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**COMPANY
NUMBER: 3195318**

SAFC Biosciences Limited

Report and Financial Statements

Year Ended

31 December 2008

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BDO Stoy Hayward
Chartered Accountants

SAFC Biosciences Limited

Annual report and financial statements for the year ended 31 December 2008

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Directors

Graham Lucas
Michael Harris
Franklin Devoe Wicks, Jr

Secretary and registered office

Graham Lucas, The Old Brickyard, New Road, Gillingham, Dorset SP8 4XT

Company number

3195318

Auditors

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading RG1 3EX.

SAFC Biosciences Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year. The directors do not recommend a final ordinary dividend for the year (2007: £Nil).

Principal activities and business review using key performance indicators (KPIs)

The principal activity of the company during the year was the sale and marketing of pharmaceutical and allied products. The directors aim to continue to develop the company's trading activity over the coming year. The company has had an excellent year of growth in 2008 and, having focused on top-line sales, turnover has increased by 16% despite challenging economic conditions. This has resulted in a continued strong cash balance of £3.7m at year end, which will offer stability to the company despite uncertainty in the wider economy. We continue to invest in training for our staff, and they remain some of the most highly skilled in the industry.

Principal risks and uncertainties

The management of the business and execution of the company strategy are subject to a number of risks. Key business risks principally relate to market competition, both from a national and international perspective, and the retention of suitably qualified employees.

Future developments

There are no major developments planned for the business, other than the ongoing development of the business. The directors expect that trading conditions could become more difficult.

Financial instruments

The company has not entered into any financial instrument contracts in the period. The company aims to reduce financial risk by reducing exposure to risk on liquidity, cash flows, credit, and price. Liquidity risk is reduced by maintaining a strongly positive cash balance. There is limited risk exposure with regards to cash flows, as the business is strongly cash positive and is a highly cash generative business. With regards to credit risk, the company has strong relations with its suppliers due to a good credit history and therefore this is not seen by the directors as a key risk. The risk of price erosion is difficult to mitigate, however the products that the company manufactures are highly regarded in the industry, which helps to maintain margin.

Directors

The directors of the company during the year were:

Graham Lucas
Michael Harris
Franklin Devoe Wicks, Jr

No director had any interest in the ordinary or preference share capital of the company. There is no qualifying third party indemnity provision for the benefit of any of the directors. Franklin Devoe Wicks, Jr is also a director of the ultimate parent company, Sigma-Aldrich Corporation, and his interest in the share capital of that company are shown in its financial statements.

SAFC Biosciences Limited

Report of the directors for the year ended 31 December 2008 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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;
- state whether applicable 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 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the annual general meeting.

By order of the Board



G Lucas
Secretary

Date: 25 June 2009

SAFC Biosciences Limited

Report of the independent auditors

Independent auditor's report to the shareholders of SAFC Biosciences Limited

We have audited the financial statements of SAFC Biosciences Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

SAFC Biosciences Limited

Report of the independent auditors (*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 2008 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.

BDO Stoy Hayward LLP
BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Reading

Date: *3 July 2009*

SAFC Biosciences Limited**Profit and loss account for the year ended 31 December 2008**

	Note	2008 £000	2007 £000
Turnover	2	26,463	22,770
Cost of sales		23,234	19,271
		<hr/>	<hr/>
Gross profit		3,229	3,499
Administrative expenses		1,029	1,322
		<hr/>	<hr/>
Operating profit	3	2,200	2,177
Interest receivable	6	245	103
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,445	2,280
Taxation on profit from ordinary activities	7	687	752
		<hr/>	<hr/>
Profit on ordinary activities after taxation and amount transferred to reserves	13	1,758	1,528
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the year and prior year are included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

SAFC Biosciences Limited

Balance sheet at 31 December 2008

	Note	2008 £000	2008 £000	2007 £000	2007 £000
Fixed assets					
Tangible assets	8		1,304		1,685
Current assets					
Stocks	9	2,555		2,583	
Debtors	10	7,314		2,678	
Cash at bank and in hand		3,735		7,402	
		<u>13,604</u>		<u>12,663</u>	
Creditors: amounts falling due within one year	11	<u>3,689</u>		<u>4,887</u>	
Net current assets			<u>9,915</u>		<u>7,776</u>
Total assets less current liabilities			<u><u>11,219</u></u>		<u><u>9,461</u></u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		<u>11,219</u>		<u>9,461</u>
Shareholders' funds			<u><u>11,219</u></u>		<u><u>9,461</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 June 2009.



G Lucas
Director

The notes on pages 7 to 14 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 from the requirement to prepare a cash flow statement, on the grounds that over 90% of the voting rights of the company are controlled within a group for which the consolidated accounts in which the subsidiary undertaking is included are publicly available.

Turnover

Turnover represents sales at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold Improvements	-	Shorter of useful economic life or term of the lease
Plant & Machinery	-	3 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, as follows:

Raw materials, consumables and goods for resale - purchase cost on a first in, first out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

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 balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies (*Continued*)

Foreign currencies

Transactions in foreign currencies are recorded at the average rate for the year. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

Leasing and hire purchase commitments

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

Pension costs

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account when payable in accordance with the rules of the scheme.

