

## **Gen-Probe Cardiff Limited**

### **Report and Financial Statements**

30 September 2012



Registered No 2595156

**Directors**

C W Hull	(resigned 15 February 2013)
R W Bowen	(resigned 1 August 2012)
H Rosenman	(resigned 1 August 2012)
Dr M Price-Jones	(resigned 30 March 2012)
M J Casey	(appointed 3 January 2013)
D P Harding	(appointed 3 January 2013)
G P Muir	(appointed 3 January 2013)
A L Lesage	(appointed 3 January 2013)

**Auditor**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

**Bankers**

Bank of America N A  
2 King Edward Street  
London  
EC1A 1HQ

**Registered Office**

Heron House  
Oaks Business Park  
Crewe Road  
Manchester  
M23 9HZ

## Directors' report

The directors present their annual report and the audited financial statements for the nine month period ended 30 September 2012

During the period the accounting reference date was changed to 30 September The comparative figures shown are for the twelve month period ended 31 December 2011

### Principal activity

The company's principal activity was the manufacture of nucleic acid-based biochemical test systems until 1 May 2012 when the company transferred its trade and operational assets to Gen-Probe Life Sciences Limited, a fellow group company, and the company ceased to trade

The company continues to manage the discharge of the remaining assets and liabilities which are mainly associated with the free hold property The directors expect this activity to continue for the foreseeable future

### Business review and review of future operations

The company's key financial and other performance indicators during the period were as follows

	<i>9 months ended</i>	<i>Year ended</i>	
	<i>30 September 2012</i>	<i>31 December 2011</i>	<i>Change</i>
	<i>£'000</i>	<i>£'000</i>	<i>%</i>
Turnover	1,601	2,214	(28%)
Operating profit	376	267	39%
Profit/(loss) after tax	211	(554)	138%
Average number of employees	8	27	(70%)

The directors were pleased with the performance for the period

The products manufactured and sold by the company have minimal environmental impact However, the board believes that good environmental practices support the company's reputation, the efficiency of production and the quality of products The company has accreditation to the management system standards ISO 9001 2000 and ISO 13485 2003

The company transferred its trade and operational assets to Gen-Probe Life Sciences Limited during the period and the company ceased to trade on 1 May 2012

As disclosed in Note 19, with effect from 1 August 2012, following the acquisition of Gen-Probe Incorporated by Hologic, Inc on that date, the Directors consider the Company's ultimate parent company to be Hologic, Inc

## Directors' report (continued)

### Principal risks and uncertainties

The company's senior management team had a quarterly management review where risk was assessed. The principal risks and uncertainties facing the company could be grouped as follows, business interruption risk and legislative risk.

- *Business interruption risks*

The products of the company were very specialised and relied on a small number of critical raw material suppliers. If any of these suppliers were unable to provide materials for any reason it would have affected the company's ability to manufacture.

- *Legislative risks*

Company products had to comply with all European standards and any changes to the legislation would result in additional development work which would delay product launch.

Where substantive risks were identified, a plan to mitigate and address this risk, as appropriate, was developed.

The business was transferred to Gen-Probe Life Sciences Limited on 1 May 2012 and as of that date these principal risks and uncertainties have significantly diminished.

### Results and dividends

The results for the period are set out in detail on page 8. The directors do not recommend the payment of a dividend (2011 £nil).

### Research and development

The company ceased its research and development activity in November 2008, when all projects were transferred to one of the company's intermediate parent companies, Gen-Probe Incorporated in San Diego.

