

Registered No: 03141667

LGC (Holdings) Limited

Report and Financial Statements

31 March 2008

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COMPANIES HOUSE

LGC (Holdings) Limited

Registered No: 03141667

Directors

G B Battersby
D G Richardson

Secretary

M Chow

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

HSBC Bank Plc
54 Clarence Street
Kingston-upon-Thames
Surrey
KT1 0NJ

Registered Office

Queens Road
Teddington
Middlesex
TW11 0LY

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the financial year of £213,000 (2007 - £323,000). The directors do not recommend the payment of a dividend.

Principal activities, business review and future developments

The principal activities of the company are those of an investment holding company and the provision of management services to other group companies.

A full review of the business of which LGC (Holdings) Limited forms a part and future developments is disclosed in the financial statements of the ultimate parent undertaking, LGC Group Holdings Limited.

The company operates an Employee Benefit Trust (EBT). The EBT was established for the benefit of employees of the company and its subsidiaries.

Directors

The directors during the year were as follows:

G B Battersby
D G Richardson (appointed 3 December 2007)
R D Worswick (resigned 3 December 2007)

During the year, Key Person Insurance was maintained in respect of Mr Battersby.

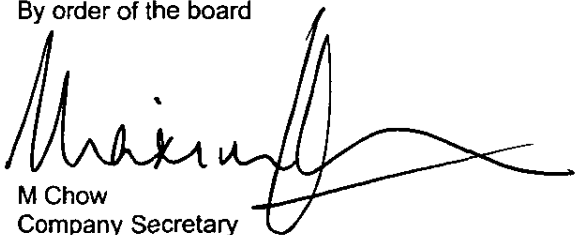
Statement of disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



M Chow
Company Secretary

17 September 2008

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report **to the members of LGC (Holdings) Limited**

We have audited the financial statements of LGC (Holdings) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent Auditors' Report (continued)

to the members of LGC (Holdings) Limited

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 March 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

23 September 2008

Profit and loss account

for the year ended 31 March 2008

| | Notes | 2008 £000 | 2007 £000 |
|--|-------|--------------|--------------|
| Turnover | 2 | 1,419 | 826 |
| Staff costs | 3 | (1,580) | (805) |
| Other external charges | | (12) | (9) |
| Income from shares in group undertakings | | 226 | 293 |
| Profit on ordinary activities before interest and tax | 5 | 53 | 305 |
| Interest receivable from group undertakings | | 49 | 552 |
| Bank interest receivable | | 137 | 119 |
| Interest payable to group undertakings | | (26) | (653) |
| Profit on ordinary activities before taxation | | 213 | 323 |
| Taxation | 7 | - | - |
| Profit for the financial year | 14 | 213 | 323 |

The results above relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 March 2008

There are no recognised gains or losses other than those shown in the profit and loss account.

Balance sheet

at 31 March 2008

| | Notes | 2008 £000 | 2007 £000 |
|---|-------|--------------|--------------|
| Fixed assets | | | |
| Investments | 8 | 2,749 | 3,646 |
| Current assets | | | |
| Debtors | 9 | 680 | 7,736 |
| Investments | 11 | 33 | 33 |
| Cash at bank and in hand | 10 | 2,707 | 2,570 |
| | | 3,420 | 10,339 |
| Creditors: amounts falling due within one year | 12 | (570) | (8,599) |
| Net current assets | | 2,850 | 1,740 |
| Net assets | | 5,599 | 5,386 |
| Capital and reserves | | | |
| Called up share capital | 13 | 352 | 352 |
| Share premium reserve | 14 | 1,386 | 1,386 |
| Capital reserve | 14 | 31 | 31 |
| Profit and loss account | 14 | 3,830 | 3,617 |
| Shareholders' funds - equity | 14 | 5,599 | 5,386 |


D G Richardson
Director

17 September 2008


G B Battersby
Director

Notes to the financial statements

for the year ended 31 March 2008

1. Accounting policies

Basis of preparation

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

Exemption from consolidation

The financial statements contain information about LGC (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, LGC Group Holdings Limited, a company registered in England and Wales.

Statement of cash flows

In accordance with FRS 1 (Revised), the company is exempt from the requirement to prepare a statement of cash flow as it is a wholly owned subsidiary of LGC Group Holdings Limited which presents publicly available consolidated financial statements that incorporate the company.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of retained earnings of subsidiaries and associates, only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reversed, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

for the year ended 31 March 2008

1. Accounting policies (continued)

Employee Benefit Trust

The company operates an Employee Benefit Trust (EBT) for the benefit of the employees of the company and of the company's subsidiary undertakings. The accounts of the EBT are incorporated into the results of the company as, although they are administered by independent Trustees and their assets are held separately from the company, in practice the company's advice on how the assets are used for the benefit of employees is normally accepted.

