Company Registration No 02660050

MOLECULAR DEVICES (NEW MILTON) LIMITED

Report and Financial Statements

31 December 2011

MOLECULAR DEVICES (NEW MILTON) LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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MOLECULAR DEVICES (NEW MILTON) LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Ward
G Wigmore

SECRETARY

Bondlaw Secretaries Ltd

REGISTERED OFFICE

Queensway
New Milton
Hampshire
BH25 5NN

BANKERS

HSBC Bank Plc
61-76 Park Street
Southwark
London
SE1 9DZ

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

DIRECTORS' REPORT

The dırectors present theır annual report and the audıted financıal statements for the year ended 31 December 2011

RESULTS AND DIVIDENDS

The results for the year are set out ın detaıl on page 8 Dıvıdends paıd ın the year amounted to nıl (2010 £13,000,000)

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The pnncıpal actıvıty of the company ıs the desıgn and manufacture of automated systems and related products for use ın systems bıology

The company's key financıal and other performance ındıcators were as follows

	2010	2009	Change
	£000	£000	%
Turnover	12,165	9,627	26
Gross profit	5,226	3,524	48
GP%	43	37	16
Operatıng (Loss)/Profit	843	(3,297)	126
Average number of employees	71	75	4

Turnover for the year ıncreased by cırca 26% from 2010 performance A new product launch durıng the year contrıbuted to thıs recovery Operatıng Profit was sıgnıficantly ahead of 2010 as the ıntegratıon processes completed and operatıng expenses reduced

PRINCIPAL RISKS AND UNCERTAINTIES

The company ıs subject to the same general rısks and uncertaıntıes as any other busıness, for example, the ımpact of changes ın general economıc condıtıons ıncludıng currency and ınterest rate fluctuatıons and the ımpact of competıtıon, the ımpact of natural dısasters and sourcıng of materıals Senıor management conducts regular rısk revıews at whıch tıme the lıkelıhood and ımpact of rısks are assessed Outlıned below ıs a descrıptıon of the prıncıpal rısks and uncertaıntıes that are specıfic to our busıness

Competıtors

Product ınnovatıon ıs essentıal to retaın a competıtıve edge There are threats that our competıtors can launch new products ınto our markets before we can effectıvely respond, thus resultıng ın lost sales To reduce thıs rısk we contınually ınvest ın R&D and undertake market and customer research In addıtıon, some of Molecular Devıces (New Mılton) Ltd's competıtors ın certaın markets are larger and have greater financıal resources Thıs may enable them to delıver products on more attractıve terms or to ınvest larger amounts ın R&D

The company also ınvests ın maıntaınıng a patent portfolıo to protect our ınvestment ın products and technology We regularly monıtor the markets we serve to ıdentıfy any potentıal vıolatıons of our patents and wıll take legal actıon where necessary

Key markets

The contınued organıc growth of our busıness ıs underpınned by our key market, the Unıted States Any materıal declıne ın the performance of thıs market may ımpact future growth and profitabılıty

Commercıal relatıonshıps

The company benefits from close commercıal relatıonshıps wıth a number of key customers and supplıers Damage to or loss of any of these relatıonshıps could have a negatıve effect on results To reduce thıs rısk the company ensures ıt maıntaıns a close workıng relatıonshıp wıth ıts customers at the sales, technıcal/scıentıfic and support levels Regular meetıngs and revıews are also held wıth our key supplıers

DIRECTORS' REPORT

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

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

RESEARCH AND DEVELOPMENT

The company continues an active programme of research and development, the costs of which in the year amounted to £946,602 (2010 £1,034,703) New and improved products are continuing to be developed

DIRECTORS

The directors who served during the year were as follows

R Peters (Resigned 31 March 2012)

K Ward

G Wigmore

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 one of the three multi currency Danaher UK group cash pool arrangements Within these cash pools, 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 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 borrowings from the bank of any other party to the cash pool arrangement will be borne by Danaher Corporation in the event of default

After making enquiries, 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 annual report and financial statements

MOLECULAR DEVICES (NEW MILTON) LIMITED

DIRECTORS' REPORT

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 confirms 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 unaware, 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

AUDITORS

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

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

On behalf of the Board

G Wigmore

Director

Date 28th June 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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

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

We have audited the financial statements of Molecular Devices (New Milton) Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21 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 Directors' Report 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 2011 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR DEVICES (NEW MILTON) LIMITED (CONTINUED)

