

**Company Registration No. 02660050**

**Molecular Devices (New Milton) Ltd**  
**(formerly Genetix Limited)**

**Annual Report and Financial Statements**

**31 December 2010**

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**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**REPORT AND FINANCIAL STATEMENTS 2010**

**CONTENTS**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

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**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**REPORT AND FINANCIAL STATEMENTS 2010**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Ronald Peters  
Keith Ward  
Greg Wigmore

**SECRETARY**

Bondlaw Secretaries Ltd

**REGISTERED OFFICE**

Queensway  
New Milton  
Hampshire  
BH25 5NN

**BANKERS**

Barclays Bank plc  
PO Box 612  
Ocean Way  
Southampton  
SO14 2ZP

**SOLICITORS**

Olswang  
90 High Holborn  
London  
WC1V 6XX

**AUDITORS**

Ernst & Young LLP  
Chartered Accountants and Statutory Auditors  
400 Capability Green, Luton, LU1 3LU

# **MOLECULAR DEVICES (NEW MILTON) LTD** **(formerly Genetix Limited)**

## **DIRECTORS REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the design and manufacture of automated systems and related products for use in systems biology

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

On 18 December 2009 it was announced that the Boards of Genetix Group Limited and Danaher Corporation had reached agreement on the terms of a recommended all cash offer for the entire issued and to be issued share capital of Genetix Group Limited. The Danaher group had acquired and received acceptances of greater than 75% of the issued shares of Genetix Group Ltd by 7<sup>th</sup> January 2010 and the remaining shares were acquired by 25<sup>th</sup> January 2010.

The Genetix Group Limited Board firmly believed that there was a compelling business case for Genetix Group Limited becoming part of Danaher, giving it greater access to global markets, increased financial resources to implement its growth plans plus leveraging its research and development and commercial resources. Danaher, through its Leica Microsystems Division, is a highly respected global business and has an increasingly strong worldwide presence in the life sciences, clinical and digital pathology markets in which Genetix Group Limited operates.

On 29<sup>th</sup> June 2011 the company changed its name from Genetix Limited to Molecular Devices (New Milton) Ltd.

### **RESEARCH AND DEVELOPMENT**

The company continues an active programme of research and development, the costs of which in the year amounted to £1,034,703 (2009 £1,204,197). New and improved products are continuing to be developed.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in detail on page 8. Dividends paid in the year amounted to £13,000,000 (2009 Nil).

### **KEY PERFORMANCE INDICATORS**

	<b>2010</b>	<b>2009</b>	<b>Change</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>
Turnover	9,627	14,478	(34)
Gross Profit	3,524	6,829	(48)
GP %	37	47	(22)
Operating (Loss)/Profit	(3,297)	1,966	(168)
Number of Employees	75	69	9

Turnover for the year dropped by circa 34% from 2009 performance. A tough economic market has resulted in difficulties converting opportunities into confirmed sales. Profit before tax was significantly behind 2009 and this can be attributed to additional costs incurred during the initial integration process.

## **MOLECULAR DEVICES (NEW MILTON) LTD** **(formerly Genetix Limited)**

### **DIRECTORS REPORT (continued)**

#### **RISKS AND UNCERTAINTIES**

The company is subject to the same general risks and uncertainties as any other business, for example, the impact of changes in general economic conditions including currency and interest rate fluctuations and the impact of competition, the impact of natural disasters and sourcing of materials. Senior management conducts regular risk reviews at which time the likelihood and impact of risks are assessed. Outlined below is a description of the principal risks and uncertainties that are specific to our business.

##### Competitors

Product innovation is essential to retain a competitive edge. There are threats that our competitors can launch new products into our markets before we can effectively respond, thus resulting in lost sales. To reduce this risk we continually invest in R&D and undertake market and customer research. In addition, some of Molecular Devices (New Milton)'s competitors in certain markets are larger and have greater financial resources. This may enable them to deliver products on more attractive terms or to invest larger amounts in R&D.

The company also invests in maintaining a patent portfolio to protect our investment in products and technology. We regularly monitor the markets we serve to identify any potential violations of our patents and will take legal action where necessary.

