

Registered No 3724725

## **Bruker Daltonics Limited**

### **Report and Financial Statements**

31 December 2010

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## **Bruker Daltonics Limited**

Registered No 3724725

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### **Directors**

R F Ladbury  
S Meyer-Plath  
S Ruge

### **Secretary**

R F Ladbury

### **Auditors**

Ernst & Young LLP  
No 1 Colmore Square  
Birmingham  
B4 6HQ

### **Bankers**

Barclays Bank Plc  
West Midlands Corporate Banking Centre  
PO Box 3333  
One Snowhill  
Birmingham  
B3 2WN

### **Solicitors**

Newsome Vaughan  
Greyfriars House  
Greyfriars Lane  
Coventry  
CV1 2GW

### **Registered office**

Banner Lane  
Coventry  
CV4 9GH

## Bruker Daltonics Limited

Registered No 3724725

### Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

#### Results and dividends

The profit for the year amounted to £159,606 (2009 profit of £78,637) The directors recommend no dividend for the year (2009 £nil)

#### Principal activities and review of the business

The principal activity of the company in the year under review was the manufacture and distribution of mass spectrometer and detection equipment

At the end of 2009, the trade of the life sciences and certain other non detection business related parts of the company were transferred to an associated company Bruker UK Limited The company continued to trade the contracts already in progress during 2010 The detection business promises strong growth based on the expected maturity of a number of major initiatives across abroad geographical area

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Bruker Daltonics Limited to continue as a going concern, or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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

	2010	2009	Change	Change
	£	£	£	%
Turnover	7,072,668	7,794,182	(721,514)	(9.26)
Operating profit	223,291	113,029	110,262	197.55
Profit after tax	159,606	78,637	80,969	202.97
Current assets as a % of current liabilities	135%	115%		20

Turnover decreased by 9.26% during the year, although all new life science trade has now transferred to Bruker UK Limited the strong opening order book plus the £1.2M increased revenue of detection equipment reduced the difference over the two financial years

Operating profit increased by 197.55% due mainly to the reduction of administration expenses of £100K as part of the company restructuring

Profit after tax also increased by 202.97% due to the above factor

Current assets as a % of current liabilities has increased by 20% due largely to the increase of stock purchased in advance of customer orders and the reduction in deferred income as customer deposits are not required for detection equipment

#### Financial instruments

The company did not participate in any form of hedging transactions during the current financial year Also, the company did not use forward exchange contracts relating to foreign currency transactions as the company purchases the majority of goods from fellow group companies Therefore, all foreign currency risk is incurred by the company

#### Principal risks and uncertainties

There are no other material exposure of the company relating to price risk, credit risk, liquidity risk, and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit for the company

## Bruker Daltonics Limited

Registered No 3724725

### Directors' report (continued)

#### Directors and their interests

The directors who served the company during the year were as follows

R F Ladbury

J Franzen (resigned 6th July 2011)

F Laukien (resigned 6th July 2011)

S Meyer-Plath

S Ruge

There are no directors' interests requiring disclosure under the Companies Act 2006

#### Directors' indemnities

The ultimate parent company, Bruker Corporation Inc, has indemnified all directors and officers of their subsidiary companies against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying indemnity insurance was in force during the year.

#### Disclosure of information to the auditors

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

#### Re-appointment of auditors

The directors have an elective resolution in place which dispenses with the need to hold an Annual General Meeting and appoint auditors annually.

By order of the board



R F Ladbury  
Secretary

29/09/11

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

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## **Independent auditors' report**

### **to the members of Bruker Daltonics Limited**

We have audited the financial statements of Bruker Daltonics Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 17. 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 on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Independent auditors' report (continued)**

**to the members of Bruker Daltonics Limited**

### **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
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Ernst & Young LLP*

Steven Bagworth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

*30 September 2011*

**Profit and loss account**  
for the year ended 31 December 2010

	Notes	2010 £	2009 £
<b>Turnover</b>	2		
Continuing operations		3,646,844	2,375,696
Discontinued operations		<u>3,425,824</u>	<u>5,418,486</u>
		7,072,668	7,794,182
<b>Cost of sales</b>			
Continuing operations		3,122,190	1,909,871
Discontinued operations		<u>2,459,672</u>	<u>4,406,701</u>
		5,581,862	6,316,572
<b>Gross profit</b>			
Continuing operations		524,654	465,825
Discontinued operations		<u>966,152</u>	<u>1,011,785</u>
		1,490,806	1,477,610
<b>Administrative expenses</b>			
Continuing operations		444,298	173,306
Discontinued operations		<u>823,217</u>	<u>1,191,275</u>
		1,267,515	1,364,581
<b>Operating profit / (loss)</b>	3		
Continuing operations		80,356	292,519
Discontinued operations		<u>142,935</u>	<u>(179,490)</u>
		223,291	113,029
Bank interest receivable	5	569	720
<b>Profit on ordinary activities before taxation</b>		<u>223,860</u>	<u>113,749</u>
Tax on profit on ordinary activities	6	64,254	35,112
<b>Profit for the financial year transferred to reserves</b>		<u>159,606</u>	<u>78,637</u>

