

Bio-Rad Laboratories Limited

(formerly Bio-Rad Limited and
Ludgate 104 Limited)

Financial statements 31 December 1996
together with directors' and auditors' reports

Registered number: 3044694



Directors' report

For the year ended 31 December 1996

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year to 31 December 1996.

Principal activity

The principal activity of the company is that of selling chemicals, infra-red spectra of chemical compounds and equipment for medical and research purposes.

Results and dividends

The audited financial statements for the year ended 31 December 1996 are set out on pages 4 to 13. The company's profit for the year after taxation was £184,000. This is the first year the company has traded. The directors do not recommend payment of a dividend.

The directors are satisfied with the company's performance in the year.

Future developments

The company continues to pursue its principal activities and the directors expect the general level of activity to continue.

Directors

The directors who served during the year were as follows:

D. Schwartz (Resident in the United States of America)
D.W. Forrester
Dr B.A. Zabin (Resident in the United States of America)

None of the directors had any beneficial interests in the shares of the company during the year which require disclosure under the Companies Act 1985.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the company's profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

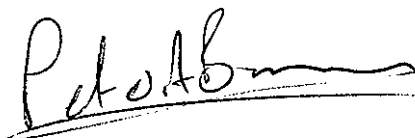
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as the company's auditors for the ensuing year.

Bio-Rad House
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TD

By order of the Board,

A handwritten signature in dark ink, appearing to read 'PA Burns', written over a horizontal line.

PA Burns
Secretary

15 October 1997

Auditors' report

St Albans

To the Shareholders of Bio-Rad Laboratories Limited:

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 circumstances of the company, 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 of the state of affairs of the company at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

3 Victoria Square
Victoria Street
St Albans
Herts AL1 3TF

15 October 1997.

Profit and loss account

For the year ended 31 December 1996

	Notes	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
Turnover	3	16,082	-
Cost of sales		(9,725)	-
Gross profit		6,357	-
Other operating expenses (net)	4	(5,999)	-
Operating profit		358	-
Interest receivable and similar income	5	9	-
Interest payable and similar charges	6	(69)	-
Profit on ordinary activities before taxation	7	298	-
Tax on profit on ordinary activities	9	(114)	-
Profit on ordinary activities after taxation, being profit for the financial year	16	184	-
Retained profit, beginning of year		-	-
Retained profit, end of year		184	-

All operations commenced during the current year. The trade was acquired from a fellow group undertaking on 31 December 1995. No operations were discontinued.

There are no recognised gains or losses in either period other than the profit for each period.

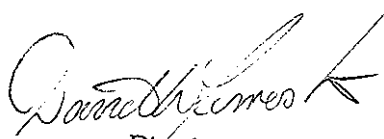
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	10	271	348
Current assets			
Stocks - finished goods		1,055	1,178
Debtors	11	3,911	2,565
Cash at bank and in hand		468	265
		5,434	4,008
Creditors: Amounts falling due within one year	12	(3,048)	(1,860)
Net current assets		2,386	2,148
Total assets less current liabilities		2,657	2,496
Creditors: Amounts falling due after more than one year	13	(2,260)	(2,263)
Provisions for liabilities and charges	14	(113)	(133)
Net assets		284	100
Capital and reserves			
Called-up share capital	15	100	100
Profit and loss account		184	-
Equity shareholders' funds	16	284	100

The financial statements on pages 4 to 13 were approved by the board of directors on 15 October 1997 and signed on their behalf by:



Director

DAVID FORRESTER

The accompanying notes are an integral part of this balance sheet.

Notes to financial statements

31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, are set out below.

a) Basis of accounting

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

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset, over their estimated useful lives, as follows:

Leasehold improvements	- over the life of the lease
Fixtures, fittings and equipment and motor vehicles	- 10%-50%

Residual value is calculated at prices prevailing at the date of acquisition.

c) Stocks

Stocks consist of goods held for resale and are valued at the lower of cost and net realisable value. Cost comprises purchase price from suppliers determined on a first-in, first-out basis plus freight and duty charges.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred upon disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

e) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

f) Pension costs

The company participates in a defined contribution pension scheme. The amount charged to the profit and loss account represents the amount of contributions payable by the company to the pension scheme in respect of the period. The assets are held separately from those of the company in an independently administered fund.

g) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

h) Turnover

Turnover comprises the amount receivable for goods and services supplied in the normal course of business, net of trade discounts, VAT and other sales related taxes.

i) Cash flow statement

The company has relied upon the exemption given in Paragraph 5(a) of Financial Reporting Standard Number 1 "Cash Flow Statements," from the obligation to present a cash flow statement as it is a wholly-owned subsidiary undertaking of a company, incorporated in the UK, which prepares a consolidated cash flow statement.

j) Related party transactions

The company has relied upon the exemption given by Paragraph 17 of Financial Reporting Standard Number 8 "Related Party Disclosures," not to disclose transactions with entities within the group headed by Bio-Rad Laboratories Inc.