##### Key markets

The continued organic growth of our business is underpinned by our key market, the United States. Any material decline in the performance of this market may impact future growth and profitability.

##### Commercial relationships

The company benefits from close commercial relationships with a number of key customers and suppliers. Damage to or loss of any of these relationships could have a negative effect on results. To reduce this risk the company ensures it maintains a close working relationship with its customers at the sales, technical/scientific and support levels. Regular meetings and reviews are also held with our key suppliers.

##### Manufacturing

The company's manufacturing facilities could be disrupted by events outside of its control such as fire. The company has a detailed contingency plan to ensure, as much as possible, business continuity with all relevant employees appropriately trained. The company also maintains appropriate general commercial insurance policies.

The company's products could also be affected by the introduction of regulations, such as those relating to environmental issues. The company monitors regulations to the effect that they may have an impact on its operations and takes appropriate external advice on compliance.

##### Employees

The company continually seeks to recruit and retain talented employees who ultimately contribute to our success. In addition the company has certain individuals who have extensive knowledge of markets and customers and R&D. The company undertakes employee attitude surveys and seeks, with employee involvement, to address specific areas.

##### Exchange rates

At 31 December 2010, the Group was committed to forward exchange contracts totalling US\$nil (2009 US\$3,000,000) at an average rate of £/\$ nil (2009 £/\$ 1.55).

#### **HEALTH, SAFETY AND THE ENVIRONMENT**

The company is committed to the maintenance of high standards of practice concerning the health and safety of its employees. The company recognises its legal obligations in this respect and compliance with such obligations and a number of policies on such matters are monitored through a health and safety committee. The company is sensitive to the needs of the environment.

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**DIRECTORS REPORT (continued)**

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, price, credit, liquidity and cash flow risks are described in the Business Review and Principal risks and uncertainties above

The company is part of the Danaher UK group cash pool arrangement. As part of the group cash pool arrangement, each company has entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies. Each company is also subject to an indemnity offered by the Danaher Corporation for all participating companies (for the period during which they remain wholly owned subsidiaries of Danaher Corporation) such that any liability falling on the company as a result of the borrowing from the bank of any other party to the cash pool arrangement will be borne by the Danaher Corporation in the event of a default.

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**DIRECTORS**

The following directors served during the year and to the date of this report unless specified

C De Rohan (Resigned 27<sup>th</sup> October 2010)

J Burke (Resigned 7<sup>th</sup> October 2010)

A J Kellett (Resigned 30<sup>th</sup> April 2010)

R Peters (Appointed 7<sup>th</sup> October 2010)

K Ward (Appointed 7<sup>th</sup> October 2010)

G Wigmore (Appointed 7<sup>th</sup> October 2010)

T Pizzie (Resigned 30<sup>th</sup> June 2010)

**AUDITORS**

Ernst & Young were appointed Auditors during the year replacing Deloitte LLP

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to re-appoint Ernst & Young as the company's auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



G Wigmore  
Director  
4<sup>th</sup> October 2011

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**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR DEVICES (NEW MILTON) LTD**

We have audited the financial statements of Molecular Devices (New Milton) Ltd for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Ernst & Young LLP*

*John Dervley (Senior statutory auditor)*  
*for and on behalf of Ernst & Young LLP, Statutory Auditor*  
*Luton*

*5 October 2011*

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2010**

	Note	2010 £	2009 £
<b>TURNOVER: continuing operations</b>	2	9,626,780	14,478,331
Cost of sales		(6,103,013)	(7,648,986)
<b>GROSS PROFIT</b>		<u>3,523,767</u>	<u>6,829,345</u>
Administrative expenses		(6,820,305)	(4,863,503)
<b>OPERATING (LOSS)/PROFIT: continuing operations</b>	3	<u>(3,296,538)</u>	<u>1,965,842</u>
Interest receivable and similar income	6	335	6,575
Gain on Sale of Subsidiary	9	10,500,000	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>7,203,797</u>	<u>1,972,417</u>
Tax credit on profit on ordinary activities	5	3,816	235,222
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	16	<u>7,207,613</u>	<u>2,207,639</u>

There are no recognised gains and losses for the current and prior year other than as stated above. Accordingly a statement of total recognised gains and losses is not presented.