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

Date 29 June 2012

MOLECULAR DEVICES (NEW MILTON) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	Note	2011 £000	2010 £000
TURNOVER	2	12,165	9,627
Cost of sales		(6,939)	(6,103)
GROSS PROFIT		5,226	3,524
Distribution costs		0	0
Administrative expenses		(4,383)	(6,820)
OPERATING PROFIT / (LOSS)	3	843	(3,296)
Gain on sale of subsidiary		0	10,500
Profit/(Loss) on Disposal of Fixed Asset Investment	10	727	0
Interest receivable and similar income	5	18	0
Interest payable and similar charges	6	(18)	0
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,570	7,204
Tax (charge) / credit on profit / (loss) on ordinary activities	6	52	4
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	17	1,622	7,208

There were no recognised gains or losses other than the profit or loss for the period, all of which is derived from continuing operations

The accompanying notes are an integral part of this profit and loss account

MOLECULAR DEVICES (NEW MILTON) LIMITED

Registered number 02660050

BALANCE SHEET
At 31 December 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Intangible assets	8	0	0
Tangible assets	9	1,961	2,044
Investments	10	0	46
		1,961	2,090
CURRENT ASSETS			
Stock	11	1,853	2,656
Debtors	12	3,409	13,876
Cash		3,739	769
		9,001	17,301
CREDITORS amounts falling due within one year	13	(5,034)	(14,996)
NET CURRENT ASSETS / (LIABILITIES)		3,967	2,305
TOTAL ASSETS LESS CURRENT LIABILITIES		5,928	4,395
CREDITORS: amounts falling due after more than one year	14	(61)	(132)
PROVISION FOR LIABILITES AND CHARGES	15	(76)	(94)
NET ASSETS / (LIABILITIES)		5,791	4,169
CAPITAL AND RESERVES			
Called up share capital	16	0	0
Other reserve	17	0	0
Profit and loss account	17	5 791	4,169
TOTAL SHAREHOLDERS' FUNDS	17	5,791	4,169

These financial statements were approved by the Board of Directors on 28th June 2012

Signed on behalf of the Board of Directors

G Wigmore

Director

The accompanying notes are an integral part of this balance sheet

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards These have been applied consistently throughout the current and prior periods The particular accounting policies adopted are described below

Accounting convention

The financial statements are prepared under the historical cost convention

Under the provisions of Financial Reporting Standard No 1 (revised) Cash Flow Statements, the company has not prepared a cashflow statement because its ultimate parent company, Danaher Corporation, has prepared consolidated financial statements which include the financial statements of the company for the year which are publicly available

The company has taken advantage of the exemption from preparing consolidated financial statements, because publicly available consolidated financial statements are prepared by its ultimate parent undertaking, Danaher Corporation, a company incorporated in the USA

The financial statements present information about the company as an individual undertaking and not as a 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

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 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 and the 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 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

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 reserves, with any excess over fair value being treated as an expense in the profit and loss account

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

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

Intangible assets – Other

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

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings	50 years
Plant and machinery	2 to 4 years
Motor vehicles	4 years
Fixtures and fittings	4 years

Freehold land is not depreciated

Investments

Fixed asset investments are stated at cost less any permanent diminution in value

Stocks

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

Warranty provision

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

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

Pension costs

The company operates a stakeholder pension scheme for its UK employees Contributions payable are charged to the P&L in the year they are payable

Taxation

Corporation tax payable is provided on taxable profits at the current rate, as reduced by group relief claimed or surrendered at nil cost Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse

Both current and deferred tax are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

2 TURNOVER

	2011 £000	2010 £000
Turnover by class of destination		
UK	1,283	553
Rest of Europe	2,692	1,758
North America	5,989	4,744
Asia	1,830	1,624
Rest of World	371	948
	12,165	9,627

3. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting)

	2011 £000	2010 £000
Depreciation of tangible fixed assets - owned	289	295
Amortisation of patents and licences	0	294
Auditors' remuneration		
- audit	58	21
Research and development costs	947	1,035
Exchange differences	(96)	(278)

4 STAFF COSTS

(a) staff costs

	2011 £000	2010 £000
Staff costs during the year		
Wages and salaries	2,742	3,182
Social security costs	265	286
Other pension costs	67	88
	3,074	3,556

	2011 No.	2010 No.
Average numbers of persons employed		
Sales and marketing	6	9
Research and development	19	20
Production and customer support	26	27
Administration	20	19
	71	75

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

(b) Directors' emoluments

	2011 £000	2010 £000
Aggregate emoluments in respect of qualifying service	56	0

	2011 No	2010 No
Number of directors who exercised share options	1	0

	2011 No.	2010 No
Number of directors accruing benefits under defined benefit schemes	0	0

	2011 £000	2010 £000
In respect of the highest paid director		
Aggregate emoluments	56	0
Accrued Pension at the end of the year	0	0

