

2807736

MOLECULAR DEVICES LIMITED

Report and Financial Statements

31 December 2001

 ERNST & YOUNG



LD4 *LPWU319U* 0062
COMPANIES HOUSE 07/02/03

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 financial statements for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year after tax amounted to £587,918 (2000 - loss £211,405).

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

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.

From 1 January 2001, the UK trade and assets of LJL BioSystems Limited, the UK registered subsidiary of LJL BioSystems Inc., were transferred to Molecular Devices Limited. This has allowed the company to sell high-throughput screening solutions that are complementary to its own.

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.

DIRECTORS AND THEIR INTERESTS

The present directors are shown on page 1.

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

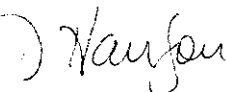
None of the directors had any interest in the share capital of the company at the beginning or end of the year.

AUDITORS

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

Secretary



30.1.03

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements 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 financial statements, 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 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 which 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.

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

We have audited the company's financial statements for the year ended 31 December 2001, 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 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

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

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

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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 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.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit 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

5 February 2003

Molecular Devices Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER			
ongoing		8,107,291	5,212,047
acquisitions		1,105,540	-
	2	9,212,831	5,212,047
Cost of sales		6,260,689	3,759,568
Gross profit		2,952,142	1,452,479
Administrative expenses		2,107,839	1,742,060
OPERATING PROFIT/(LOSS)			
ongoing		692,752	(289,581)
acquisitions		151,551	-
	3	844,303	(289,581)
Bank interest receivable		21,021	28,517
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		865,324	(261,064)
Taxation	5	(277,406)	49,659
RETAINED PROFIT/(LOSS) FOR THE YEAR	13	587,918	(211,405)

RECOGNISED GAINS AND LOSSES

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

Molecular Devices Limited

BALANCE SHEET

at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	6	122,342	107,278
CURRENT ASSETS			
Stocks	7	754,386	509,754
Debtors	8	3,228,134	2,013,192
Cash at bank and in hand		1,107,238	659,370
		5,089,758	3,182,316
CREDITORS: amounts falling due within one year	9	3,376,138	2,040,644
NET CURRENT ASSETS		1,713,620	1,141,672
TOTAL ASSETS LESS CURRENT LIABILITIES		1,835,962	1,248,950
PROVISIONS FOR LIABILITIES AND CHARGES	10	4,168	5,074
		1,831,794	1,243,876
CAPITAL AND RESERVES			
Called up share capital	11	10,000	10,000
Profit and loss account	13	1,821,794	1,233,876
Equity shareholder's funds	13	1,831,794	1,243,876

Director

[Signature] 30/1/03.

Molecular Devices Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements 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 financial statements.

Molecular Devices Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

	<i>Continuing 2001 £</i>	<i>Acquired 2001 £</i>	<i>Total 2000 £</i>	<i>Continuing 2000 £</i>
Sales of instruments, parts and consumables	7,412,832	1,010,841	8,423,673	4,453,225
Repairs and servicing	694,459	94,699	789,158	758,822
	<u>8,107,291</u>	<u>1,105,540</u>	<u>9,212,831</u>	<u>5,212,047</u>
UK			6,053,116	4,029,600
Europe			3,143,241	1,179,307
Outside Europe			16,474	3,140
			<u>9,212,831</u>	<u>5,212,047</u>

3. OPERATING PROFIT/(LOSS)

This is stated after charging:

	<i>2001 £</i>	<i>2000 £</i>
Depreciation	38,394	30,403
Auditors' remuneration	19,096	8,600
Operating lease rentals - plant and machinery	40,556	56,608
- land and buildings	120,682	84,028
Exchange loss	137,350	146,221
	<u>356,078</u>	<u>325,859</u>

4. STAFF COSTS

	<i>2001 £</i>	<i>2000 £</i>
Wages and salaries	702,047	652,496
Social security costs	111,935	90,203
	<u>813,982</u>	<u>742,699</u>

