Registered No. 2807736

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

Report and Financial Statements

31 December 2004

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 Alie Street
London
E1 8DE

Solicitors

Bird & Bird
90 Fetter Lane
London
EC4A

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 2004.

Results and dividends

The profit for the year, after taxation, amounted to £295,424 (2003: £425,034). The directors do not recommend the payment of any dividends (2003: £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.

During the year the company entered into an agreement to buy a distribution company in the Benelux territory called Sopachaem.

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 10 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.

Directors' report (continued)

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. Harrison

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 2004 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. 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 2004 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

Ernst & Young LLP
Registered Auditor
Reading

Date: 3/3/2009

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	10,067,991	9,125,091
Cost of sales		6,480,955	5,869,991
Gross profit		3,587,036	3,255,100
Administrative expenses		3,218,816	2,111,343
Operating profit	3	368,220	1,143,757
Bank interest receivable	5	46,594	21,978
Profit on ordinary activities before taxation		414,814	1,165,735
Tax on profit on ordinary activities	6	119,390	740,701
Profit retained for the financial year		295,424	425,034

Statement of total recognised gains and losses

for the year ended 31 December 2004

There are no recognised gains or losses other than the profit of £295,424 attributable to the shareholders for the year ended 31 December 2004 (2003: profit of £425,034).

Balance sheet
at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	111,177	105,109
Intangible assets	8	736,654	–
		847,831	105,109
Current assets			
Stocks	9	693,910	530,646
Debtors	10	3,120,321	3,626,705
Cash at bank		2,360,504	2,071,946
		6,174,735	6,229,297
Creditors: amounts falling due within one year	11	3,481,494	3,209,493
Net current assets		2,693,241	3,019,804
Total assets less current liabilities		3,541,072	3,124,913
Provisions for liabilities and charges	13	–	9,301
		3,541,072	3,115,612
Capital and reserves			
Called up share capital	15	10,000	10,000
Share based payment reserve	16	130,036	-
Profit and loss account	16	3,401,036	3,015,612
Equity shareholders' funds	16	3,541,072	3,115,612

Approved by the Board

D. Harrison

D A Harrison
Director

Date: 31/3/09

Notes to the financial statements

at 31 December 2004

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 2004, 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.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets are amortised on a straight line basis over their estimated useful life up to a maximum of 20 years. The ongoing value of the asset is reviewed for impairment at the end of every financial year.

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.

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.

Notes to the financial statements
at 31 December 2004

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.

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.

Share-based payments
The company adopted FRS 20 'Share-based payments' for the first time in 2004. During 2007, the then parent company, Molecular Devices Corporation (MDC), was taken over by MDS Inc (see note 19). Upon takeover, all stock options were cancelled and all stock options held by employees in the MDC Stock Option Plan were brought out. The impact of adopting FRS 20 in the current year is an additional charge to the profit and loss account of £130,036 (2003 - £ nil).

Equity settled transactions
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 periods, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.
At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. 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.

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.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

Notes to the financial statements
at 31 December 2004

1. Accounting policies (continued)
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 19 March 2007 (see note 19 – Post Balance Sheet Events).

For awards granted before 7 November 2002, the company recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity-settled awards.

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:

	2004	*2003*
	£	*£*
United Kingdom	5,167,990	6,166,852
Europe	4,881,401	2,956,141
Rest of the World	18,600	2,098
	10,067,991	9,125,091

3. Operating profit
This is stated after charging:

	2004	*2003*
	£	*£*
Auditors' remuneration - audit services	21,000	18,000
Amortisation of intangible asset	25,402	–
Depreciation of owned fixed assets	48,046	44,843
Operating lease rentals - land and buildings	93,124	123,095
- plant and machinery	79,390	53,965
Net loss/(gain) on foreign currency translation	136,193	12,551

Notes to the financial statements
at 31 December 2004

4. Staff costs

	2004 £	2003 £
Wages and salaries	1,263,855	865,062
Social security costs	190,908	157,137
Pensions	28,961	27,236
	1,483,724	1,049,435

Included in wages and salaries above is £130,036 (2003: £nil) relating to share-based payments.

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

	2004 No.	2003 No.
Sales Administration	3	2
Finance	3	3
Applications	3	2
Service	7	3
Sales	9	7
	25	17

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 2004 and 31 December 2003.