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 Ward), Leica Microsystems GmbH (R Peters) Accordingly, these financial statements include no emoluments in respect of these directors (2010 £nil)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £000	1009 £000
Bank interest receivable	18	0
	18	0

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £000	1009 £000
Bank interest payable	(18)	0
	(18)	0

7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITES

The tax credit / (charge) is based on the results for the year and comprises

	2011 £000	2010 £000
Current tax		
UK corporation tax	0	0
Adjustment in respect of prior years	0	(69)
	0	(69)
Deferred tax		
Charge / (credit) to the profit and loss account	(69)	67
Adjustment in respect of prior years	1	(2)
Adjustment in respect of change in tax rates	16	0
	(52)	65
Taxation charge / (credit) for the year	(52)	(4)

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITES (CONTINUED)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 26 5% (2010 28%) The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation

	2011 £000	2010 £000
Profit / (loss) before tax	1,570	7,204
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 26 5% (2010 28%)	417	2,017
Effects of		
Expenses/(income) not deductible/(taxable)	(184)	(2,626)
Group relief surrendered / claimed for nil consideration	(301)	700
Accelerated capital allowances	63	70
Losses carried back	0	57
Losses carried forward	0	14
R&D tax credit	0	(87)
Adjustments to tax charge in respect of prior year	0	(69)
Short term timing differences	18	(145)
Losses brought forward utilised	(13)	0
Current tax	0	(69)

8. INTANGIBLE FIXED ASSETS

	Patents and licences £000	Total £000
Cost		
At 1 January 2011	1,357	1,357
Additions	0	0
Disposals	0	0
Write off	0	0
At 31 December 2011	0	0
Amortisation		
At 1 January 2011	1,357	1 357
Charge for the year	0	0
Disposals	0	0
At 31 December 2011	0	0
Net book value		
At 31 December 2011	0	0
At 1 January 2011	0	0

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Motor vehicles £000	Fixtures, fittings, plant & machinery £000	Total £000
Cost				
At 1 January 2011	2,049	0	1,833	3,882
Additions	0	0	206	206
Disposals	0	0	0	0
At 31 December 2011	2,049	0	2,039	4,088
Depreciation				
At 1 January 2011	426	0	1,412	1,838
Charge for the year	41	0	248	289
Disposals	0	0	0	0
At 31 December 2011	467	0	1,660	2,127
Net book value				
At 31 December 2011	1,582	0	379	1,961
At 1 January 2011	1,623	0	421	2,044

10 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £000	Total £000
Net book value		
At 31 December 2011	0	0
At 1 January 2011	46	46

Principal subsidiary undertakings

As at 1 January 2011 the company held a 100% investment in Genescreen Limited, a dormant company incorporated in the UK During the year the decision was taken to wind up the entity The value of monies invested was offset against monies owed by Molecular Devices (New Milton) Ltd to Genescreen Limited and a net gain of £663k has been recognised in the Profit & Loss account of Molecular Devices (New Milton) Ltd In addition a further intercompany liability was written back in the year totalling £664k following the winding up Genpak Ltd, a company owned by the direct parent of the company, Genetix Group Ltd

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

11. STOCKS

	2011 £000	2010 £000
Raw materials and consumables	1,115	1,335
Finished goods	738	1,321
	1,853	2,656

The replacement cost of stocks is not significantly different from their cost

12. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Trade debtors	2,563	2,018
Amounts owed by other group undertakings	216	11,386
Other debtors	142	64
Corporation tax	193	193
Prepayments and accrued income	73	46
Deferred tax	222	169
	3,409	13,876

Deferred tax is provided as follows

	Recognised 2011 £000	Recognised 2010 £000	Not recognised 2011 £000	Not recognised 2010 £000
Fixed asset timing differences	194	145	0	0
Other timing differences	28	25	0	0
At 31 December	222	170	0	0

Reconciliation on movement of deferred tax asset

	2011 £000	2010 £000
Deferred tax asset recognised - other short term timing differences		
Deferred tax asset / (liability) as at 1 January	170	235
(Charge) / credit to the profit and loss account	52	(66)
Deferred tax asset / (liability) as at 31 December	222	169

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Finance Act (No 3) 2011 included legislation to reduce the main rate of corporation tax to 25% from 1 April 2012 As this had been substantively enacted by the balance sheet date the reported deferred tax asset has therefore been reduced to reflect the reduction in rate to 25%

