this minimises the impact should a debtor default on its terms.

#### *Currency risk*

The company has transactional currency exposures which arise from sales in currencies other than its functional currency as well as the currency risk associated with inter-company transactions in various currencies. Potential exposures to foreign currency exchange rate movements are monitored monthly.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the company.

#### *Cash flow risk*

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the company. The company manages cash flow risk by careful negotiation of terms with customers, suppliers and MDS Inc., the ultimate parent company, to maintain available funds to meet its liabilities as they fall due. The company has no external loan debt and accordingly has no significant interest risk.

Given the size of the company, 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 and agreed with the parent company are implemented by the company's finance department.

### Post balance sheet events

On 19 March 2007 Molecular Devices Corporation, of which Molecular Devices Limited is a wholly owned subsidiary, was acquired by MDS Inc. MDS Inc is headquartered at 2700 Matheson Blvd East, Suite 300, West Tower, Mississauga, ON L4W 4V9.

On 2 June 2008 Molecular Devices Limited changed its name to MDS Analytical Technologies (GB) Limited.

### Auditors

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

On behalf of the Board



D A Harrison  
Director

Date: 31/3/2009

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

**to the members of MDS Analytical Technologies (GB) Limited (formerly known as Molecular Devices Limited)**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.


## Independent auditors' report

to the members of MDS Analytical Technologies (GB) Limited (formerly known as Molecular Devices Limited) (continued)

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

  
Ernst & Young LLP  
Registered Auditor  
Reading

Date: 31/3/2009

## Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
<b>Turnover</b>	2	9,125,091	8,122,113
Cost of sales		5,869,991	5,247,085
<b>Gross profit</b>		3,255,100	2,875,028
Administrative expenses		2,111,343	1,656,842
<b>Operating profit</b>	3	1,143,757	1,218,186
Bank interest receivable	5	21,978	12,079
<b>Profit on ordinary activities before taxation</b>		1,165,735	1,230,265
Tax on profit on ordinary activities	6	740,701	371,481
<b>Profit retained for the financial year</b>		425,034	858,784

## Statement of total recognised gains and losses

for the year ended 31 December 2003

There are no recognised gains or losses other than the profit of £425,034 attributable to the shareholders for the year ended 31 December 2003 (2002: profit of £858,784).



## Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	105,109	86,871
<b>Current assets</b>			
Stocks	8	530,646	810,400
Debtors	9	3,626,705	3,555,809
Cash at bank		2,071,946	902,906
		6,229,297	5,269,115
<b>Creditors:</b> amounts falling due within one year	10	3,209,493	2,665,251
<b>Net current assets</b>		3,019,804	2,603,864
<b>Total assets less current liabilities</b>		3,124,913	2,690,735
<b>Provisions for liabilities and charges</b>	12	9,301	157
		3,115,612	2,690,578
<b>Capital and reserves</b>			
Called up share capital	14	10,000	10,000
Profit and loss account	15	3,105,612	2,680,578
<b>Equity shareholders' funds</b>	15	3,115,612	2,690,578

Approved by the Board



D A Harrison  
Director

Date: 31/3/2009

## Notes to the financial statements

at 31 December 2003

### 1. Accounting policies

#### ***Basis of preparation***

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

#### ***Cash flow statement***

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

#### ***Related parties transactions***

The company was a wholly owned subsidiary of Molecular Devices Corporation at 31 December 2003, the consolidated financial statements of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Molecular Devices Corporation Group.

#### ***Tangible fixed assets and depreciation***

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

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

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 33% of cost per annum or if greater, the amount expected to reduce the equipment to net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## Notes to the financial statements

at 31 December 2003

### 1. Accounting policies (continued)

#### *Revenue recognition*

Revenue from sales of equipment are recognised in accordance with the terms of the customers order. Revenue from equipment maintenance is recognised over the period of the agreement.

#### *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 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.

#### *Operating lease agreements*

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

#### *Pension costs*

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties from the one continuing operation.

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
United Kingdom	6,166,852	6,153,418
Europe	2,956,141	1,968,695
Rest of the World	2,098	—
	<u>9,125,091</u>	<u>8,122,113</u>

## Notes to the financial statements

at 31 December 2003

### 3. Operating profit

This is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration - audit services	18,000	17,441
Depreciation of owned fixed assets	44,843	48,053
Operating lease rentals - land and buildings	123,095	122,695
- plant and machinery	53,965	50,969
Net loss/(gain) on foreign currency translation	12,551	(34,741)

### 4. Staff costs

	2003 £	2002 £
Wages and salaries	865,062	774,003
Social security costs	157,137	117,169
Pensions	27,236	20,959
	1,049,435	912,131

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

	2003 No.	2002 No.
Sales Administration	2	2
Finance	3	3
Applications	2	2
Service	3	3
Sales	7	6
	17	16

Directors' emoluments have been borne by the parent company, Molecular Devices Corporation. The directors of the company are also directors or officers of a number of the companies within the Molecular Devices Group. The directors services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2003 and 31 December 2002.

### 5. Interest receivable

	2003 £	2002 £
Bank interest receivable	21,978	12,079

## Notes to the financial statements

at 31 December 2003

### 6. Tax on ordinary activities

#### (a) Tax on profit on ordinary activities

The adjustment in respect of previous years has arisen due to a transfer pricing adjustment relating to the year ended 31 December 1999.