Contribution payments made to the EBT are charged to the profit and loss account when they are applied to, or for the benefit of, employees. Administration expenses deducted from the contributions by the Trustees are also charged to the profit and loss account as incurred. Funds unappointed at the balance sheet date are included in the financial statements, although the company's access to these funds is subject to the agreement of the Trustees of the EBT.

Fixed asset investments

Fixed asset investments are carried at cost. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds.

The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate of the carrying amount.

Pensions

The company operates a defined contribution pension scheme for certain of its employees. Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to the company's subsidiary undertakings in respect of services provided to these undertakings. All turnover in the year was generated in the UK.

Notes to the financial statements

for the year ended 31 March 2008

3. Staff costs

| | 2008 £000 | 2007 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 1,321 | 693 |
| Social security costs | 87 | 83 |
| Other pension costs | 172 | 29 |
| | <u>1,580</u> | <u>805</u> |

Staff costs include directors' emoluments as described in note 4.

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

| | 2008 No. | 2007 No. |
|-------------------------------|-------------|-------------|
| Administration and management | <u>4</u> | <u>2</u> |

4. Directors' emoluments

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Emoluments | <u>554</u> | <u>584</u> |
| Defined contribution pension contributions | <u>132</u> | <u>14</u> |
| Members of the defined contribution pension scheme | <u>2</u> | <u>1</u> |

The amounts in respect of the highest paid director are as follows:

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Emoluments | <u>226</u> | <u>333</u> |
| Defined contribution pension contributions | <u>14</u> | <u>-</u> |

5. Profit on ordinary activities before interest and tax

In 2008 and 2007, auditors' remuneration was borne by another group undertaking.

Notes to the financial statements

for the year ended 31 March 2008

6. Employee Benefit Trust

An Employee Benefit Trust (EBT), managed by Kleinwort Benson (Jersey) Trustees Limited was established for the benefit of the employees. The EBT holds cash, shares of the company's ultimate parent undertaking and long term loan notes of the immediate holding company. The assets, liabilities and activities of the EBT are included in the company's financial statements, as follows:

| | 2008 £000 | 2007 £000 |
|---|----------------------------|----------------------------|
| Profit and loss account: | | |
| Staff costs | (250) | 20 |
| Other external charges | (5) | (9) |
| Bank interest receivable | 138 | 119 |
| Interest receivable from group undertakings | 42 | 38 |
| | <u>(75)</u> | <u>168</u> |
| Net assets: | | |
| Investment in shares of group undertakings | 33 | 33 |
| Long term loan notes | 318 | 318 |
| Cash at bank | 2,708 | 2,570 |
| Amounts owed by group undertakings | 145 | 103 |
| Accruals | (250) | - |
| Trade creditors | (15) | (10) |
| | <u>2,939</u> | <u>3,014</u> |
| Reserves: | | |
| Profit and loss reserves at 1 April | 3,014 | 2,846 |
| Net (expenses)/income for the year | (75) | 168 |
| Profit and loss reserves at 31 March | <u>2,939</u> | <u>3,014</u> |

The investment held by the EBT consists of shares of the ultimate parent undertaking, LGC Group Holdings Limited.

The long term loan notes were issued by the company's immediate parent undertaking, LGC Investments Limited. Details of the loan repayment terms are disclosed in that company's accounts.

The administration of funds held by the EBT is at the discretion of the trustees of the EBT and the funds are to be used solely for the benefit of current and prior employees of the company and its subsidiary undertakings. As such, the company does not have access to these funds.

Notes to the financial statements for the year ended 31 March 2008

7. Taxation

(a) Analysis of charge in year:

| | 2008 £000 | 2007 £000 |
|---------------------------|----------------------------|----------------------------|
| UK corporation tax | - | - |
| Total tax charge for year | - | - |

(b) Factors affecting current tax charge for the year:

| | 2008 £000 | 2007 £000 |
|--|----------------------------|----------------------------|
| <i>Notes</i> | | |
| Profit on ordinary activities before taxation | 213 | 323 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%) | 60 | 97 |
| <i>Effects of:</i> | | |
| Non-taxable income | (49) | (50) |
| Expenses not deductible for tax purposes | 70 | |
| Tax losses utilised | (81) | (47) |
| Current tax for the year | 7(a) - | - |

The company has tax losses carried forward at 31 March 2008 of approximately £0.5 million. The related tax asset of approximately £0.1 million has not been recognised as the recognition criteria of FRS 19 have not been met.