Discontinued operations are in respect of the life sciences and other non-detection business transferred to the associated company Bruker UK Limited

**Statement of total recognised gains and losses**

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £159,606 in the year ended 31 December 2010 and of £78,637 in the year ended 31 December 2009



# Bruker Daltonics Limited

Registered No 3724725

## Balance sheet

at 31 December 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	7	<u>10,095</u>	<u>14,271</u>
<b>Current assets</b>			
Stocks	8	1,074,270	361,625
Debtors	9	664,420	2,443,821
Cash at bank and in hand		<u>291,322</u>	<u>438,351</u>
		2,030,012	3,243,797
<b>Creditors: amounts falling due within one year</b>	10	<u>1,494,005</u>	<u>2,822,165</u>
<b>Net current assets</b>		<u>536,007</u>	<u>421,632</u>
<b>Total assets less current liabilities</b>		546,102	435,903
<b>Provisions for liabilities and charges</b>	12	85,621	135,028
		<u>460,481</u>	<u>300,875</u>
<b>Capital and reserves</b>			
Called up share capital	15	50,000	50,000
Profit and loss account	16	410,481	250,875
<b>Equity shareholders' funds</b>	16	<u>460,481</u>	<u>300,875</u>

The financial statements were approved by the Board of Directors on 29 September 2011



R F Ladbury  
Director

## Notes to the financial statements

at 31 December 2010

### 1 Accounting policies

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and on a going concern basis as described in the Directors' report

#### ***Cash flow statement***

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

#### ***Tangible fixed assets and depreciation***

All fixed assets are initially recorded at cost. The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that a carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and equipment	-	20%
Motor vehicles	-	25%
Computer equipment	-	33%

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

#### ***Stocks***

Stock are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items. Demo stock is held for resale and is amortised over its useful life, the value is at net realisable value.

#### ***Deferred Taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

## Notes to the financial statements

for the year ended 31 December 2010

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must be met before revenue is recognised:

Sales of goods - revenue from the sales of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery or signed customer acceptance.

#### *Operating lease agreements*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### *Pension costs*

The company operates a defined contribution scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Warranty provisions*

Provision is made for liabilities arising in respect of potential warranty claims based on the historical experience of warranty claims made.

### 2. Turnover

Turnover represents goods sold and services provided, net of value added tax, in respect of contracts accepted by customers. Amounts invoiced on account of contracts that are not accepted are included in deferred income.

An analysis of turnover by geographical market is given below:

	2010	2009
	£	£
United Kingdom	3,637,251	5,358,575
Europe	27,505	601,463
Rest of World	3,407,912	1,834,144
	<u>7,072,668</u>	<u>7,794,182</u>

### 3. Operating profit

This is stated after charging/(crediting)

	2010	2009
	£	£
Auditors' remuneration - audit services	<u>5,000</u>	<u>7,375</u>
Depreciation of owned fixed assets	<u>4,176</u>	<u>2,436</u>
Operating lease rental - plant and machinery	4,562	47,503
Net loss/(profit) on foreign currency translation	<u>141,849</u>	<u>(81,349)</u>

## Notes to the financial statements

for the year ended 31 December 2010

### 4. Staff costs

	2010	2009
	£	£
Wages and salaries	362,756	1,033,865
Social security costs	42,071	118,344
Other pension costs (note 11)	8,035	29,659
	<u>412,862</u>	<u>1,181,868</u>

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

	2010	2009
	No	No
Directors	4	4
Selling and distribution	7	22
	<u>11</u>	<u>26</u>

Directors emoluments for the year were £nil (2009 £nil). The directors are remunerated from Bruker Daltonik GmbH and Bruker UK Limited. The directors consider that the level of their qualifying services provided to the company is inconsequential.