Finance Bill 2012 includes legislation to reduce the main rate of corporation tax to 24% from 1 April 2012 and 23% from 1 April 2013 As this had notbeen substantively enacted at the balance sheet date, the reported deferred tax asset has not been reduced The impact of the rate reductions will be reported in the next reporting period following the substantive enactment of the relevant legislation

The Government has also indicated that it intends to enact a future reduction in the main tax rate to 22% from 1 April 2014

Substantive enactment of the full reduction to 22% would reduce the reported recognised deferred tax assets by approximately £27k

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Trade creditors	1,300	988
Amounts owed to other group undertakings	2,084	12,474
Corporation tax	0	0
Other taxation and social security	89	122
Other creditors	278	179
Accruals and deferred income	1,283	1,233
	5,034	14,996

14. CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £000	2010 £000
Deferred service income	61	132
	61	132

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

15. PROVISION FOR LIABILITIES AND CHARGES

	Product Warranties £000	Total £000
At 1 January 2011	94	94
Utilised during the year	(78)	(78)
Arising during the year	60	60
At 31 December 2011	76	76

Product warranties

A provision of £76k 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

16. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up. Allotted and fully paid		
10,150 ordinary shares of 1p each (2010 10,150)	101	101
	101	101

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Other reserves £000	Profit and loss account £000	Total Share-holders' Funds £000
At 1 January 2010	0	300	9,661	9,961
Dividends paid	0	0	(13,000)	(13,000)
Share-based payments	0	(300)	300	0
Retained profit / (loss) for the year	0	0	7,208	7,208
At 1 January 2011	0	0	4,169	4,169
Dividends paid	0	0	0	0
Share-based payments	0	0	0	0
Retained profit / (loss) for the year		0	1,622	1,622
At 31 December 2011	0	0	5,791	5,791

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

	Number of shares under option 2011	WAEP in pence 2011	Number of shares under option 2010	WAEP in pence 2010
Share Options				
Outstanding as at 1 January	0	0	3,627,231	79 20
Issued	0	0	0	0
Exercised	0	0	(2,403,448)	85 00
Lapsed	0	0	(1,223,783)	66 90
Outstanding as at 31 December	0	0	0	0
Exercisable at 31 December	0	0	0	0

There were zero (2010 1,223,783) share options lapsed and zero (2010 2,403,448) share options exercised during the year ended 31 December 2011 There were no exercisable options outstanding at 31 December 2011

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 (2010 £nil) relating to equity-settled share-based payment transactions

DANAHER

Stock options and restricted stock units (RSUs) have been issued to officers and other employees under the Group's 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, RSU's, 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 issued under 2007 Stock Incentive Plan provide for the issuance of a share of the common stock of Danaher Corporation at no cost to the holder Most RSU awards granted prior to the third quarter of 2009 are 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 Most RSU awards granted during or after the third quarter of 2009 vest one third on each of the third, 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

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considered issued and outstanding

The options, RSUs and restricted shares 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 although it may instead issue treasury shares in certain circumstances

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

	2011	**2010**
Risk free interest rate	1 17-3 19%	1 39-3 41%
Weighted average volatility	28%	28%
Dividend yield	0 20%	0 20%
Expected years until exercise	6 0-8 5	6 0-8 5

The Black-Scholes model incorporates assumptions to value stock-based 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 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 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

	Number of shares under option 2011	**WAEP in $ 2011**	**Number of shares under option 2010**	**WAEP in $ 2010**
Share Options				
Outstanding as at 1 January	4,000	0	0	0
Issued	1,770	50 40	20 000	37 32
Exercised	(800)	37 32	0	0
Lapsed	0	0	(16,000)	37 32
Outstanding as at 31 December	4,970	41 98	4,000	37 32
Exercisable at 31 December	0	0	0	0

The Company recognised total expenses of £nil for the year (2010 £1,021,715) relating to equity-settled share-based payment transactions

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19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Genetix Group Ltd The ultimate parent company and ultimate controlling party is Danaher Corporation, a company incorporated in the State of Delaware, USA

The largest and smallest group in which the results of the company are consolidated is Danaher Corporation, a company incorporated in the USA The consolidated financial statements of this group are available to the public and may be obtained from 2200 Pennsylvania Avenue, Suite 800 West, Washington DC 20037, USA

20 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in FRS 8, para 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent

21 CONTINGENT LIABILITY

The company has entered into unlimited cross guarantees, in respect of bank borrowings, with fellow group undertakings At 31 December 2011 there were no contingent liabilities as a result of these guarantees