Notes to the financial statements

for the year ended 31 March 2008

8. Fixed asset investments

| | <i>Subsidiary £000</i> | <i>Total £000</i> |
|------------------------|----------------------------|-----------------------|
| At 1 April 2006 | 2,694 | 2,694 |
| Additions | 952 | 952 |
| At 1 April 2007 | 3,646 | 3,646 |
| Share capital redeemed | (897) | (897) |
| At 31 March 2008 | 2,749 | 2,749 |

During the year, the company redeemed some of its share capital in its subsidiary, LGC Beteiligungs GmbH.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| <i>Subsidiary</i> | <i>Country of incorporation</i> | <i>Type of shares</i> | <i>Proportion of voting rights and shares held</i> | <i>Nature of business</i> |
|--------------------------------|---|---------------------------|--|---|
| LGC Beteiligungs GmbH | Germany | Ordinary | 100 | Holding company |
| LGC Limited | England | Ordinary | 100 | Chemical and biochemical analysis consultancy and distribution of analytical reference standards |
| LGC Promochem AB | Sweden | Ordinary | 100 | Distribution of analytical reference standards |
| LGC Promochem Sarl | France | Ordinary | 100 | Distribution of analytical reference standards |
| LGC Promochem Spzoo* | Poland | Ordinary | 4 | Distribution of analytical reference standards |
| LGC Promochem SL | Spain | Ordinary | 100 | Distribution of analytical reference standards |
| LGC (Teddington) Limited | England | Ordinary | 100 | Holding company |
| LGC (North West) Limited | England | Ordinary | 100 | Holding company |
| University Diagnostics Limited | England | Ordinary | 100 | Dormant |
| Promochem Limited | England | Ordinary | 100 | Dormant |

* The remaining 96% of the shares are held by another group company.

Notes to the financial statements

for the year ended 31 March 2008

9. Debtors

| | 2008 | 2007 |
|------------------------------------|-------------|--------------|
| | £000 | £000 |
| VAT recoverable | - | 3 |
| Amounts owed by group undertakings | 680 | 7,667 |
| Other debtors | - | 66 |
| | 680 | 7,736 |

10. Cash

| | 2008 | 2007 |
|--------------------------|--------------|--------------|
| | £000 | £000 |
| Cash at bank and in hand | 2,707 | 2,570 |

The cash at bank is held by the Employee Benefit Trust and therefore the company has no access to this balance as described in note 6.

11. Current asset investments

| | 2008 | 2007 |
|--|-------------|-------------|
| | £000 | £000 |
| Shares in LGC Group Holdings Limited held by the EBT | 33 | 33 |

12. Creditors: amounts falling due within one year

| | 2008 | 2007 |
|------------------------------------|-------------|--------------|
| | £000 | £000 |
| Trade creditors | 15 | 10 |
| Amounts owed to group undertakings | 305 | 8,589 |
| Accruals and deferred income | 250 | - |
| | 570 | 8,599 |

13. Share capital

| | Authorised | |
|----------------------------|-------------------|----------------|
| | 2008 | 2007 |
| | No. | No. |
| Ordinary shares of £1 each | 352,190 | 352,190 |

| | Authorised, allotted, called up and fully paid | | | |
|----------------------------|---|----------------|-------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | No. | No. | £000 | £000 |
| Ordinary shares of £1 each | 352,190 | 352,190 | 352 | 352 |

Notes to the financial statements

for the year ended 31 March 2008

14. Reconciliation of shareholders' funds and movements on reserves

| | <i>Share capital £000</i> | <i>Share premium account £000</i> | <i>Capital redemption reserve £000</i> | <i>Profit and loss account £000</i> | <i>Total £000</i> |
|-------------------------|-----------------------------------|---|--|---|-----------------------|
| At 1 April 2006 | 352 | 1,386 | 31 | 3,294 | 5,063 |
| Profit for the year | - | - | - | 323 | 323 |
| At 31 March 2007 | 352 | 1,386 | 31 | 3,617 | 5,386 |
| Profit for the year | - | - | - | 213 | 213 |
| At 31 March 2008 | 352 | 1,386 | 31 | 3,830 | 5,599 |

15. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with other members of the LGC Group Holdings Limited group.

16. Parent undertaking and controlling party

The immediate parent undertaking is LGC Investments Limited.

The ultimate controlling party of the company is LGV 3 Private Equity Fund Limited Partnership, an English Limited Partnership which is made up of a number of investors. None of the investors has a controlling interest in the partnership.

The ultimate parent undertaking is LGC Group Holdings Limited, which is the parent of the smallest and largest group to consolidate these financial statements. Copies of LGC Group Holdings Limited consolidated financial statements can be obtained from the Companies House web site on <http://www.companieshouse.co.uk>.

17. Other financial commitments

The company and other subsidiaries of LGC Group Holdings Limited have provided guarantees and granted security to support the syndicated bank borrowing arrangements of the LGC group. These arrangements provide term loan and guarantee facilities which are repayable by instalments up to 31 March 2013. At 31 March 2008, total facilities amounted to the sterling equivalent of £49.3m, of which £42.5m was drawn down.