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**BALANCE SHEET**  
**At 31 December 2010**

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Intangible assets	7	-	293,742
Tangible assets	8	2,043,538	2,188,984
Investments	9	46,317	46,317
		<u>2,089,855</u>	<u>2,529,043</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,656,337	1,890,223
Debtors	11	13,876,237	14,320,280
Cash at bank and in hand		769,134	3,545,544
		<u>17,301,708</u>	<u>19,756,047</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(14,996,732)	(11,916,992)
<b>NET CURRENT ASSETS</b>		<u>2,304,976</u>	<u>7,839,055</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,394,831</u>	<u>10,368,098</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(132,517)	(302,928)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(93,612)	(104,081)
<b>NET ASSETS</b>		<u><u>4,168,702</u></u>	<u><u>9,961,089</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	101	101
Other reserve	16	-	300,281
Profit and loss account	16	4,168,601	9,660,707
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<u><u>4,168,702</u></u>	<u><u>9,961,089</u></u>

The financial statements of Molecular Devices (New Milton) Ltd, registered number 02660050, were approved by the Board and authorised for issue on 4<sup>th</sup> October 2011. They were signed on its behalf by



**G Wigmore**  
Director

# **MOLECULAR DEVICES (NEW MILTON) LTD**

## **(formerly Genetix Limited)**

### **Notes to the Financial Statements**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standard. The particular accounting policies adopted are described below. These have been applied consistently in the current and preceding year.

##### **Group Accounts**

The company has utilised the exemption not to produce group accounts under s400 CA2006 not to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Sales of instruments are recognised when the title passes, or when the right to consideration in exchange for performance has been completed. Sales of consumables are recognised on delivery of product, and service contracts evenly over the contractual period.

##### **Pensions**

The company operates a stakeholder pension scheme for its UK employees.

##### **Foreign currency**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Adjustments resulting from exchange fluctuations have been reflected in the profit and loss account.

The company used derivative financial instruments solely to reduce the exposure to foreign exchange risk.

##### **Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

##### **Research and development**

Research and development expenditure is charged to the profit and loss account as incurred.

##### **Product warranties**

Provision is made for the anticipated cost of expected claims against product warranties on products sold.

##### **Intangible assets - patents and licences**

Patents and licences are valued at cost on acquisition and are depreciated in equal annual instalments over their estimated useful lives of four years.

##### **Cash flow**

The company is exempt from the requirement of FRS1 (Revised) to include a cash flow statement as part of its financial statements because the consolidated accounts of the ultimate parent company, in which the subsidiary is included, are publicly available.

##### **Related Parties**

Molecular Devices (New Milton) Limited is taking advantage of an exemption conferred by FRS 8 which provides exemption for disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly owned by the same group.

# **MOLECULAR DEVICES (NEW MILTON) LTD** **(formerly Genetix Limited)**

## **Notes to the Financial Statements**

### **1. ACCOUNTING POLICIES (continued)**

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation and provision for impairment, except for Land & Buildings which are held at Fair Value. Depreciation is provided in equal annual instalments in order to write off the cost of each asset over its estimated useful life at the following rates

Freehold buildings	2% per annum
Plant and machinery	25-50% per annum
Motor vehicles	25% per annum
Fixtures and fittings	25% per annum

Freehold land is not depreciated

#### **Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, as reduced by group relief received for nil payment in periods post acquisition by the Danaher group

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted

#### **Share based payments**

##### **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 period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In value 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 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 day 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 and 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 income statement, with a corresponding entry in reserves

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

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**1. ACCOUNTING POLICIES**

**Share based payments (cont.)**

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 income statement 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 reserves, with any excess over fair value being treated as an expense in the income statement.