2 Turnover

Turnover comprises the invoice value of sales, excluding sales taxes and trade discounts, made in respect of the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	2008	2007
	£000	£000
United Kingdom	1,355	493
Rest of Europe	24,762	21,903
Rest of World	346	374
	<hr/>	<hr/>
	26,463	22,770
	<hr/>	<hr/>

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

3 Operating profit

This is stated after charging:

	2008 £000	2007 £000
Auditors' remuneration	27	24
Depreciation of owned fixed assets	388	360
Operating lease rentals - land and buildings	66	69
- plant and machinery	38	12
Net (gain) on foreign currency translation	(121)	(129)

4 Employees

	2008 £000	2007 £000
Staff costs consist of:		
Wages and salaries	758	658
Social security costs	85	78
Other pension costs	35	37
	878	773

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

	2008 No.	2007 No.
Production staff	8	6
Distribution staff	3	2
Administration staff	13	10
	24	18

5 Directors

No directors' remuneration was incurred during the year (2007: Nil). Certain directors of the company are also directors or officers of Sigma-Aldrich Corporation. 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 year ended 31 December 2008 (2007: Nil).

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

6 Interest receivable	2008 £000	2007 £000
Bank interest receivable	158	103
Intergroup interest receivable	87	-
Total interest receivable	<u>245</u>	<u>103</u>

7 Taxation on profit from ordinary activities

	2008 £000	2008 £000	2007 £000
<i>Current tax</i>			
UK corporation tax on profits of the year	757		683
Adjustment in respect of previous years	-		(234)
Total current tax	<u>757</u>	757	<u>449</u>
<i>Deferred tax</i>			
Origination and reversal of timing differences		(70)	303
Taxation on profit on ordinary activities		<u>687</u>	<u>752</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	<u>2,445</u>	<u>2,280</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5 % (2007 – 30 %)	696	684
Effects of:		
Expenses not deductible for tax purposes	3	5
Accelerated capital allowances/other timing differences	58	(6)
Adjustment to tax charge in respect of previous years	-	(234)
Current tax charge for year	<u>757</u>	<u>449</u>

SAFC Biosciences Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

7 Taxation on profit from ordinary activities (Continued)

<i>Deferred tax</i>	2008 £000	2007 £000
Capital allowances in advance of depreciation	(125)	(195)
Short term timing differences	-	-
	<hr/>	<hr/>
Provision for deferred taxation	(125)	(195)
	<hr/>	<hr/>
		£000
At 1 January 2008		(195)
Profit and loss account movement arising during the year		70
		<hr/>
At 31 December 2008		(125)
		<hr/>

8 Tangible assets

	Short Leasehold Improvements £000	Plant & machinery £000	Total £000
<i>Cost</i>			
At 1 January 2008	2,355	708	3,063
Additions	-	7	7
	<hr/>	<hr/>	<hr/>
At 31 December 2008	2,355	715	3,070
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2008	869	509	1,378
Provided for the year	241	147	388
	<hr/>	<hr/>	<hr/>
At 31 December 2008	1,110	656	1,766
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	1,245	59	1,304
	<hr/>	<hr/>	<hr/>
At 1 January 2008	1,486	199	1,685
	<hr/>	<hr/>	<hr/>

SAFC Biosciences Limited**Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)****9 Stocks**

	2008	2007
	£000	£000
Finished goods	2,415	2,422
Raw Materials	140	161
	<hr/>	<hr/>
	2,555	2,583
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

10 Debtors

	2008	2007
	£000	£000
Trade debtors	-	22
Amounts owed by group undertakings	6,626	2,382
Other debtors	-	245
Prepayments and accrued income	46	29
VAT	642	-
	<hr/>	<hr/>
	7,314	2,678
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	382	388
Amounts owed to group undertakings	2,926	3,935
Other taxation and social security	35	30
Corporation tax	192	305
Accruals and deferred income	29	34
Provision for deferred tax	125	195
	<hr/>	<hr/>
	3,689	4,887
	<hr/>	<hr/>

SAFC Biosciences Limited**Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)****12 Share capital**

Authorised, allotted, called up and fully paid	2008 Number	2008 £000	2007 Number	2007 £000
Ordinary shares of £1 each	2	-	2	-

13 Reserves**Profit and loss
account**

	£000
At 1 January 2008	9,461
Profit for the year	1,758
At 31 December 2008	11,219

14 Capital commitments

Amounts contracted for but not provided for in the accounts amount to £Nil (2007: £Nil)

15 Commitments under operating leases

As at 31 December 2008, the company had annual commitments under non-cancellable operating leases in respect of land and buildings as set out below:

	2008 £000	2007 £000
Operating leases which expire:		
Between two and five years	66	66

16 Pension commitments

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions made during the period were £35,451 (2007: £36,900) and no unpaid contributions were outstanding at the year end.

17 Ultimate parent company

At 31 December 2008 the company's ultimate parent company and controlling party was Sigma-Aldrich Corporation, which is incorporated in the USA. The immediate parent undertaking is Sigma-Aldrich Company Limited. Copies of the consolidated financial statements of Sigma-Aldrich Corporation can be obtained from 3050 Spruce Street, St. Louis, Missouri 63103, USA.

18 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members or investees of the group headed Sigma-Aldrich Corporation on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.