Notes to financial statements (continued)

2 Acquisition of trade and assets of Bio-Rad Limited

On 31 December 1995 the company acquired the trade and net assets of Bio-Rad Limited, a fellow group undertaking. At 31 December 1995 the book and fair values of the assets and liabilities acquired were as follows:

	Book value £'000	Adjustments £'000	Fair value £'000
Fixed assets			
Tangible assets	348	-	348
Current assets			
Stocks - finished goods	1,178	-	1,178
Debtors	2,297	-	2,297
Amounts owed by other group undertakings	168	-	168
Cash	265	-	265
Total assets	<u>4,256</u>	<u>-</u>	<u>4,256</u>
Creditors			
Trade creditors	(93)	-	(93)
Other creditors	(59)	-	(59)
UK Corporation tax payable	(163)	-	(163)
Amounts due to other group undertakings	(1,329)	-	(1,329)
Accruals	(219)	-	(219)
Provisions			
Warranty costs	(133)	-	(133)
Total liabilities	<u>(1,996)</u>	<u>-</u>	<u>(1,996)</u>
Net assets	<u>2,260</u>	<u>-</u>	<u>2,260</u>
Satisfied by: intercompany loan			<u>(2,260)</u>
Goodwill			<u>-</u>

3 Segment information

The turnover and profit on ordinary activities before taxation are attributable to one activity, the sale of chemicals and equipment for medical and research purposes. All turnover was generated in the United Kingdom. The analysis of turnover by destination is given below:

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
United Kingdom	7,719	-
Europe	7,337	-
Middle East	490	-
Africa	339	-
Other	197	-
	<u>16,082</u>	<u>-</u>

Notes to financial statements (continued)

4 Other operating expenses (net)

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
Distribution costs	5,225	-
Administrative expenses	774	-
	<u>5,999</u>	<u>-</u>

5 Interest receivable and similar income

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
Bank interest income	<u>9</u>	<u>-</u>

6 Interest payable and similar charges

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
On amounts due to other group undertakings	<u>69</u>	<u>-</u>

7 Profit on ordinary activities before taxation is stated after charging

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
Depreciation - owned assets	232	-
Operating lease rentals - plant and machinery	7	-
- other	181	-
Exchange losses	<u>42</u>	<u>-</u>

Audit fees in respect of 1996 and 1995 were borne by the ultimate parent company. Fees paid to the auditors for non-audit work during 1996 amounted to £18,300 (period 11 April 1995 to 31 December 1995: £nil).

Notes to the financial statements (continued)

8 Staff costs

	Year ended 31 December 1996 Number	Period 11 April 1995 to 31 December 1995 Number
The average monthly number of employees (including directors) during the year was:		
Administration	18	-
Sales and distribution	44	3
	<u>62</u>	<u>3</u>
Employee costs during the year amounted to:	£'000	£'000
Wages and salaries	1,345	-
Social security costs	135	-
Other pension costs	50	-
	<u>1,530</u>	<u>-</u>
The ranges of directors' emoluments, excluding pension contributions were as follows:	Number	Number
Up to £5,000	2	6
£95,001 - £100,000	1	-
	<u>3</u>	<u>6</u>

Remuneration of £100,887, including pension contributions of £3,912, was paid to one director. The Chairman and the other director received no emoluments in 1996 for their services to the company. No director received remuneration for their services to the company for the period from 11 April 1995 to 31 December 1995.

