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**SUNTECH MEDICAL GROUP  
LIMITED AND ITS SUBSIDIARY  
UNDERTAKINGS  
ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2011**

# **SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

## **ANNUAL REPORT AND ACCOUNTS**

For the year ended 31 December 2011

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# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## FIVE YEAR TRADING HISTORY

For the year ended 31 December 2011

### Results in US \$

	2007 \$'000	% Growth	2008 \$'000	% Growth	2009 \$'000	% Growth	2010 \$'000	% Growth	2011 \$'000
Turnover	18,338	2 6%	18,806	0 4%	18,887	(1 1%)	18,682	22 3%	22,851
Cost of sales	(7,128)		(7,691)		(7,547)		(8,027)		(9,862)
Gross profit	11,210		11,115		11,340		10,655		12,989
Other operating charges	(8,760)		(8,038)		(8,731)		(8,598)		(8,776)
Operating profit	2,450	25 6%	3,077	(15 2%)	2,609	(21 2%)	2,057	104 8%	4,213
Net interest receivable	175		151		50		38		37
Profit before taxation	2,625	23 0%	3,228	(17 6%)	2,659	(21 2%)	2,095	102 9%	4,250
Taxation	(865)		(1,038)		(813)		(472)		(1,202)
Profit after tax	1,760		2,190		1,846		1,623		3,048

### Results in £

	2007 £'000	% Growth	2008 £'000	% Growth	2009 £'000	% Growth	2010 £'000	% Growth	2011 £'000
Turnover	9,137	11 6%	10,199	18 8%	12,115	(0 3%)	12,084	17 7%	14,220
Cost of sales	(3,552)		(4,171)		(4,841)		(5,192)		(6,137)
Gross profit	5,585		6,028		7,274		6,892		8,083
Other operating charges	(4,365)		(4,359)		(5,600)		(5,561)		(5,461)
Operating profit	1,220	36 8%	1,669	0 3%	1,674	(20 5%)	1,331	97 0%	2,622
Net interest receivable	87		82		32		25		23
Profit before taxation	1,307	34 0%	1,751	(2 6%)	1,706	(20 5%)	1,357	94 9%	2,645
Taxation	(430)		(563)		(521)		(306)		(748)
Profit after taxation	877		1,188		1,185		1,050		1,897
Earnings per share									
Basic (pence)	75	36 0%	102	0%	102	(24 5%)	77	80 5%	139
Fully diluted (pence)	65	35 4%	88	0%	88	(13 6%)	76	80 3%	137
Exchange rate	\$2 007		\$1 844		\$1 559		\$1 546		\$1 607

To make the above results more comparable the 2007 figures exclude Oakfield Instruments Limited that was acquired on 3 January 2006 and sold on 1 October 2007

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2011

### Principal activity

The group is principally engaged in the design, manufacture and sale of blood pressure technology solutions

### Results and dividends

There was a profit for the year after taxation amounting to \$3,048,000 (2010 \$1,623,000) A dividend of \$577,000 (2010 \$2,049,000) has been paid

### Business review

The following information is a restatement of, or is supplemental to, that provided in the 5 Year Trading History for the business on page 1 and elsewhere in the accounts. The Board's objective is to give shareholders more comprehensive information with regard to their investment, the strategy for its development, the risks and uncertainties it faces and the key performance indicators used by the Board and the executive management to set objectives and measure progress. SunTech Medical Group Limited is however a private company and the Board is conscious that the Annual Report and Accounts are accessible to competitors and others. Their access to some of the detailed information used to measure performance could prove detrimental to the interests of the company. Figures and information provided in the Annual Report and Accounts are therefore, of necessity, a balance between giving shareholders a detailed overview and maintaining commercial confidentiality.

### Financial performance

Financial performance for the year has been analysed as follows

	2011 \$000	2010 \$000	Change \$000	%
Turnover	22,851	18,682	4,169	22.3%
Gross profit	12,989	10,655	2,334	21.9%
Gross profit % of turnover	56.8%	57.0%		
Operating profit	4,213	2,057	2,156	104.8%
Profit before tax	4,250	2,095	2,155	102.9%

### Strategy

The strategy adopted during the year has been to build continually on the market position established by the company, supported by a strong brand identity, both nationally within its primary US market, and internationally also. This strategy has been based on well established products sold under the 'SunTech' brand and also sold to original equipment manufacturer (OEM) customers who market them under their own brand identity either as a component of a device, or as a completely finished product. In this latter case, where possible, the company endeavours to secure agreement of the OEM customer to acknowledge its association with SunTech in providing its blood pressure (BP) technology in order to increase brand awareness further. While remaining focused on blood pressure technology, the company seeks to broaden its product range within its chosen markets to ensure it is not overdependent on any one product group. The management are focused on growing the business longer term based on the provision of superior levels of customer support, excellent product quality and performance and expansion of its customer base.