### Directors

The directors who served during the period and to the date of this report were as follows:

C W Hull	(resigned 15 February 2013)
R W Bowen	(resigned 1 August 2012)
H Rosenman	(resigned 1 August 2012)
Dr M Price-Jones	(resigned 30 March 2012)
M J Casey	(appointed 3 January 2013)
D P Harding	(appointed 3 January 2013)
G P Muir	(appointed 3 January 2013)
A L Lesage	(appointed 3 January 2013)

## Directors' report (continued)

### Directors' statement as to disclosure of information to auditor

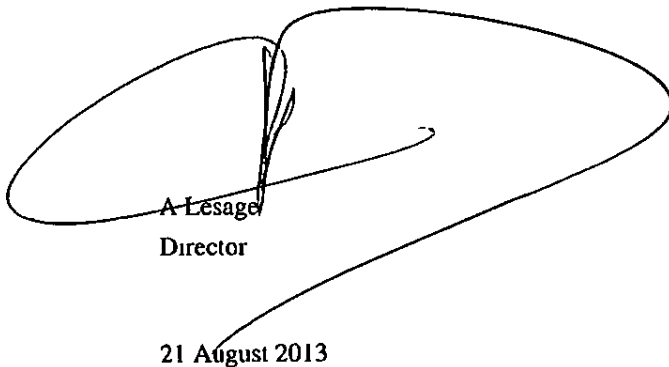
The directors who were members of the board during the period and at the time of approving the directors' report are listed on page 1. Having made enquires of fellow directors and of the company's auditor, each of these directors confirm that

- 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 auditor is not aware, 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 auditor is aware of that information

### Auditor

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

On behalf of the Board



A. Lesage  
Director

21 August 2013

## **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 period. 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,
- 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 Gen-Probe Cardiff Limited**

We have audited the financial statements of Gen-Probe Cardiff Limited for the nine month period ended 30 September 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains & Losses, 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 (APB'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 and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report

to the members of Gen-Probe Cardiff 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



Barry Flynn (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

23 August 2013

**Profit and loss account****for the nine month period ended 30 September 2012**

		<i>9 months</i> 2012	<i>12 months</i> 2011
	<i>Note</i>	£	£
<b>Turnover</b>	2	1,601,156	2,214,293
Cost of sales		(1,045,302)	(1,185,129)
<b>Gross profit</b>		555,854	1,029,164
Distribution costs		(1,507)	(5,008)
Administrative expenses		(248,007)	(757,050)
Exceptional income	3	69,505	-
<b>Operating profit</b>	4	375,845	267,106
Profit on disposal of business	3	12,233	-
Cost of a fundamental reorganisation	3	(176,750)	(925,774)
Interest receivable and similar income	7	-	214
<b>Profit/(loss) on ordinary activities before taxation</b>		211,328	(658,454)
Tax on profit/(loss) on ordinary activities	8	-	104,357
<b>Profit/(loss) for the financial period</b>	17	211,328	(554,097)

The results above are all derived from discontinued activities

The notes on pages 10 to 22 form part of these financial statements

**Statement of Total Recognised Gains and Losses****for the nine month period ended 30 September 2012**

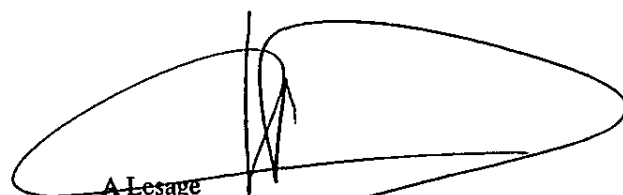
		<i>9 months</i> 2012	<i>12 months</i> 2012
	<i>Note</i>	£	£
Profit/(loss) for the financial period		211,328	(554,097)
Share based payments	18	16,522	59,400
Capital contribution	16	3,512,266	-
<b>Total recognised gains and losses relating to the period</b>		3,740,116	(494,697)

**Balance sheet**

as at 30 September 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	9	410,000	1,196,895
<b>Current assets</b>			
Stocks	10	-	3,757,131
Debtors	11	49,675	28,095
Cash at bank and in hand		39,536	335,931
		<u>89,211</u>	<u>4,121,157</u>
<b>Creditors: amounts falling due within one year</b>	12	(92,597)	(6,681,563)
<b>Net current liabilities</b>		<u>(3,386)</u>	<u>(2,560,406)</u>
<b>Total assets less current liabilities</b>		<u>406,614</u>	<u>(1,363,511)</u>
<b>Creditors: amounts falling due after more than one year</b>	12	-	(1,774,267)
<b>Provisions for liabilities and charges</b>	14	-	(195,724)
<b>Net assets/(liabilities)</b>		<u><u>406,614</u></u>	<u><u>(3,333,502)</u></u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	4,000,100	4,000,100
Capital contribution	16	4,626,048	1,097,260
Profit and loss account	16	(8,219,534)	(8,430,862)
<b>Shareholders' funds/(deficit)</b>	17	<u><u>406,614</u></u>	<u><u>(3,333,502)</u></u>