9 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	Year ended 31 December 1996 £'000	Period 11 April 1995 to 31 December 1995 £'000
Corporation tax at 33%	184	-
Deferred taxation	(40)	-
	<u>144</u>	<u>-</u>
Adjustments in respect of prior years		
- current taxation	(30)	-
	<u>114</u>	<u>-</u>

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Notes to the financial statements (continued)

10 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
1 January 1996	23	318	7	348
Additions	-	155	-	155
Disposals	-	(8)	-	(8)
31 December 1996	23	465	7	495
Depreciation				
1 January 1996	-	-	-	-
Charge for the year	6	222	4	232
Disposals	-	(8)	-	(8)
31 December 1996	6	214	4	224
Net book value				
31 December 1995	23	318	7	348
31 December 1996	17	251	3	271

11 Debtors

	1996 £'000	1995 £'000
Amounts falling due within one year:		
Trade debtors	3,555	2,093
Amounts owed by group undertakings	166	268
Deferred tax asset (see note 14b)	40	-
VAT recoverable	1	32
Prepayments and accrued income	149	172
	<u>3,911</u>	<u>2,565</u>

12 Creditors: Amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	176	93
Amounts owed to group undertakings	2,301	1,329
Other creditors:		
- social security and PAYE	51	47
- UK corporation tax payable	184	163
- pension scheme	9	9
Accruals and deferred income	327	219
	<u>3,048</u>	<u>1,860</u>

Notes to the financial statements (continued)

13 Creditors: Amounts falling due after more than one year

	1996 £'000	1995 £'000
Amounts due to group undertakings	2,260	2,260
Other creditors	-	3
	<u>2,260</u>	<u>2,263</u>

Amounts due to other group undertakings represents the consideration due to Bio-Rad Limited on the acquisition of its trade and assets on 31 December 1995. No repayment date has been fixed for the group loans.

14 Provision for liabilities and charges

	1996 £'000	1995 £'000
a) Provision for warranties	<u>113</u>	<u>133</u>
The movement on the warranty provision during the year was as follows:		
	1996 £'000	1995 £'000
At start of period	133	-
Transferred in on acquisition of the trade and assets of another group undertaking	-	133
Utilised in year	<u>(20)</u>	<u>-</u>
31 December 1996	<u>113</u>	<u>133</u>

b) There is a net potential deferred tax asset of £93,000 at 31 December 1996 (1995: £19,000) which represents the excess of book depreciation over tax allowances claimed on tangible fixed assets and the tax effect of certain accruals and provisions. An asset of £40,000 has been recognised at 31 December 1996 (1995: £nil), on the grounds that in the directors opinion this will crystallise in future years.

15 Called-up share capital

	1996 £'000	1995 £'000
Authorised, allotted, called-up and fully paid		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

16 Reconciliation of movement in shareholders' funds

	1996 £'000	1995 £'000
Opening shareholders' funds	100	-
Shares issued	-	100
Retained profit for the financial year	<u>184</u>	<u>-</u>
Closing shareholders' funds	<u>284</u>	<u>100</u>

Notes to the financial statements (continued)

17 Guarantees and other financial commitments

a) Capital commitments

At 31 December 1996 there were no outstanding capital commitments (1995: £nil).

b) Lease commitments

The company has entered into non-cancellable operating leases in respect of motor vehicles and office equipment, the payments for which extend over periods of up to 4 years.

The minimum annual rentals under these leases are as follows:

	1996 £'000	1995 £'000
Operating leases which expire		
- within one year	13	34
- within 2-5 years	176	113
	<u>189</u>	<u>147</u>

c) Contingent liabilities

The company has made a Duty Deferment Guarantee to HM Customs and Excise of £400,000 (1995: £200,000).

d) Pension arrangements

The company participates in a defined contribution pension scheme. The pension cost charge for the year was £50,000 (period 11 April 1995 to 31 December 1995: £nil). At the end of the period there was an accrual for contributions of £9,284 (1995: £8,829).

18 Ultimate parent company

The company is a wholly-owned subsidiary undertaking of Bio-Metrics (UK) Limited, registered in England and Wales.

The ultimate parent company and largest group in which the results of the company are consolidated is that headed by Bio-Rad Laboratories Inc., incorporated in the United States of America. The consolidated financial statements of this group are available to the public and may be obtained from 1000 Alfred Noble Drive, Hercules, California 94547, USA.

The smallest group in which the results of the company are consolidated is that headed by Bio-Metrics (UK) Limited. The consolidated financial statements of this group are available to the public and may be obtained from Bio-Rad House, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TD.

The ultimate controlling party of the group is D. Schwartz.