### Turnover

Over half of the group's worldwide revenues continue to come from the US market, either through direct sales of finished products, or the sale of modules to customers who ultimately sell their product into this market. The balance of sales come from Europe, the Middle East and Asia. All regions exhibited double digit growth over 2010, but particularly strong performances in non US markets meant that the overall dependence on US markets reduced as a percentage of total sales.

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## REPORT OF THE DIRECTORS (CONTINUED)

### Product sales

With the exception of the sale of Accessories which showed a slight decline when compared to 2010, all other product groups showed an increase. Of particular note were the sales of Ambulatory Blood Pressure (ABP) monitors which increased by nearly 60% year on year.

### Operating costs

	2011 \$000	2010 \$000	Change \$000	%
Operating costs	8,776	8,598	178	2.1%

### Research and Development

Research and development expenditure of \$2,000,000 (2010: \$2,063,000) was incurred during the year.

### Environmental policy

The company has an established environmental policy which is published on its website. SunTech continues to act in accordance with its declared policy and is alert for ways in which it can continue to improve on its performance in this area.

### Summary of key performance indicators

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2011	2010	Method of calculation
Growth in turnover (%)	22.3	(1.1)	Annual growth in total sales
Gross profit margin (%)	56.8	57.0	Gross profit margin is the ratio of gross profit to turnover expressed as a percentage
Operating profit margin (%)	18.4	11.0	Operating profit margin is the ratio of operating profit to turnover expressed as a percentage
Cash balance (\$'000)	6,014	5,829	The aggregate of cash balances
Average head count	194	164	Average of total monthly headcount derived from the payroll records

### Future developments for the business

The directors recognise that industry competition puts pressure on prices and margins. The directors believe that continued investment in the product range and in customer care will enable us to maintain and improve the already strong market position the group enjoys.

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## REPORT OF THE DIRECTORS (CONTINUED)

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### Principal risks and uncertainties

The management of the business and the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business that they judge to be material for the group. The Board reviews identified risks on a regular basis and ensures, in so far as possible, that appropriate processes are in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the group.

**Competition** – The markets in which the group operates are competitive and as a result there are the normal pressures on selling prices and hence margins. A policy of constant product innovation, maintaining high levels of customer service and a continuing focus on cost review and containment contribute to the mitigation of such risks.

**Credit risk** – The group's principal financial assets are cash and trade debtors. The credit risk associated with cash is determined by the financial strength of the bank chosen to hold the company's funds. The Board approves all bank account openings and reviews the deposition of available funds to ensure that a reasonable interest return is generated whilst the capital remains secure. The principal credit risk arises from trade debtors. In order to manage this, credit limits are set for all customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the finance department on a regular basis in conjunction with debt ageing and collection history. The Board receives a monthly report of collection performance and details of any problem accounts.

**Foreign exchange risk** – Although the primary currency for the group is the US dollar, the business incurs significant costs in two other currencies namely the Chinese Renminbi and the British Pound. The movements in the foreign currency markets are out of the group's control. Where possible the group tries to offset revenues and costs in the same currency to reduce the impact of the currency fluctuations on the reported results without the use of complex financial instruments.

**Liquidity risk** – The group seeks to manage risk by ensuring that at all times there is sufficient liquidity available to meet foreseeable needs and to invest cash assets safely and profitably. This will include a review of what currencies surplus funds are held in. The group currently has no external borrowings. The Board regularly reviews the longer term plans for the business and the requirements this may place on the group's available funds.

### Directors

The directors who served during the year and since the year-end are

J K Laurie  
M S Lawson  
R R Woolley  
D C McBee  
R Willcock

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit of the group and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## REPORT OF THE DIRECTORS (CONTINUED)

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The directors are responsible for keeping adequate 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

### Auditor

The company's articles require annual appointment of the auditors. Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 21 June 2012.