**2. TURNOVER**

In the opinion of the directors, the company operates only one class of business generated in the United Kingdom. Turnover can be analysed as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>By geographic destination:</b>		
United Kingdom	553,026	1,296,127
Rest of Europe	1,757,769	3,146,182
North America	4,744,161	6,744,260
Asia	1,624,305	1,193,036
Rest of World	947,519	2,098,726
	<u>9,626,780</u>	<u>14,478,331</u>

**3. OPERATING PROFIT**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of owned assets	295,583	298,546
Amortisation of patents and licences	293,742	152,712
Fees payable to the company's auditors for the audit of the company's annual accounts	21,045	26,000
Research and development (including salaries)	1,034,703	1,204,197
Exchange (profit)/loss on foreign currency transactions	(277,905)	157,821

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**4. INFORMATION REGARDING EMPLOYEES**

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed in the year:</b>		
Sales and marketing	9	9
Research and development	20	23
Production and customer support	27	27
Administration	19	10
	<u>75</u>	<u>69</u>
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Staff costs incurred during the year in respect of these employees were:</b>		
Wages and salaries	3,181,510	2,822,690
Social security costs	285,979	272,899
Pension costs	88,182	76,845
	<u>3,555,671</u>	<u>3,172,434</u>

The directors' services to this company and to a number of fellow subsidiaries are of a non executive nature and their emoluments are deemed to be wholly attributable to their qualifying services to Danaher UK Industries Limited (K G Ward), Leica Microsystems GmbH (R Peters) and Genetix Group Ltd (G Wigmore) Accordingly, these financial statements include no emoluments in respect of these directors (2009 £nil)

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**5. TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES**

**TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
The tax charge/(credit) comprises		
Current tax		
Corporation tax at the standard rate of 28% (28%)	-	500,737
Adjustment in respect of prior periods	(69,067)	(182,885)
	<u>(69,067)</u>	<u>317,852</u>
Deferred tax		
Charge/(credit) for current year	67,497	(16,026)
Adjustment in respect of prior periods	(2,246)	(537,048)
	<u>65,251</u>	<u>(553,074)</u>
Taxation (credit) for the year	<u>(3,816)</u>	<u>(235,222)</u>

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Profit before tax	7,203,797	1,972,417
Corporation tax at the standard rate of 28% (31 December 2009 28%)	2,017,063	552,276
Effects of		
(Income not taxable)/Expenses not deductible	(2,626,391)	47,082
Group relief surrendered for nil consideration	699,982	-
Losses carried back	57,481	-
Losses carried forward	13,687	-
Depreciation in excess of capital allowances	70,407	19,724
Short term timing differences	(145,314)	-
R&D tax credit	(86,915)	(118,345)
Adjustments to tax charge in respect of prior year	<u>(69,067)</u>	<u>(182,885)</u>
Current taxation (credit)/charge for the year	<u>(69,067)</u>	<u>317,852</u>

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Interest Receivable and Similar Income</b>		
Interest receivable	335	6,575
	<u>335</u>	<u>6,575</u>

**7. INTANGIBLE FIXED ASSETS**

	<b>Patents and licences £</b>
<b>Cost</b>	
At 1 January 2010	1,356,794
Additions	-
Disposal	-
At 31 December 2010	<u>1,356,794</u>
<b>Accumulated amortisation</b>	
At 1 January 2010	1,063,052
Charge for the year	293,742
Disposal	-
At 31 December 2010	<u>1,356,794</u>
<b>Net book value</b>	
At 31 December 2010	<u>-</u>
At 31 December 2009	<u>293,742</u>

The intellectual property relating to these patents and licenses was transferred to another entity within the group in the year as such this asset has been fully written down

**MOLECULAR DEVICES (NEW MILTON) LTD**  
(formerly Genetix Limited)

**Notes to the Financial Statements**

**8. TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings</b>	<b>Plant and Machinery</b>	<b>Motor vehicles</b>	<b>Fixture and Fittings</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2010	2,049,605	1,605,296	43,806	78,088	3,776,795
Additions	-	150,137	-	-	150,137
Disposals	-	-	(43,806)	-	(43,806)
At 31 December 2010	2,049,605	1,755,433	-	78,088	3,883,126
<b>Accumulated depreciation</b>					
At 1 January 2010	385,505	1,080,412	43,806	78,088	1,587,811
Charge for the year	40,993	254,590	-	-	295,583
Disposals	-	-	(43,806)	-	(43,806)
At 31 December 2010	426,498	1,335,002	-	78,088	1,839,588
<b>Net book value</b>					
At 31 December 2010	1,623,107	420,431	-	-	2,043,538
At 31 December 2009	1,664,100	524,884	-	-	2,188,984