The tax charge is made up as follows:

	2003 £	2002 £
<i>Current tax:</i>		
UK corporation tax	360,709	375,492
Adjustment in respect of prior years	370,848	—
Total current tax (note 6(b))	<u>731,557</u>	<u>375,492</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 12)	9,144	(4,011)
Tax on profit on ordinary activities	<u>740,701</u>	<u>371,481</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>1,165,735</u>	<u>1,230,265</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2002: 30%)	349,721	369,080
Disallowed expenses and non-taxable income	7,335	4,931
Depreciation in advance of capital allowances	3,653	1,481
Adjustment in respect of prior years	370,848	—
Total current tax (note 6(a))	<u>731,557</u>	<u>375,492</u>

#### (c) Deferred tax

	2003 £	2002 £
Capital allowances in advance of depreciation	<u>(9,301)</u>	<u>(157)</u>

## Notes to the financial statements

at 31 December 2003

### 7. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Computer equipment</i>	<i>Office furniture and equipment</i>	<i>Laboratory equipment</i>	<i>Total</i>
	£	£	£	£	£
<i>Cost:</i>					
At 1 January 2003	21,269	144,612	60,419	100,204	326,504
Additions	31,282	16,226	5,268	10,305	63,081
At 31 December 2003	<u>52,551</u>	<u>160,838</u>	<u>65,687</u>	<u>110,509</u>	<u>389,585</u>
<i>Depreciation:</i>					
At 1 January 2003	5,136	122,584	41,766	70,147	239,633
Provided during the year	5,713	14,390	10,041	14,699	44,843
At 31 December 2003	<u>10,849</u>	<u>136,974</u>	<u>51,807</u>	<u>84,846</u>	<u>284,476</u>
<i>Net book value:</i>					
At 31 December 2003	<u>41,702</u>	<u>23,864</u>	<u>13,880</u>	<u>25,663</u>	<u>105,109</u>
At 1 January 2003	<u>16,133</u>	<u>22,028</u>	<u>18,653</u>	<u>30,057</u>	<u>86,871</u>

### 8. Stocks

	<i>2003</i>	<i>2002</i>
	£	£
Finished goods	<u>530,646</u>	<u>810,400</u>

### 9. Debtors

	<i>2003</i>	<i>2002</i>
	£	£
Trade debtors	2,556,253	2,500,272
Amounts owed by group undertakings	862,773	847,859
Other debtors	111,639	152,312
Prepayments and accrued income	96,040	55,366
	<u>3,626,705</u>	<u>3,555,809</u>

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

	<i>2003</i>	<i>2002</i>
	£	£
Trade creditors	161,475	146,064
Amounts owed to group undertakings	1,295,316	1,116,982
Corporation tax	900,036	653,804
Other taxation and social security	94,757	39,294
Accruals and deferred income	757,909	709,107
	<u>3,209,493</u>	<u>2,665,251</u>

## Notes to the financial statements

at 31 December 2003

### 11. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'other taxes and social security costs', are £4,155 (2002: £1,375).

### 12. Provisions for liabilities and charges

	<i>Deferred taxation £</i>
At 1 January 2003	157
Profit and Loss Account movement arising during the year (note 6(a))	9,144
At 31 December 2003	<u>9,301</u>

### 13. Commitments under operating leases

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2003</i>		<i>2002</i>	
	<i>Land and buildings £</i>	<i>Other £</i>	<i>Land and buildings £</i>	<i>Other £</i>
<i>Operating leases which expire:</i>				
Within one year	—	3,532	40,000	2,507
In two to five years	81,466	47,973	81,466	34,764
	<u>81,466</u>	<u>51,505</u>	<u>121,466</u>	<u>37,271</u>

### 14. Share capital

	<i>2003</i>		<i>Authorised 2002</i>	
	<i>£</i>		<i>£</i>	
Ordinary shares of £1 each		<u>10,000</u>		<u>10,000</u>
	<i>Allotted, called up and fully paid</i>			
	<i>No.</i>	<i>2003 £</i>	<i>No.</i>	<i>2002 £</i>
Ordinary shares of £1 each	10,000	<u>10,000</u>	10,000	<u>10,000</u>

## Notes to the financial statements

at 31 December 2003

### 15. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>
At 1 January 2002	10,000	1,821,794	1,831,794
Profit for the year	—	858,784	858,784
At 31 December 2002	10,000	2,680,578	2,690,578
Profit for the year	—	425,034	425,034
At 31 December 2003	10,000	3,105,612	3,115,612

### 16. Related party transactions

The company is a wholly owned subsidiary undertaking of a parent undertaking. As the company is included in the parent undertaking's group financial statements which are publicly available (See note 17), the company has taken the exemption available under FRS8: "Related Party Disclosures" not to disclose transactions with its parent undertaking or fellow subsidiary undertakings. There were no other related party transactions that require disclosure.

### 17. Ultimate parent company and controlling party

The company's ultimate parent undertaking and controlling party at 31 December 2003 is Molecular Devices Corporation, a company incorporated in the US. Copies of Molecular Devices Corporation's group financial statements, which include the company, can be obtained from 1311 Orleans Drive, Sunnyvale, California 94089-1136, USA.

### 18. Post balance sheet events

On 19 March 2007 Molecular Devices Corporation, of which Molecular Devices Limited is a wholly owned subsidiary, was acquired by MDS Inc. MDS Inc is headquartered at 2700 Matheson Blvd East, Suite 300, West Tower, Mississauga, ON L4W 4V9.

On 2 June 2008 Molecular Devices Limited changed its name to MDS Analytical Technologies (GB) Limited.