BY ORDER OF THE BOARD



R Willcock  
Company Secretary  
30 March 2012

# **SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

The principal accounting policies of the group are set out below. They have remained unchanged from the previous year except as stated below

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 9)

The company took advantage of merger relief offered by the Companies Act and merger accounting offered by Financial Reporting Standard No 6 'Acquisitions and Mergers' on an acquisition dated 13 December 2000

### **ASSOCIATES**

In the group financial statements investments in associates are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the associate's profit and losses while the group's share of the net assets of the associate is shown in the consolidated balance sheet

### **TURNOVER**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised on shipment for goods and on provision for services

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are

Plant and machinery	15%
Fixtures, fittings and equipment	10-33%
Motor vehicles	20-25%

### **LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term

### **INVESTMENTS**

Investments are included at historical cost

### **STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks



## **SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

### **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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#### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date on an undiscounted basis.

#### **RESEARCH AND DEVELOPMENT**

Research and development expenditure is charged to profits in the period in which it is incurred.

#### **CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES**

The group operates defined contribution pension schemes for the benefit of the employees. The assets of the schemes are administered by trustees in funds independent from those of the group.

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

#### **FOREIGN CURRENCY**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Fixed assets purchased in foreign currencies are retranslated at each balance sheet date. The exchange differences arising from the retranslation of the opening reserves of the company and its net investment in its foreign currency subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Under SSAP 20 Foreign Currency Translation, a company's local currency is the currency of the primary economic environment in which it operates and generates net cash flows.

On the basis that the company operates solely as a holding company for its subsidiary operations in the United States ("US"), United Kingdom, China and Hong Kong, the directors consider that the primary economic environment in which the company operates and generates net cash flows to be an extension of that of its subsidiary operations. On the basis that the majority of these subsidiary operations are carried out and cash flows generated in the US, it appears reasonable that the local currency of the company and therefore the group should be the US Dollar.

The rate of exchange used to translate Sterling amounts into US Dollars is £1 \$1.607 (2010 £1 \$1.546) within the profit and loss account and £1 \$1.552 (2010 £1 \$1.559) within the balance sheet.

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2011

	<b>Note</b>	<b>2011 \$000</b>	<b>2010 \$000</b>
Turnover	1	22,851	18,682
Cost of sales		<u>(9,862)</u>	<u>(8,027)</u>
Gross profit		12,989	10,655
Other operating charges	2	<u>(8,776)</u>	<u>(8,598)</u>
<b>Operating profit</b>		<b>4,213</b>	<b>2,057</b>
Interest receivable	3	<u>37</u>	<u>38</u>
<b>Profit on ordinary activities before taxation</b>	1	<b>4,250</b>	<b>2,095</b>
Tax on profit on ordinary activities	5	<u>(1,202)</u>	<u>(472)</u>
<b>Profit for the financial year</b>	14	<b><u>3,048</u></b>	<b><u>1,623</u></b>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>2011 \$000</b>	<b>2010 \$000</b>
Profit for the year	3,048	1,623
Currency translation gain/(loss) on the foreign currency opening reserves of the company and its net investment in foreign currency subsidiaries (Note 14)	94	(113)
<b>Total recognised gains and losses relating to year</b>	<b><u>3,142</u></b>	<b><u>1,510</u></b>

All operations are considered to be continuing

The accompanying accounting policies and notes form an integral part of these financial statements

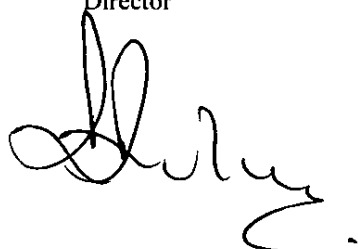
**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**COMPANY NUMBER 4038252**

**BALANCE SHEETS AT 31 DECEMBER 2011**

	Note	2011 \$000	Group 2010 \$000	2011 \$000	Company 2010 \$000
<b>Fixed assets</b>					
Tangible assets	8	1,145	750	12	17
Investments	9	-	-	826	826
		<u>1,145</u>	<u>750</u>	<u>838</u>	<u>843</u>
<b>Current assets</b>					
Stocks	10	6,290	4,284	-	-
Debtors	11	4,308	3,397	59	38
Cash at bank and in hand		6,014	5,829	750	1,308
		<u>16,612</u>	<u>13,510</u>	<u>809</u>	<u>1,346</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,456)</u>	<u>(1,534)</u>	<u>(407)</u>	<u>(593)</u>
<b>Net current assets</b>		<b>14,156</b>	<b>11,976</b>	<b>402</b>	<b>753</b>
<b>Total assets less current liabilities, being net assets</b>		<u><b>15,301</b></u>	<u><b>12,726</b></u>	<u><b>1,240</b></u>	<u><b>1,596</b></u>
<b>Capital and reserves</b>					
Called up share capital	13	209	209	209	209
Share premium account	14	377	377	377	377
Profit and loss account	14	14,715	12,140	654	1,010
<b>Equity shareholders' funds</b>	15	<u><b>15,301</b></u>	<u><b>12,726</b></u>	<u><b>1,240</b></u>	<u><b>1,596</b></u>