5. Interest receivable

	2004 £	2003 £
Bank interest receivable	46,594	21,978

6. Tax on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	173,969	360,709
Adjustment in respect of prior years	–	370,848
Total current tax (note 6(b))	173,969	731,557
Deferred tax:		
Origination and reversal of timing differences (note 13)	(54,579)	9,144
Tax on profit on ordinary activities	119,390	740,701

Notes to the financial statements

at 31 December 2004

6. Tax on ordinary activities (continued)

(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% (2003: 30%). The differences are reconciled below:

	2004	*2003*
	£	*£*
Profit on ordinary activities before taxation	414,814	1,165,735
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	124,444	349,721
Disallowed expenses and non-taxable income	7,744	7,335
Depreciation in advance of capital allowances	2,771	3,653
Share-based payments	39,010	
Adjustment in respect of previous years	–	370,848
Total current tax (note 6(a))	173,969	731,557

(c) Deferred tax

	2004	*2003*
	£	*£*
Capital allowances in advance of depreciation	6,268	(9,301)
Share-based payments	39,010	–
	45,278	(9,301)

Notes to the financial statements
at 31 December 2004

7. Tangible fixed assets

	Leasehold improvements	Computer equipment	Office furniture and equipment	Laboratory equipment	Total
	£	£	£	£	£
Cost:					
At 1 January 2004	52,551	160,838	65,687	110,509	389,585
Additions	-	25,975	28,139	-	54,114
At 31 December 2004	52,551	186,813	93,826	110,509	443,699
Depreciation:					
At 1 January 2004	10,849	136,974	51,807	84,846	284,476
Provided during the year	7,359	15,883	10,094	14,710	48,046
At 31 December 2004	18,208	152,857	61,901	99,556	332,522
Net book value:					
At 31 December 2004	34,343	33,956	31,925	10,953	111,177
At 1 January 2004	41,702	23,864	13,880	25,663	105,109

8. Intangible assets

	Distribution rights
	£
Cost:	
At 1 January 2004	–
Additions	762,056
At 31 December 2004	762,056
Depreciation:	
At 1 January 2004	–
Provided during the year	25,402
At 31 December 2004	25,402
Net book value:	
At 31 December 2004	736,654
At 1 January 2004	–

The intangible asset arises on the acquisition of the distribution rights of Sopachem, in the Benelux territories.

9. Stocks

	2004	2003
	£	£
Finished goods	693,910	530,646

Notes to the financial statements
at 31 December 2004

10. Debtors

	2004 £	2003 £
Trade debtors	2,024,072	2,556,253
Amounts owed by group undertakings	865,147	862,773
Other debtors	92,639	111,639
Prepayments and accrued income	93,185	96,040
Deferred tax	45,278	–
	3,120,321	3,626,705

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	72,810	161,475
Amounts owed to group undertakings	1,741,710	1,295,316
Corporation tax	314,482	900,036
Other taxation and social security	228,268	94,757
Accruals and deferred income	1,124,224	757,909
	3,481,494	3,209,493

12. 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 £1,955 (2003: £4,155).

13. Deferred tax asset

	Deferred taxation £
At 1 January 2004	(9,301)
Profit and loss account movement arising during the year (note 6(a))	54,579
At 31 December 2004 (deferred tax asset)	45,278

14. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	2004 Land and buildings £	*2004* Other £	*2003* Land and buildings £	*2003* Other £
Operating leases which expire:				
Within one year	–	20,268	-	3,532
In two to five years	81,466	47,843	81,466	47,973
	81,466	68,111	81,466	51,505

Notes to the financial statements
at 31 December 2004

15. Share capital

		Authorised
	2004	2003
	£	£
Ordinary shares of £1 each	10,000	10,000

	Allotted, called up and fully paid			
		2004		2003
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Share based payment reserve	Profit and loss account	Total share-holders' funds
	£	£	£	£
At 1 January 2003	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
Profit for the year	–	–	295,424	295,424
Share-based payments	–	130,036	–	130,036
At 31 December 2004	10,000	130,036	3,401,036	3,541,072

17. 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 18), 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.

18. Ultimate parent company and controlling party

The company's ultimate parent undertaking and controlling party at 31 December 2004 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.

19. 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.