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

	<i>2001 No.</i>	<i>2000 No.</i>
Sales	5	6
Service	3	3
Applications	2	1
Finance	2	2
Sales administration	2	1
	<u>14</u>	<u>13</u>

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

Molecular Devices Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

5. TAXATION

	2001 £	2000 £
Based on the profit/(loss) for the year:		
Corporation tax (credit)/charge	278,312	(78,611)
Deferred tax	(906)	5,074
Underprovision in prior years	-	23,878
	<u>277,406</u>	<u>(49,659)</u>

6. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i> £	<i>Office furniture and equipment</i> £	<i>Laboratory equipment</i> £	<i>Computer equipment</i> £	<i>Computer software</i> £	<i>Total</i> £
Cost:						
At 1 January 2001	34,235	32,369	88,689	101,913	25,633	282,839
Additions	-	13,746	7,755	10,453	-	31,954
Transfers	-	14,304	3,760	27,883	-	45,947
Disposals	(12,966)	-	-	-	(25,633)	(38,599)
At 31 December 2001	<u>21,269</u>	<u>60,419</u>	<u>100,204</u>	<u>140,249</u>	<u>-</u>	<u>322,141</u>
Depreciation:						
At 1 January 2001	13,262	19,480	34,582	82,604	25,633	175,561
Charge for the year	2,420	12,163	19,816	28,438	-	62,837
Disposals	(12,966)	-	-	-	(25,633)	(38,599)
At 31 December 2001	<u>2,716</u>	<u>31,643</u>	<u>54,398</u>	<u>111,042</u>	<u>-</u>	<u>199,799</u>
Net book value:						
At 31 December 2001	<u>18,553</u>	<u>28,776</u>	<u>45,806</u>	<u>29,207</u>	<u>-</u>	<u>122,342</u>
At 1 January 2001	<u>20,973</u>	<u>12,889</u>	<u>54,107</u>	<u>19,309</u>	<u>-</u>	<u>107,278</u>

7. STOCKS

	2001 £	2000 £
Finished goods	108,587	80,460
Demonstration equipment	645,799	429,294
	<u>754,386</u>	<u>509,754</u>

Molecular Devices Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

8. DEBTORS

	2001 £	2000 £
Trade debtors	2,637,495	1,647,140
Amounts due from ultimate parent undertaking	411,394	74,581
Amounts due from fellow subsidiary	-	32,188
Other debtors	17,596	137,061
Prepayments	74,567	43,611
Corporation tax	87,082	78,611
	<u>3,228,134</u>	<u>2,013,192</u>

9. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	161,723	69,844
Amounts due to ultimate parent undertaking	2,319,958	1,425,503
Amounts due to fellow subsidiary	2,050	-
Corporation tax	278,312	-
Other taxes and social security costs	128,340	16,439
Accruals and deferred income	485,755	528,858
	<u>3,376,138</u>	<u>2,040,644</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation		
	2001 £	2000 £
At 1 January	5,074	-
(Decelerated)/accelerated capital allowances	(906)	5,074
At 31 December	<u>4,168</u>	<u>5,074</u>

11. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
£1 ordinary shares	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

Molecular Devices Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

12. ACQUISITION

On 1 January 2001, the UK trade and assets of LJI Bio Systems Limited, the UK registered subsidiary of LJI Bio Systems Inc., were transferred to Molecular Devices Limited as follows:

	<i>Book value and fair value £</i>
Tangible fixed assets	45,947
Cash	720,388
Debtors (including group debtors)	1,054,910
Creditors (including group creditors)	(1,754,919)
Net assets	66,326
Discharged by:	
Intercompany payable	66,326

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 31 December 1999	10,000	1,445,281	1,455,281
Loss for the year	-	(211,405)	(211,405)
At 31 December 2000	10,000	1,233,876	1,243,876
Profit for the year		587,918	587,918
At 31 December 2001	10,000	1,821,794	1,831,794

14. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
within one year	-	-	11,963	4,783
in two to five years	40,000	-	10,527	23,962
in over five years	81,466	81,466	-	-
	121,466	81,466	22,490	28,745

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 financial statements, 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.