The financial statements were approved by the Board of Directors and approved for issue on 30 March 2012 and signed on its behalf by

R R Woolley  
Director



The accompanying accounting policies and notes form an integral part of these financial statements

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 \$000	2011 \$000	2010 \$000	2010 \$000
Net cash inflow from operating activities	16		2,453		1,408
<b>Returns on investments and servicing of finance</b>					
Interest received		37		38	
Net cash inflow from returns on investments and servicing of finance			37		38
Taxation			(1,095)		(695)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(663)		(364)	
Sale of tangible fixed assets		18		6	
Sale of shares by Employee Benefit Trust		-		16	
Net cash outflow from capital expenditure and financial investment			(645)		(342)
Equity dividend paid			(577)		(2,049)
<b>Management of liquid resources and finance</b>					
Issue of ordinary shares		-		405	
Increase/(decrease) in cash	17		173		(1,235)

The accompanying accounting policies and notes form an integral part of these financial statements

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS**

For the year ended 31 December 2011

**1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The turnover and profit on ordinary activities before taxation is attributable to the design, manufacture and sale of blood pressure technology solutions

An analysis of turnover by geographic market is given below

	2011 \$000	2010 \$000
United Kingdom	470	368
Continental Europe	5,230	4,695
North America	12,553	10,970
Far East	3,664	2,179
Rest of the world	934	470
	<u>22,851</u>	<u>18,682</u>

The profit on ordinary activities before taxation is stated after charging

	2011 \$000	2010 \$000
Auditors' remuneration		
Audit of SunTech Medical Group Limited	7	3
Audit of subsidiaries	37	39
Other services - taxation	20	18
Depreciation		
Tangible fixed assets owned	284	273
Operating lease rentals		
Plant and machinery	2	2
Other	460	357
Profit on sale of fixed assets	(3)	(4)
Research and development expenditure	<u>2,000</u>	<u>2,063</u>

**2 OTHER OPERATING CHARGES**

	2011 \$000	2010 \$000
Administration expenses	8,781	8,605
Other operating income	<u>(5)</u>	<u>(7)</u>
	<u>8,776</u>	<u>8,598</u>

**3 INTEREST RECEIVABLE**

	2011 \$000	2010 \$000
Bank interest receivable	<u>37</u>	<u>38</u>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**4 DIRECTORS AND EMPLOYEES**

Staff costs during the year were as follows

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	<b>7,078</b>	<b>6,689</b>
Share options expense (note 13)	<b>10</b>	<b>17</b>
Social security costs	<b>572</b>	<b>536</b>
Other pension costs	<b>244</b>	<b>219</b>
	<b><u>7,904</u></b>	<b><u>7,461</u></b>

The average number of employees of the group during the year was

	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
Production	<b>116</b>	<b>83</b>
Administration	<b>78</b>	<b>81</b>
	<b><u>194</u></b>	<b><u>164</u></b>

Remuneration in respect of directors was as follows

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Emoluments	<b>636</b>	<b>564</b>
Pension contributions to money purchase pension schemes	<b>35</b>	<b>31</b>
	<b><u>671</u></b>	<b><u>595</u></b>

Emoluments of highest paid director

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
Total emoluments (excluding pension contributions)	<b><u>220</u></b>	<b><u>200</u></b>

In 2011 three directors (2010 three) participated in money purchase pension schemes

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge is based on the profit for the period and represents

	2011 \$000	2010 \$000
United Kingdom corporation tax	196	179
Overseas taxation	1,053	434
Total current tax	<u>1,249</u>	<u>613</u>
Deferred tax		
Origination and reversal of timing differences	(47)	(141)
Tax on profit on ordinary activities	<u>1,202</u>	<u>472</u>

The group standard rate for current tax for the year ended 31 December 2011 is 27.6% (2010: 26.1%) based upon the weighted average of profit before tax. This is based upon the standard rates of taxation in the different countries of operation.