The financial statements were approved by the Board of Directors on 21 August 2013 and were signed on its behalf by



A Lesage  
Director

21 August 2013

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 1. Accounting policies

#### ***Fundamental accounting concept***

On 1 May 2012 the trade and assets of Gen-Probe Cardiff Limited were transferred to Gen-Probe Life Sciences Limited. As a result of this, at the date of approval of these financial statements, the company has now ceased manufacturing. As a consequence the directors have prepared the financial statements on a basis other than that of a going concern i.e. a break-up basis, in accordance with FRS 21 'Events after the balance sheet date'. This includes, where appropriate, writing down the company's assets to net realisable value and providing for any onerous contractual commitments and committed future costs relating to the termination of the business at the balance sheet date.

#### ***Basis of accounting***

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) under the historical cost accounting rules on a basis consistent with prior periods. The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

#### ***Tangible fixed assets***

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are as follows:

Equipment & Computers	-	over 3-10 years
Freehold Property	-	over 50 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***Deferred taxation***

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### ***Operating leases***

All liabilities in relation to operating leases are expensed in the related period.

#### ***Foreign exchange***

All transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

All exchange differences are dealt with through the profit and loss account.

#### ***Licences***

Expenditure on licences is written off in the period in which it is incurred.

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 1. Accounting policies (continued)

#### *Share-based payments*

The cost of equity-settled transactions with employees is measured by reference to the estimated 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 by an external valuer using the Black-Scholes-Merton model.

No expense is recognised for awards that do not ultimately vest.

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. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

#### *Cash flow statement*

The company has applied the exemption granted by paragraph 19 7(b) of Financial Reporting Standard 1 not to disclose a cash flow statement, as it is included in the consolidated financial statements of its ultimate parent company, Hologic, Inc.

#### *Pension costs*

The company operated a defined contribution pension scheme for directors and staff. Pension costs represent amounts payable on behalf of directors and staff to the scheme in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Turnover*

Turnover is derived from the sale of goods, services and licences.

Revenue from the sale of goods and services is recognised upon delivery. Revenue from the provision of licences is recognised on a royalty basis as sales are made by the licensee.

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax

	9 months 2012 £	12 months 2011 £
United Kingdom	2,969	12,004
United States of America	1,598,187	2,202,289
	<u>1,601,156</u>	<u>2,214,293</u>

### 3. Exceptional items

	9 months 2012	12 months 2011
<i>Recognised in arriving at operating profit</i>		
Exceptional income	69,505	-
<i>Recognised below operating profit</i>		
Profit on disposal of business	12,233	-
Costs of a fundamental reorganisation	(176,750)	(925,774)

During 2010 Gen-Probe Cardiff Ltd began a fundamental reorganisation of its operations which resulted in the transfer of its business to a new purpose built facility in Manchester in 2012. The exceptional income received during the period relates to the write back of restructuring provisions that were not utilised (see note 14)

The profit on disposal of the business relates to the difference between the book value and disposal proceeds of the assets disposed of

The charge in 2011 and 2012 related to provisions for costs of the fundamental reorganisation including redundancies and fixed asset impairments

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 4. Operating profit

This is stated after charging/(crediting)

	<i>9 months 2012 £</i>	<i>12 months 2011 £</i>
Depreciation - owned assets	83,284	301,491
Auditor's remuneration	15,750	15,750
Operating leases	11,590	6,404
Loss on foreign exchange	56	18,633
Loss/(gain) on disposal of fixed assets	6,664	(3,572)

### 5. Directors' emoluments

	<i>9 months 2012 £</i>	<i>12 months 2011 £</i>
Emoluments	52,709	128,953
Compensation for loss of office	78,087	-
Company contributions to money purchase pension schemes	3,251	12,925
	<u>134,047</u>	<u>141,878</u>

Number of directors who received shares in respect of qualifying services	1	1
Number of directors who exercised share options	1	1
Number of directors who are members of a defined contribution benefit scheme	1	1

The above emoluments relate to the only and therefore highest paid director who receives remuneration directly from the Company

The emoluments of C Hull, R W Bowen and H Rosenman were paid by the ultimate parent company. Their services to this company are of a non executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company.