### 5 Interest receivable

	2010	2009
	£	£
Bank interest receivable	<u>569</u>	<u>720</u>

### 6 Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	2009
	£	£
<i>Current tax</i>		
UK Corporation tax	64,345	36,926
Adjustments in respect of previous periods	418	186
Total current tax (note 6(b))	<u>64,763</u>	<u>37,112</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(509)	(2,000)
	<u>64,254</u>	<u>35,112</u>

## Notes to the financial statements

for the year ended 31 December 2010

### 6 Tax (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	223,860	113,749
Profit on ordinary activities before taxation multiplied by standard rate of tax	62,681	31,850
Expenses not deductible for tax purposes	731	3,685
Capital allowances in excess of depreciation	933	1,392
Adjustments to tax charge in respect of previous period	418	186
Total current tax (note 6(a))	64,763	37,113

#### (c) Deferred tax

The deferred tax included in the Balance Sheet is as follows

	2010 £	2009 £
Included in debtors (note 9)	4,762	4,253
	2010 £	2009 £
Depreciation in excess of capital allowances	4,762	4,253
Deferred tax asset	4,762	4,253
		<i>Deferred tax asset</i>
		£
At 1 January 2010		4,253
Deferred tax charge in profit and loss account (note 6(a))		509
At 31 December 2010		4,762

#### (d) Factors affecting future tax changes

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the company's future tax position. As at the balance sheet date, the tax changes announced in the Budget were not 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the company's financial statements as at 31 December 2010.

The budget proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year, from April 2011, which will be enacted annually. The budget also proposed a decrease in the capital allowance rates available on plant and machinery and integral fixtures from 20% to 18% and 10% to 8% respectively from 1 April 2012. The above changes to the capital allowance and tax rates will impact the amount of the future cash tax payment to be made by the company.

## Notes to the financial statements

for the year ended 31 December 2010

### 7 Tangible fixed assets

	<i>Plant and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost			
1 January 2010	16,851	16,707	33,558
Disposals	(3,210)	-	(3,210)
31 December 2010	13,641	16,707	30,348
Depreciation			
1 January 2010	16,851	2,436	19,287
Charged in year	-	4,176	4,176
Disposals	(3,210)	-	(3,210)
31 December 2010	13,641	6,612	20,253
Net book value 31 December 2010	-	10,095	10,095
Net book value 1 January 2010	-	14,271	14,271

### 8 Stocks

	<i>2010</i>	<i>2009</i>
	£	£
Work in progress	874,574	68,956
Finished goods	199,696	292,669
	1,074,270	361,625

Trade difference between purchase price of stocks and their replacement cost is not material

### 9 Debtors

	<i>2010</i>	<i>2009</i>
	£	£
Trade debtors	520,632	2,097,479
Amounts owed by group undertakings	95,866	277,211
Prepayments and accrued income	27,325	64,878
Other debtors	15,835	-
Deferred taxation (note 6)	4,762	4,253
	664,420	2,443,821

### 10 Creditors: amounts falling due within one year

	<i>2010</i>	<i>2009</i>
	£	£
Trade creditors	7,341	384,728
Amounts owed to group undertakings	341,094	433,809
Corporation tax	84,081	56,662
Other taxation and social security costs	7,955	114,466
Other creditors	3,250	-
Accruals and deferred income	1,050,284	1,832,500
	1,494,005	2,822,165

## Notes to the financial statements

for the year ended 31 December 2010

### 11 Pensions

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £8,035 (2009 £29,659). There were no unpaid contributions outstanding at the year end.

### 12. Provisions for liabilities and charges

	<i>Maintenance warranties</i>
	<i>£</i>
At 1 January 2010	135,028
Profit and loss account movement during the year	(49,407)
At 31 December 2010	<u>85,621</u>

A provision is recognised for expected warranty claims on goods sold during the last year. It is expected that this expenditure will be incurred in the next financial year in accordance with the terms of the company standard warranty agreement.

### 13 Commitments under operating leases

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Other than land and buildings</i>	
	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Operating leases which expire		
In one year	-	4,974
In two to five years	-	20,152
	<u>-</u>	<u>25,126</u>

### 14 Related party transactions

Under FRS 8, the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that its results are included in Bruker Corporation consolidated financial statements.

## Notes to the financial statements

for the year ended 31 December 2010

### 15 Share capital

			2010 £	2009 £
<i>Authorised</i>				
Ordinary shares of £1 each			50,000	50,000
<i>Allotted, called up and fully paid</i>				
	2010 No	2009 No	2010 £	2009 £
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

### 16 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2009	50,000	172,238	222,238
Profit for the financial period	-	78,637	78,637
At 31 December 2009	50,000	250,875	300,875
Profit for the financial period	-	159,606	159,606
At 31 December 2010	50,000	410,481	460,481

### 17 Ultimate parent company

The company is a wholly owned subsidiary of Bruker Daltonics Inc at 31 December 2010, a company incorporated in the United States of America

The company regards Bruker Corporation as its immediate and ultimate parent undertaking and controlling party and is the smallest and largest group of which the company is a member and for which group accounts are prepared in the publicly traded company of Bruker Daltonics Inc. A copy of the group financial statements are available from 40 Manning Road, Billerica, MA01821, USA