A comparison of the current tax charge with the expected tax charge based on the average rate is set out below

	2011 \$000	2010 \$000
Profit on ordinary activities before tax	4,250	2,095
Profit on ordinary activities multiplied by the average rate of tax	1,173	547
Effect of		
Other timing differences	76	66
Current tax charge for period	<u>1,249</u>	<u>613</u>

**6 PROFIT FOR THE FINANCIAL PERIOD**

The parent company has taken advantage of the exemptions under the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was \$194,000 (2010: \$937,000).

**7 DIVIDEND**

	Company 2011 \$000	Company 2010 \$000
Equity dividend paid	<u>577</u>	<u>2,049</u>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**8 TANGIBLE FIXED ASSETS**

<b>The group</b>	<b>Plant and machinery \$000</b>	<b>Fixtures, fittings and equipment \$000</b>	<b>Motor vehicles \$000</b>	<b>Total \$000</b>
<b>Cost</b>				
At 1 January 2011	1,111	1,388	24	2,523
Additions	540	136	-	676
Exchange rate differences	17	14	-	31
Disposals	(132)	(207)	-	(339)
At 31 December 2011	<u>1,536</u>	<u>1,331</u>	<u>24</u>	<u>2,891</u>
<b>Depreciation</b>				
At 1 January 2011	597	1,152	24	1,773
Provided in the year	142	142	-	284
Exchange rate differences	4	9	-	13
Disposals	(117)	(207)	-	(324)
At 31 December 2011	<u>626</u>	<u>1,096</u>	<u>24</u>	<u>1,746</u>
<b>Net book amount at 31 December 2011</b>	<u><b>910</b></u>	<u><b>235</b></u>	<u><b>-</b></u>	<u><b>1,145</b></u>
31 December 2010	<u>514</u>	<u>236</u>	<u>-</u>	<u>750</u>
<b>The company</b>				<b>Fixtures, fitting and equipment \$000</b>
<b>Cost</b>				
At 1 January 2011				23
Disposals				(4)
At 31 December 2011				<u>19</u>
<b>Depreciation</b>				
At 1 January 2011				6
Provided in the year				4
Disposals				(3)
At 31 December 2011				<u>7</u>
<b>Net book amount at 31 December 2011</b>				<u><b>12</b></u>
31 December 2010				<u>17</u>



**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**9 FIXED ASSETS INVESTMENTS**

	<b>Group 2011 \$000</b>	<b>Company 2011 \$000</b>	<b>Group 2010 \$000</b>	<b>Company 2010 \$000</b>
Subsidiary undertakings	-	826	-	826
Associates	-	-	-	-
	<u>-</u>	<u>826</u>	<u>-</u>	<u>826</u>

At 31 December 2011 the group held interests in the following investments

	<b>Country of incorporation</b>	<b>Class of share capital held</b>	<b>Nature of business</b>
<b>Subsidiary companies</b>			
SunTech Medical Inc*	USA	Common stock	Sale of medical instruments
SunTech Medical Limited**	England and Wales	Ordinary	Sale of medical instruments
SunTech Medical Limited**	Hong Kong	Ordinary	Sale of medical instruments
SunTech Medical Devices (Shenzhen) Co Limited*	Peoples Republic of China	Ordinary	Manufacture of medical components
SunTech Medical (USA) Inc**	USA	Common stock	Dormant
SunTech EB Trustee Limited**	England and Wales	Ordinary	Dormant
<b>Associates</b>			
Empirical Technologies Corporation***	USA	Common stock	Medical instruments research

\* 100% owned by the group

\*\* 100% owned by the parent

\*\*\* 23.5% owned by the group

<b>Subsidiary undertakings</b>	<b>Company 2011 \$000</b>
<b>Cost</b>	
At 1 January and 31 December 2011	<u>826</u>
<b>Associates</b>	<b>Group 2011 \$000</b>
<b>Cost</b>	
At 1 January and 31 December 2011	<u>113</u>
<b>Provision</b>	
At 1 January and 31 December 2011	<u>113</u>
<b>Net book value</b>	
At 31 December 2010 and 31 December 2011	<u>-</u>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**10 STOCKS**