**9. INVESTMENTS HELD AS FIXED ASSETS**

			<b>Shares in subsidiaries £</b>
At 1 January 2010 and 31 December 2010			46,317
<b>Subsidiaries</b>	<b>Country of incorporation/ registration and operation</b>	<b>Principal activity</b>	<b>Percentage of equity shares held %</b>
Genescreen Limited	England and Wales	Dormant	100

The company sold its share in a subsidiary in the year (Genetix USA Inc), previously carried at a net book value of nil) for proceeds of £10.5m

**MOLECULAR DEVICES (NEW MILTON) LTD**  
(formerly Genetix Limited)

**Notes to the Financial Statements**

**10. STOCKS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Raw materials	1,335,070	1,121,251
Finished goods	1,321,267	768,972
	<u>2,656,337</u>	<u>1,890,223</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

**11. DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,017,751	2,545,933
Amounts owed by group undertakings	11,385,500	11,383,296
Other debtors	64,434	36,916
Corporation Tax	193,176	-
Prepayments and accrued income	45,919	119,427
Deferred tax ( see below)	169,457	234,708
	<u>13,876,237</u>	<u>14,320,280</u>

All debtors are due within one year

	<b>Year ended 31 December 2010</b>	<b>Year ended 31 December 2009</b>
	<b>£</b>	<b>£</b>
<b>DEFERRED TAX</b>		
Deferred tax (asset)/liability as at 1 January	(234,708)	318,366
Charge/(credit) to profit and loss account	<u>65,251</u>	<u>(553,074)</u>
Deferred tax (asset)/liability as at 31 December	<u>(169,457)</u>	<u>(234,708)</u>

The amounts provided for deferred taxation are set out below

	<b>Year ended 31 December 2010</b>	<b>Recognised Year ended 31 December 2009</b>
	<b>£</b>	<b>£</b>
Fixed assets	(144,869)	(79,829)
Other short term timing differences	(24,588)	(154,879)
Deferred tax (asset)/liability as at 31 December	<u>(169,457)</u>	<u>(234,708)</u>

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**11. DEBTORS (continued)**

Finance Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011

Finance Act 2011 included legislation to reduce the main rate of corporation tax to 26% from 1 April 2011 and 25% from 1 April 2012. As this had not been substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 19

The Government has also indicated that it intends to enact future reductions in the main tax rate to 24% from 1 April 2013 and 23% from 1 April 2014

Substantive enactment of the full reduction to 23% would reduce the deferred tax asset by approximately £25k

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade creditors	988,195	1,361,655
Amounts owed to group undertakings	12,474,031	9,111,595
Corporation tax	-	307,561
Other taxation and social security	122,493	149,156
Other creditors	179,329	3,162
Accruals and deferred income	1,232,684	983,863
	<u>14,996,732</u>	<u>11,916,992</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Deferred service income	132,517	302,928
	<u>132,517</u>	<u>302,928</u>

**MOLECULAR DEVICES (NEW MILTON) LTD**  
(formerly Genetix Limited)

**Notes to the Financial Statements**

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Product Warranties</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2010	104,081	104,081
Utilised in year	(45,634)	(45,634)
Profit and loss charge / (credit)	35,165	35,165
Balance at 31 December 2010	<u>93,612</u>	<u>93,612</u>

**Product warranties**

A provision of £93,612 has been recognised for expected claims against product warranties on products sold during the year. It is expected that most of this expenditure will be incurred in the next financial year.

**15. SHARE CAPITAL**

	<b>Number</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
<b>Authorised:</b>			
Ordinary shares of 1p each	<u>200,000</u>	<u>2,000</u>	<u>2,000</u>
<b>Called up, allotted and fully paid:</b>			
Ordinary shares of 1p each	<u>10,150</u>	<u>101</u>	<u>101</u>

**16. RESERVES**

	<b>Other reserves</b>	<b>Retained earnings</b>	<b>2010 Total</b>	<b>2009 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 January 2010	300,281	9,660,707	9,960,988	7,603,068
Retained profit for the financial year	-	7,207,613	7,207,613	2,207,639
Share Based Payment Genetix	(300,281)	300,281	-	150,281
Dividends paid	-	(13,000,000)	(13,000,000)	-
Share based payments reserve adjustment	-	(1,021,715)	(1,021,715)	-
Share-Based Payments recharge	-	1,021,715	1,021,715	-
Balance at 31 December 2010	<u>-</u>	<u>4,168,601</u>	<u>4,168,601</u>	<u>9,960,988</u>

**MOLECULAR DEVICES (NEW MILTON) LTD**  
(formerly Genetix Limited)

**Notes to the Financial Statements**

**17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Profit / (loss) for the financial year	7,207,613	2,207,639
Dividends Paid	(13,000,000)	-
Net addition / (reduction) to shareholder's funds	(5,792,387)	2,207,639
Opening shareholder's funds at 1 January	9,961,089	7,753,450
Closing shareholder's funds at 31 December	<u>4,168,702</u>	<u>9,961,089</u>

**18. SHARE BASED PAYMENTS – MOLECULAR DEVICES (NEW MILTON) LIMITED**

The company participated in share-based compensation arrangement operated by the parent company, Genetix Group plc, to provide incentives to the Group's senior management and other eligible employees. Options granted under these schemes were exercisable at an option price established at the time of grant which equates to the closing middle market quotation for the Company shares on the AIM on the date of grant. Other than in exceptional circumstances the normal vesting period is between three and five years. In the case of options granted after the flotation of the Company such vesting is, other than in exceptional circumstances, contingent on the achievement of performance conditions. Other than in exceptional circumstances options will lapse in the event that performance conditions are not achieved and also in the case of termination of employment.

Following the take over by Danaher Corporation all existing employee share options in the money were exercised at 85 pence per share. Any underwater options were deemed to have expired.

	2010 Number of share options	Weighted average exercise price (pence)	2009 Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of period	3,627,231	79.2	3,907,264	69.5
Exercised during the period	(2,403,448)	85.0	(560,033)	77.3
Expired during the period	(1,223,783)	66.9	-	-
Outstanding at the end of the period	-	-	3,627,231	66.9
Exercisable at the end of the period	-	-	1,806,159	79.2

**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**18. SHARE BASED PAYMENTS – MOLECULAR DEVICES (NEW MILTON) LIMITED (cont'd)**

There were 1,223,783 (2009 nil) share options lapsed and 2,403,448 (2009 560,033) share options exercised during the year ended 31 December 2010. There were no exercisable options outstanding at 31 December 2010.

The inputs into the Black-Scholes model (only applied to options granted post 7 November 2002) are as follows:

	2010	2009
Weighted average share price	N/A	53.8p
Weighted average exercise price	N/A	66.9p
Expected volatility	N/A	54%
Expected life	N/A	5 years
Risk-free rate	N/A	0.5%
Expected dividends	N/A	0.3%

Expected volatility was determined by reference to data for the technology sector and the Group's share price volatility over the last five years. The charge is adjusted, based on management's best estimate, for the effects of achieving the earnings per share targets for exercise of options.

The Company recognised total expenses of £nil for the year (2009 £150,000) relating to equity-settled share-based payment transactions.

**19. SHARE BASED PAYMENTS - DANAHER**

Danaher Stock options and restricted stock units (RSUs) have been issued to officers and other management employees under the Group's Amended and Restated 1998 Stock option plan and the 2007 Stock Incentive Plan. No further equity awards will be issued under the 1998 Stock Option Plan. The 2007 Stock Incentive Plan provides for the grant of stock options, stock appreciation rights, RSUs, restricted stock or any other stock based award. The stock options generally vest pro-rata over a five year period and terminate ten years from the grant date. The options exercise price is the closing price on the New York Stock Exchange of the common stock of Danaher Corporation on the date of grant. RSUs provide for the issuance of a share of the common stock of Danaher Corporation at no cost to the holder. They are generally subject to performance criteria as well as time-based vesting such that, in general, 50% of the RSUs granted, vest on each of the fourth and fifth anniversaries of the grant date. Prior to vesting, RSUs do not have dividend equivalent rights or voting rights and the shares underlying the RSUs are not considered issued and outstanding.

The options and RSUs generally vest only if the employee is employed by the company on the vesting date or in other limited circumstances, and unvested options and RSUs are forfeited on retirement before age 65 unless the Compensation Committee of the Danaher Corporation Board of Directors determines otherwise. To cover the exercise of options and vesting of RSUs, Danaher Corporation generally issues new shares from its authorised but unissued share pool.

The estimated fair value of options granted during 2010 was calculated using a Black Scholes Merton option pricing model (Black-Scholes). The following summarises the assumptions used in the model:

	2010	2009
Risk free interest rate	1.39- 3.41%	-
Weighted average volatility	28%	-
Dividend yield	0.2%	-
Expected years until exercise	6.0 – 8.5	-

**MOLECULAR DEVICES (NEW MILTON) LTD**  
(formerly Genetix Limited)

**Notes to the Financial Statements**

The Black-Scholes model incorporates assumptions to value stock awards. The risk free rate of interest for periods within the contractual life of the options is based on a zero-coupon US Government instrument.

**19. SHARE BASED PAYMENTS – DANAHER (continued)**

whose maturity period equals or approximates the options' expected term. Expected volatility is based on implied volatility from traded options on the Danaher Corporation stock and historical volatility of the Danaher Corporation stock. To estimate the option exercise timing to be used in the valuation model, in addition to considering the vesting period and contractual term of the option, the Danaher Corporation group analyses and considers actual exercise data for previously granted options.

The amount of stock-based compensation expense recognised during a period is based on the portion of the awards that are ultimately expected to vest. The Danaher group estimates pre-vesting forfeitures at the time of grant by analysing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. Ultimately the total expense recognised over the vesting period will equal the fair value of awards that actually vested.

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year.

	2010 Number	2010 WAEP In \$	2009 Number	2009 WAEP in \$
Outstanding as at 1 January	-	-	-	-
Granted during the year	20,000	37.32	-	-
Exercised	-	-	-	-
Forfeited during the year	16,000	37.32	-	-
Outstanding as at 31 December	4,000	37.32	-	-
Exercisable at 31 December	-	-	-	-

The Company recognised total expenses of £1,021,715 for the year (2009: £nil) relating to equity-settled share-based payment transactions.

**20. ULTIMATE PARENT COMPANY**

On 18 December 2009 it was announced that the Boards of Genetix Group Limited and Danaher Corporation had reached agreement on the terms of a recommended all cash offer for the entire issued and to be issued share capital of Genetix Group Limited. The Danaher group had acquired and received acceptances of greater than 75% of the issued shares of Genetix Group Ltd by 7<sup>th</sup> January 2010 and the remaining shares were acquired by 25<sup>th</sup> January 2010. Effective from this date Danaher Corporation, a company registered in the United States, became the ultimate controlling party of the company.

Danaher Corporation is the largest and smallest group for which group financial statements are prepared. Copies of the group financial statements can be obtained from 2200 Pennsylvania Avenue NW, Suite 800W, Washington DC, 20037, USA.

**21. ULTIMATE CONTROLLING PARTY**

Danaher Corporation, a company registered in the United States, is the ultimate controlling party of the company.

**22. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption contained in paragraph 3(c) of FRS 8 not to present details of transactions with other group entities.

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**MOLECULAR DEVICES (NEW MILTON) LTD**  
**(formerly Genetix Limited)**

**Notes to the Financial Statements**

**23. CONTINGENT LIABILITY**

At 31 December 2010, the Group was committed to no forward exchange contracts (2009 US\$3,000,000 at an average rate of £/\$ 1.55 all matured before December 2010)