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 6. Staff costs

	<i>9 months 2012</i>	<i>12 months 2011</i>
	£	£
Wages and salaries	187,705	957,088
Social security costs	35,517	95,182
Other pension costs	21,100	80,739
	<u>244,322</u>	<u>1,133,009</u>

Included in wages and salaries is a total expense of shared-based payments of £16,522 (2011 £59,400), which arises from transactions accounted for as equity-settled share-based payment transactions

The monthly average number of employees during the period was as follows

	<i>2012 No</i>	<i>2011 No</i>
Average number of employees	8	27

The Company ceased to have any direct employees from 1 May 2013

### 7. Interest Receivable and similar income

	<i>9 months 2012</i>	<i>12 months 2011</i>
	£	£
Bank interest	-	214
	<u>-</u>	<u>214</u>

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 8. Taxation

	9 months 2012 £	12 months 2011 £
<i>Current taxation</i>		
UK corporation tax on income for the period at 24.7% (2011: 26.5%)	-	-
Adjustment in respect of prior year	-	-
Total current tax	-	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	-
Tax credit on profit on ordinary activities	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	211,328	(658,454)
Tax on (loss)/profit on ordinary activities before tax at 24.7% (2011: 26.5%)	52,198	(174,490)
<i>Effects of</i>		
Expenses not deductible for tax purposes	3,118	15,741
Group relief	(98,673)	(34,122)
Capital allowances for the period less than depreciation	50,000	213,620
Other short term timing differences	(1,469)	(1,849)
Tax treatment of share options	(5,174)	(18,378)
Effects of rental & grant income	-	(522)
Total current tax	-	-

In his Budgets for the past several years and the Autumn Statement of 5 December 2012, the Chancellor of the Exchequer announced changes to the rate of UK corporation tax, to be enacted annually and to take effect from 1 April 2011, to reduce the rate from 28% to 20%. If enacted as expected, these reductions are expected to have a significant effect on the Company's future tax position. As at 30 September 2012, the change in the tax rate from 26% to 24% from 1 April 2012 and the further reduction to 23% from 1 April 2013, were 'substantively enacted' and as such in accordance with accounting standards, these changes have been reflected in the Company's financial statements as at 30 September 2012.

## Notes to the financial statements

### for the nine month period ended 30 September 2012

#### 8. Taxation (continued)

The further proposed rate reductions to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015 had not yet been substantively enacted as at 30 September 2012, but have subsequently been included in Finance Act 2013, which was substantively enacted on 2 July 2013

The rate changes will also impact the amount of the future cash tax payment to be made by the Company. The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted

#### 9. Tangible fixed assets

	<i>Freehold property</i>	<i>Equipment and computers</i>	<i>Total</i>
	£	£	£
<b>Cost:</b>			
At 31 December 2011	1,937,834	2,303,084	4,240,918
Additions	-	194,949	194,949
Disposals	(25,321)	(642,013)	(667,334)
Intragroup transfers	-	(1,701,798)	(1,701,798)
<b>At 30 September 2012</b>	<b>1,912,513</b>	<b>154,222</b>	<b>2,066,735</b>
<b>Depreciation:</b>			
At 31 December 2011	1,306,682	1,737,341	3,044,023
Charge in the period	21,636	61,648	83,284
Disposals	(2,555)	(635,727)	(638,282)
Impairment	176,750	-	176,750
Intragroup transfers	-	(1,009,040)	(1,009,040)
<b>At 30 September 2012</b>	<b>1,502,513</b>	<b>154,222</b>	<b>1,656,735</b>
<b>Net book value:</b>			
At 30 September 2012	410,000	-	410,000
At 31 December 2011	631,152	565,743	1,196,895

Disposals in the period relate to assets no longer in use, most of which were fully depreciated at the beginning of the period

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 10. Stocks

	2012	2011
	£	£
Raw materials	-	1,809,340
Work in progress	-	1,771,930
Finished goods	-	175,861
	-	3,757,131

### 11. Debtors

	2012	2011
	£	£
Other debtors	2,580	-
Prepayments and accrued income	47,095	28,095
	49,675	28,095

### 12. Creditors

<i>Amounts falling due within one year</i>	2012	2011
	£	£
Trade creditors	69,445	27,918
Amount due to immediate parent company	-	5,933,613
Amounts owed to group undertakings	-	528,878
Taxation and social security	-	25,145
Accruals	23,152	166,009
	92,597	6,681,563
 <i>Amounts falling due after more than one year</i>	 2012	 2011
	£	£
Amounts owed to group undertakings	-	1,774,267

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 13. Operating lease commitments

The company is committed to make annual lease payments under operating leases for plant and machinery which expire as follows

	2012	2011
	£	£
In two to five years	-	6,404
	<u>-</u>	<u>6,404</u>

### 14. Provisions for liabilities and charges

The movements in provisions during the period are as follows

	<i>Fundamental Reorganisation</i>
	£
At 1 January 2012	195,724
Charge in period	5,783
Utilised in period	(132,002)
Released in period	(69,505)
	<u>-</u>
At 30 September 2012	<u>-</u>

#### *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items

	2012	2011
	£	£
Accelerated capital allowances	-	26,748
Short term timing differences	-	1,428
	<u>-</u>	<u>28,176</u>

The Company has no recognised or unrecognised deferred tax assets at 30 September 2012 (*2011 £28,176 unrecognised*) This asset was not recognised as the reliability of future profits could not accurately be predicted at the time

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 14. Provisions for liabilities and charges (continued)

#### *Provision for cost of a fundamental reorganisation*

During 2010, Gen-Probe Cardiff Ltd began a fundamental reorganisation of its operations which resulted in the transfer of its business to a new purpose built facility in Manchester. This transfer was completed in 2012 and all anticipated associated costs were incurred prior to the end of the period. As such the residual balance on the provision was released at the end of the period.

### 15. Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
4,000,100 ordinary shares of £1 each	4,000,100	4,000,100
<i>Called up, allotted and fully paid</i>		
4,000,100 ordinary shares of £1 each	4,000,100	4,000,100

### 16. Reserves

	Capital contribution £	Profit and loss account £
At 31 December 2010	1,037,860	(7,876,765)
Loss for the period	-	(554,097)
Share-based payment	59,400	-
At 31 December 2011	1,097,260	(8,430,862)
Profit for the period	-	211,328
Share-based payment	16,522	-
Additional capital contribution	3,512,266	-
At 30 September 2012	4,626,048	(8,219,534)

The Additional capital contribution received during the period arose as a result of a waiver of an intercompany balance to the write back of intercompany balances which have been waived by Molecular Light Technology Limited, Gen-Probe Cardiff Limited's immediate parent company.

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 17. Reconciliation of movement in shareholders' fund/(deficit)

	2012 £	2011 £
At 1 January 2012	(3,333,502)	(2,838,805)
Profit/(loss) for the period	211,328	(554,097)
Share based payment	16,522	59,400
Additional capital contribution (see note 16)	3,512,266	-
At 30 September 2012	406,614	(3,333,502)

### 18. Share-based payments

The company has multiple equity-based compensation plans, by which employees are granted options and restricted awards to subscribe for ordinary shares in the ultimate parent company, Gen-Probe Incorporated. The pre-tax expense recognised in the company profit and loss account for share-based payments in respect of employee services received during the period to 30 September 2012 is £16,522 (2011 £59,400). The grant of these options by the parent company is shown as a capital contribution (note 16).

Following the acquisition of Gen-Probe Inc by Hologic Inc on 1 August 2012 all outstanding options vested and were paid out.

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

	2012 No	2012 WAEP	2011 No	2011 WAEP
Outstanding at 1 January	17,677	34.86	16,388	28.67
Granted during the period	-	-	11,000	39.24
Forfeited during the period	-	-	-	-
Exercised during the period	(17,677)	129.61	(9,711)	40.41
Expired during the period	-	-	-	-
Outstanding at 30 September	-	-	17,677	34.86
Exercisable at 30 September	-	-	1,119	30.56

No share options were outstanding at 30 September 2012. For the share options outstanding as at 31 December 2011, the weighted average remaining contractual life was 5.57 years and the range of exercise prices was £39.11-47.64. No options were granted during the period (for 2011 the weighted average fair value of options granted was £10.83).

## Notes to the financial statements

for the nine month period ended 30 September 2012

### 18. Share-based payments (continued)

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, restricted shares during the period

	2012 No	2012 WAEP	2011 No	2011 WAEP
Outstanding at 1 January	-	-	700	42.66
Granted during the period	-	-	-	-
Forfeited during the period	-	-	(700)	42.66
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at the end of the period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The determination of fair value of stock-based payment awards on the date of grant using the Black-Scholes-Merton model is affected by Gen-Probe's stock price and the implied volatility on its traded options, as well as the input of other subjective assumptions. These assumptions include, but are not limited to, the expected term of stock options and Gen-Probe's expected stock price volatility over the term of the awards.

The following table lists the inputs to the model used for the years ended 30 September 2012 and 31 December 2011

	2012	2011
Risk free interest rate	0.41%	1.66%
Volatility	39.70%	30.98%
Dividend yield	-	-
Expected term (years)	3.58	4.27
Resulting average fair value	\$11.20	\$17.34
	<u>\$11.20</u>	<u>\$17.34</u>

Gen-Probe determines the risk-free interest rate that it uses in the Black-Scholes-Merton option-pricing model based upon a constant U.S. Treasury Security with a contractual life that approximates the expected term of the option award.

Gen-Probe determines the expected volatility of its stock options granted by taking an average of its historical stock price changes (using daily pricing) and the implied volatility on its traded options.

Gen-Probe has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. Therefore, Gen-Probe used an expected dividend yield of zero in the Black-Scholes-Merton option-pricing model.

## **Notes to the financial statements**

**for the nine month period ended 30 September 2012**

### **18. Share-based payments (continued)**

The expected term of stock options granted represents the period of time that they are expected to be outstanding. In May 2006, Gen-Probe's stockholders approved an amendment and restatement of The 2003 Incentive Award Plan that decreased the maximum contractual term of prospective option grants from ten years to seven years. Corresponding with this change, Gen-Probe revised its determination of the expected term of options by applying a weighted-average calculation combining the average life of options that have already been exercised with the estimated life of all unexercised options.

### **19. Parent undertaking and controlling party**

The company's immediate parent undertaking is Molecular Light Technology Limited, a company registered in the United Kingdom.

With effect from 1 August 2012, following the acquisition of Gen-Probe Incorporated by Hologic, Inc on that date, the Directors consider the Company's ultimate parent company to be Hologic, Inc a company incorporated in the United States of America. The largest group in which the results of the Company were consolidated for the nine month period ended 30 September 2012 was that headed by Hologic, Inc. Copies of the consolidated accounts can be obtained from its registered office at 35 Cosby Drive, Bedford, Massachusetts, MA01730, USA.

For the period from 1 January 2012 to 31 July 2012 the ultimate parent company and controlling party was Gen-Probe Incorporated. Copies of the Gen Probe Incorporated consolidated accounts can be obtained from the Company's registered office at 10210 Genetic Center Drive, San Diego, CA92121, USA.

### **20. Related party transactions**

The Company has taken advantage of the exemption within FRS8 Related Party Transactions not to disclose transactions within the Group as consolidated financial statements for the nine month period ended 30 September 2012 were prepared by the ultimate Parent Company which can be obtained from its registered office at 35 Cosby Drive, Bedford, Massachusetts, MA01730, USA.

### **21. Event after the balance sheet date**

On the 29<sup>th</sup> May 2013 the freehold property at the Chiltern Close site was disposed of. The proceeds of this disposal were £410,000.