	<b>Group 2011 \$000</b>	<b>Company 2011 \$000</b>	<b>Group 2010 \$000</b>	<b>Company 2010 \$000</b>
Raw materials and consumables	2,958	-	2,514	-
Work in progress	586	-	309	-
Finished goods and goods for resale	2,746	-	1,461	-
	<u>6,290</u>	<u>-</u>	<u>4,284</u>	<u>-</u>

**11 DEBTORS**

	<b>Group 2011 \$000</b>	<b>Company 2011 \$000</b>	<b>Group 2010 \$000</b>	<b>Company 2010 \$000</b>
Trade debtors	3,604	-	2,675	-
Amounts owed by group undertakings	-	42	-	-
Amounts owed by related undertakings	-	-	-	4
Prepayments and accrued income	129	12	212	23
Other debtors	246	5	230	11
Deferred tax asset	329	-	280	-
	<u>4,308</u>	<u>59</u>	<u>3,397</u>	<u>38</u>

The deferred tax asset comprises

	<b>Group 2011 \$000</b>	<b>Group 2010 \$000</b>
Accelerated capital allowances	-	-
Other timing differences	329	280
	<u>329</u>	<u>280</u>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

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

	<b>Group 2011 \$000</b>	<b>Company 2011 \$000</b>	<b>Group 2010 \$000</b>	<b>Company 2010 \$000</b>
Trade creditors	989	240	549	42
Amounts owed to group undertakings	-	74	-	470
Corporation tax	247	-	88	-
Other taxation and social security	72	37	59	27
Accruals and deferred income	1,118	41	769	38
Other creditors	30	15	69	16
	<b>2,456</b>	<b>407</b>	<b>1,534</b>	<b>593</b>

**13 SHARE CAPITAL**

	<b>2011 £000</b>	<b>2010 £000</b>
Authorised		
100,000,000 Ordinary shares of 10p each	<b>10,000</b>	<b>10,000</b>
	<b>\$000</b>	<b>\$000</b>
Allotted, called up and fully paid		
1,362,019 (2010 1,362,019) Ordinary shares of 10p each	<b>209</b>	<b>209</b>

**Contingent rights to the allotment of shares**

As at 31 December 2011 the group maintained one share-based payment scheme for employee compensation

The company has granted options to certain directors and employees in respect of 65,500 (2010 65,500) 10p ordinary shares at £1 21 - £6 00 per share, exercisable between April 2006 and February 2020

For the options granted to vest the company must achieve an average earnings per share (EPS) growth exceeding UK Retail Price Index + 1% over a three year period. The beneficiaries should be in continuous employment during the period other than early termination of employment by attaining normal retirement age, ill health or redundancy

All share based employee compensation will be settled in equity. The group has no legal or constructive obligation to repurchase or settle the options

Share option and weighted average exercise price are as follows for the reporting periods presented

	<b>Number</b>	<b>2011 Weighted average exercise price pence</b>	<b>Number</b>	<b>2010 Weighted average exercise price pence</b>
Outstanding at 1 January	65,500	421	267,000	184
Granted	-	-	10,500	600
Exercised	-	-	(208,000)	123
Lapsed	-	-	(4,000)	588
Outstanding at 31 December	<b>65,500</b>	<b>421</b>	<b>65,500</b>	<b>421</b>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**13 SHARE CAPITAL (continued)**

The fair values of options which were granted since 30 April 2003 were determined by using the Black-Scholes valuation model. Significant inputs into the calculation include a weighted average share price of £4.21 and exercise prices as illustrated above. Furthermore the calculation takes into account a volatility rate of 7.5%, based on expected share price. Risk-free interest rate was determined at 3%.

The underlying expected volatility was determined by reference to historical data. No special features immanent to the options granted were incorporated into the measurement of fair value.

In total, \$10,000 of employee compensation expense relating to share options has been included in the consolidated profit and loss statement for 2011 (2010: \$17,000). The corresponding credit is taken to shareholders' funds. No liabilities were recognised due to share-based transactions.

**14 RESERVES**

	<b>Share premium account \$000</b>	<b>Profit and loss account \$000</b>
<b>The group</b>		
At 1 January 2011	377	12,140
Exchange adjustment	-	94
Profit for the year	-	3,048
Dividend paid in year	-	(577)
Share options expense transferred to reserves (see note 4)	-	10
At 31 December 2011	<u>377</u>	<u>14,715</u>
	<b>Share premium account \$000</b>	<b>Profit and loss account \$000</b>
<b>The company</b>		
At 1 January 2011	377	1,010
Exchange adjustment	-	17
Profit for the year	-	194
Dividend paid in year	-	(577)
Share options expense transferred to reserves	-	10
At 31 December 2011	<u>377</u>	<u>654</u>

The group and company reserves are net of \$nil (2010: \$nil) shares held by the Employee Benefit Trust.

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Group 2011 \$000</b>	<b>Company 2011 \$000</b>	<b>Group 2010 \$000</b>	<b>Company 2010 \$000</b>
Profit for the year	3,048	194	1,623	937
Shares issued in year	-	-	405	405
Dividend paid (note 7)	(577)	(577)	(2,049)	(2,049)
Exchange adjustment	94	17	(113)	(119)
Shares held by the Employee Benefit Trust	-	-	16	16
Share options expense	10	10	17	17
Increase/(decrease) in shareholders' funds	<u>2,575</u>	<u>(356)</u>	<u>(101)</u>	<u>(793)</u>
Shareholders' funds at 1 January 2011	<u>12,726</u>	<u>1,596</u>	<u>12,827</u>	<u>2,389</u>
Shareholders' funds at 31 December 2011	<u>15,301</u>	<u>1,240</u>	<u>12,726</u>	<u>1,596</u>

The exchange adjustments arise on the retranslation of the opening reserves of the UK parent and subsidiary company denominated in Sterling

**16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2011 \$000</b>	<b>2010 \$000</b>
Operating profit	4,213	2,057
Depreciation	284	273
Profit on sale of tangible fixed assets	(3)	(4)
Increase in stocks	(1,947)	(908)
Increase in debtors	(853)	(57)
Increase in creditors	749	126
Exchange adjustments	-	(96)
Share option expense	10	17
Net cash inflow from operating activities	<u>2,453</u>	<u>1,408</u>

**17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2011 \$000</b>	<b>2010 \$000</b>
Increase/(decrease) in cash in the year	173	(1,235)
Effect of foreign exchange movements	12	(51)
Movement in net funds in the year	<u>185</u>	<u>(1,286)</u>
Net funds at 1 January 2011	<u>5,829</u>	<u>7,115</u>
Net funds at 31 December 2011	<u>6,014</u>	<u>5,829</u>

**SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS (CONTINUED)**

For the year ended 31 December 2011

**18 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 January 2011 \$000	Cash flow \$000	Exchange movement \$000	At 31 December 2011 \$000
Cash in hand and at bank	5,829	173	12	6,014

**19 PENSIONS**

The group operates defined contribution pension schemes for the benefit of eligible employees. The assets of the schemes are administered by trustees in funds independent from those of the group.

**20 LEASING COMMITMENTS**

Operating lease commitments are due within one year as set out below. The leases to which these amounts relate expire as follows:

The group	2011 Land and buildings \$000	2011 Other \$000	2010 Land and buildings \$000	2010 Other \$000
In one year or less	-	-	5	-
Between two and five years	219	2	183	2
Over five years	232	-	229	-
	<u>451</u>	<u>2</u>	<u>417</u>	<u>2</u>
<b>The company</b>				
In one year or less	-	-	5	-
Between two and five years	46	-	44	-
	<u>46</u>	<u>-</u>	<u>49</u>	<u>-</u>

**21 RELATED PARTY TRANSACTIONS**

The following dividends have been paid to the directors and their immediate families:

	2011 \$000	2010 \$000
J K Laurie	56	199
M S Lawson	11	38
R R Woolley	12	41
D C McBee	43	152
R Willcock	<u>4</u>	<u>14</u>

# SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNTECH MEDICAL GROUP LIMITED

For the year ended 31 December 2011

We have audited the financial statements of Suntech Medical Group Limited for the year ended 31 December 2011, which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and parent company balance sheets, the group cash flow statement and the related notes. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 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 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 (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's 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.

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Giles Mullins  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
Central Milton Keynes

27 AM 2012

# **SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**

## **ANNUAL REPORT AND ACCOUNTS**

**For the year ended 31 December 2011**

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Company registration number	4038252
Registered office	Laytons 2 More London Riverside London SE1 2AP
Directors	J K Laurie M S Lawson R R Woolley D C McBee R Willcock
Secretary	R Willcock
Bankers	HSBC Bank Plc 65 Cornmarket Street Oxford OX1 3HY England
Solicitors	Laytons 2 More London Riverside London SE1 2AP
Auditor	Grant Thornton UK LLP Registered auditor Chartered accountants Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW