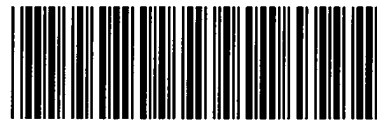


AMADA UNITED KINGDOM LIMITED

Report and Financial Statements

31 December 2014

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AMADA UNITED KINGDOM LIMITED

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AMADA UNITED KINGDOM LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company, Amada United Kingdom Limited (Amada UK) is a wholly owned subsidiary of Amada Co. Limited, registered in Japan, operating as part of its European operations. The Company also operates two branches, Amada United Kingdom Limited (Johannesburg Branch) which is registered in the Republic of South Africa and Amada United Kingdom Sucusal, registered in Spain. The results of the branches are included within these financial statements.

Amada United Kingdom Limited's principal activity is the supply of machines, tools and engineering services in the United Kingdom, the Republic of Ireland, Spain and Portugal. During 2014 the organisation has offered management support for some Scandinavian areas and will continue to do so in the coming years. Additionally the organisation is acting as an intermediate part of the group supply chain to Scandinavia.

The Directors are not aware, at the date of this report, of any significant changes in the forthcoming year.

The year has seen an increase in turnover and operating profit in the UK when compared to 2013. For the Spanish branch, trading conditions are slowly improving and Amada continue to grow turnover and market share in this market. The Company continues to invest in infrastructure and engineers, and the directors are confident the company can continue to grow the result.

As shown in the profit and loss account on page 7, the Company's turnover has increased by 22.7% (2013 increase: 5.7%) over the prior year, with pre tax profits increasing by 26.0% (2013 decrease: 27.5%) from £6.3 million to £8.0 million (2013 £8.8 million to £6.3 million). The profit improvement has been driven by a number of factors. Sales in the UK have been strong throughout 2014, and have also continued to grow in Spain, in line with our target of growing market share in this market. This increase in sales in both markets has fed through to an improvement in profit. The significant part of the growth in sales is as a result of trading with Amada businesses in Scandinavia. In the second half of 2014 Sterling strength against the Euro has also impacted positively on our result. The Johannesburg Branch, whilst seeing turnover and profitability decline from the prior year, has still delivered a positive result.

The balance sheet on page 8 shows that the financial position of the Company remains strong and is consistent with prior years showing steady growth. Stock levels have increased in comparison with last year. This primarily results from holding stock for the Scandinavian market.

Long term debtors – primarily Amada Loans, provided to customers, have increased by 22.9%, in line with the increase in turnover (2013 increased by 2.2%). This is a reflection of strong sales in the UK, allied to increased popularity of Amada Loan. Amounts owed to the parent company are shown in note 13 on page 17.

The refurbishment of the customer facilities into a state of the art technical centre referred to in the prior year report was completed during the year. A series of customer exhibitions have taken place in 2014 to showcase the facility with a significant number of orders taken as a result. The Spanish branch completed a move to a new facility in early 2015. It is expected that this will further enhance our offering in the Spanish market.

No significant events occurred after the balance sheet date that would have a significant effect on the company's financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company trades in a very competitive industry and the key risks are maintaining market share and the retention of skilled employees. The Company maintains its competitive status by introducing new products and providing market leading support. The Company recruits and seeks to retain the most talented people by supporting them to expand their skills and capabilities.

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The directors consider that the carrying value of trade receivables represents their recoverable amount.

STRATEGIC REPORT (continued)

While the majority of sales are in Sterling, purchases are primarily in Euros. Due to the current instability in exchange rates, this is viewed as an area of greater risk. To minimise the exposure to exchange rate fluctuations, currency rates are constantly reviewed and the timing of currency purchases is carefully considered.

KEY PERFORMANCE INDICATORS

The Company produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPI's") are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

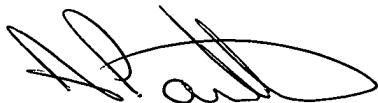
The table below sets out the key KPI's:

KPI	2014	2013
Turnover growth	22.7%	5.7%
Gross profit percentage	30.5%	32.0%
Overhead costs percentage (*)	23.7%	25.4%
Operating profit percentage	7.6%	6.9%
Return on sales (*2)	12.3%	12.0%
Revenue per employee (£'000)	308.7	260.3
Profit before tax per employee (£'000)	37.9	31.1

* - Overhead costs being defined as the sum of distribution costs and administrative expenses.

*2 – Return on sales being calculated as profit on ordinary activities before taxation divided by turnover.

Approved by the Board of Directors
and signed on behalf of the Board



A. Parrott

Director

31 March 2015

AMADA UNITED KINGDOM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

FUTURE PROSPECTS

Amada UK has set a conservative budget for 2015 in line with expected market growth but will still focus on engineering services and consumable sales to support customers. Financial strength and the Amada loan will be employed to overcome customer's credit shortage issues.

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities. In all activities, working practices, and business relationships, the Company continually works towards protecting, conserving and enhancing all aspects of the environment. In order to achieve these objectives, the Company seeks to always meet the necessary regulatory requirements and continues to raise awareness of all employees to environmental issues.

The Company will always seek to minimize its impact on the environment through improving our energy efficiency, use of all energy sources, use of raw materials and recycling wherever possible.

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 12.

The Company continues to invest in its engineering resources and in particular, the development of engineering staff for long term company growth.

All applications for employment are considered on the ability of the candidate to fulfil the requirements of the role, regardless of age, gender, sexual orientation, race or ethnic origin or disability.

Amada UK's policy is to inform and consult with its employees on relevant matters on a weekly, monthly and bi-annual basis through newsletters, governance meetings and companywide meetings.

FINANCIAL POSITION AND GOING CONCERN

The directors consider that the financial position of Amada UK at the end of the current year is satisfactory, with a strong balance sheet that provides a sound base for the Company to sustain its prosperity and progress in the short and long term. The Company does not rely on any form of external finance and has a strong cash position which is forecast to continue.

As previously stated the Company has set a conservative budget for the forthcoming year and will continue to focus heavily on customer support. As a result the directors believe that the Company is well positioned to manage the business and potential risks successfully and is confident that positive trading conditions will continue throughout the year.

After making enquiries, the directors have a reasonable expectation that the Company has sufficient resources to continue its operational existence for a period of at least 12 months. Accordingly they continue to adopt the going concern basis in the preparation of the annual report and financial statements.

DIVIDENDS AND TRANSFERS TO RESERVES

A final proposed dividend of £3,117,726 (2013: £2,370,545) is recommended by the directors, which will be accounted for on payment in 2015. Retained profits are shown on page 18 and have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the financial year, and to the date of signing the financial statements were as follows:

Alan Parrott
Eiichi Yagi
Tomohiro Yano

None of the directors have any disclosable interests, as defined by the Companies Act 2006, in the shares or share options of the company.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed a willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'A. Parrott', written over a horizontal line.

A. Parrott

Director

31 March 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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; 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 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 AMADA UNITED KINGDOM LIMITED

We have audited the financial statements of Amada United Kingdom Limited for the year ended 31 December 2014 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. 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, 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, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 December 2014 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 Strategic Report and 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, 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.



Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
1 April 2015

AMADA UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2014

	Note	2014 £	2013 £
TURNOVER	2	65,147,906	53,094,899
Cost of sales		(45,275,756)	(36,112,386)
Gross profit		19,872,150	16,982,513
Distribution costs		4,368,313	3,505,394
Administrative expenses		11,084,989	9,986,282
Other operating income	4	(530,907)	(169,647)
		14,922,395	13,322,029
OPERATING PROFIT		4,949,755	3,660,484
Interest receivable and similar income	5	3,047,591	2,684,536
Interest payable and similar charges	6	-	(102)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	7,997,346	6,344,918
Tax on profit on ordinary activities	9	(1,761,893)	(1,603,828)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17 / 18	6,235,453	4,741,090

All activities derive from continuing operations.

AMADA UNITED KINGDOM LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2014

	2014 £	2013 £
Profit for the financial year	6,235,453	4,741,090
Currency translation differences on foreign currency net investments	(744,175)	(2,084,060)
Total recognised gains and losses in the year	<u>5,491,278</u>	<u>2,657,030</u>

AMADA UNITED KINGDOM LIMITED

BALANCE SHEET

As at 31 December 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10	6,508,395		5,960,798	
Intangible assets	11	-		129,032	
Goodwill		26,548		28,459	
Investments		200		200	
			6,535,143		6,118,489
CURRENT ASSETS					
Stocks	12	24,080,517		19,290,272	
Debtors due within one year	13	28,172,879		27,654,164	
Debtors due after more than one year	13	32,419,954		26,381,864	
Cash at bank and in hand		13,623,919		12,223,533	
Short term investments		3,590,991		6,720,026	
		101,888,260		92,269,859	
CREDITORS: amounts falling due within one year	14	(24,444,713)		(17,530,391)	
NET CURRENT ASSETS			77,443,547		74,739,468
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			83,978,690		80,857,957
CAPITAL AND RESERVES					
Called up share capital	16		2,606,000		2,606,000
Profit and loss account	17		81,372,690		78,251,957
SHAREHOLDERS' FUNDS	18		83,978,690		80,857,957

The Board of Directors approved and authorised for issue the financial statements of Amada United Kingdom Limited, registered number 1063206 on 31 March 2015.

Signed on behalf of the Board of Directors



A. Parrott
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below. These have been applied consistently in the current and preceding period.

Accounting convention

The financial statements are prepared under the historical cost convention and on the going concern basis as disclosed in the financial position and going concern section of the Directors Report.

Consolidation exemption

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from the obligation to prepare and deliver consolidated financial statements under s401 of the Companies Act 2006 as it is a wholly owned subsidiary of Amada Co. Ltd, a company incorporated in Japan which produces group financial statements.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group.

Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation and any impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold residential buildings as depreciation would not be material, at rates calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold industrial / residential	2% per annum
Leasehold buildings	Over the term of the lease
Plant, machinery, fixtures and fittings	10 and 12.5% per annum
Motor vehicles	25% per annum

Investments

Investments are stated at cost less any provision for impairment.

Stocks

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. 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.

Turnover

Turnover comprises the invoice value of goods and services supplied by the company, exclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Finance leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Profit on equipment leased to customers under finance leases is released to the profit and loss account at the date the lease is assigned.

Other income and debtors include amounts receivable in respect of equipment leased to customers under finance leases. The related finance charges are recognised as income over the lease terms to give a constant rate of return.

Hire purchase

Profit on the sale of equipment sold under hire purchase contracts is taken at the date the goods are supplied. The hire purchase interest is released to profit and loss account on a reducing balance basis over the period of the agreement. Other income and debtors include amounts receivable in respect of equipment sold under hire purchase contracts. The related interest is recognised as income over the contract term to give a constant rate of return.

Operating leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the date.

The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Pension costs

The company operates a defined contribution scheme.

The cost of providing pensions is charged to the profit and loss account as the contributions are payable.

Finance costs

Finance costs of financial liabilities are recognised directly in the profit and loss account in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

2. TURNOVER

Geographical analysis of turnover

	By origin		By destination	
	2014	2013	2014	2013
	£	£	£	£
United Kingdom	52,399,754	36,461,721	44,413,874	34,901,721
South Africa	6,344,287	8,823,763	6,344,287	8,823,763
Europe	6,403,865	7,809,415	14,389,745	9,369,415
	<u>65,147,906</u>	<u>53,094,899</u>	<u>65,147,906</u>	<u>53,094,899</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014 £	2013 £
Directors' emoluments		
Emoluments	218,508	188,492
Pension contributions	16,568	15,002
	<u>235,706</u>	<u>203,494</u>
Amounts attributable to the highest paid director		
Emoluments	218,508	188,492
Pension contributions	16,568	15,002
	<u>235,706</u>	<u>203,494</u>
	No.	No.
Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>1</u>
Average number of persons employed		
Office and management	43	48
Sales, service and production	168	156
	<u>211</u>	<u>204</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	7,048,717	6,711,869
Social security costs	910,822	875,594
Other pension costs	272,829	270,795
	<u>8,232,368</u>	<u>7,858,258</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

4. OTHER OPERATING INCOME

	2014 £	2013 £
Rental income	28,131	27,569
Other income	502,144	138,975
Profit on sale of fixed assets	632	3,103
	<u>530,907</u>	<u>169,647</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Income from hire purchase	2,674,316	2,305,215
Interest receivable	373,275	379,321
	<u>3,047,591</u>	<u>2,684,536</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank interest	-	102
	<u>-</u>	<u>102</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £	2013 £
This is after charging:		
Rentals under operating leases		
Land and buildings	390,002	359,980
Other operating leases	582,178	540,239
Depreciation		
Owned assets	268,124	130,472
Leased assets	680	680
Auditors' remuneration		
Fees payable to the Company's Auditor for the audit of the annual financial statements	52,500	51,000
Fees payable to the Company's Auditor for other services:		
Review services	10,200	10,200
Tax services	61,700	45,000
Foreign exchange losses	202,073	1,123,647
	<u>202,073</u>	<u>1,123,647</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

8. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:	2014 £	2013 £
Final dividend for the year ended 31 December 2012 (£122.33 per ordinary share)		3,187,814
Final dividend for the year ended 31 December 2013 (£90.96 per ordinary share)	2,370,545	
	<u>2,370,545</u>	<u>3,187,814</u>

The proposed final dividend of £3,117,726 (£119.64 per ordinary share) is subject to approval by the shareholder at the Annual General Meeting and has not been included under FRS 21 as a liability in these financial statements.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities:

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at 21.50% (2013 – 23.25%) based on the profit for the year	1,742,793	1,474,757
Adjustment relating to prior year	(13,820)	(18,267)
Double taxation relief	(204,955)	(366,783)
	<u>1,524,018</u>	<u>1,089,707</u>
Foreign tax for current period	232,799	470,919
Total current tax charge	<u>1,756,817</u>	<u>1,560,626</u>
Deferred tax		
Timing differences, origination and reversal	(2,739)	42,069
Adjustment in respect of prior years	7,815	(849)
Effect of change in tax rate	-	1,982
Total deferred tax	<u>5,076</u>	<u>43,202</u>
Total Tax Charge	<u><u>1,761,893</u></u>	<u><u>1,603,828</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

(ii) Factors affecting tax charge for the current period:

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax of 21.50% (2013 – 23.25%)

	2014 £	2013 £
The differences are explained below		
Profit on ordinary activities before tax	7,997,346	6,344,918
Tax 21.50% (2013 – 23.25%) thereon	1,719,429	1,475,193
Expenses not deductible for tax purposes	20,968	48,462
Fixed asset timing differences	(44,878)	(48,293)
Movement in short term timing differences	18,539	(605)
Unrelieved foreign taxes	56,579	104,136
Prior period adjustments	(13,820)	(18,267)
	<u>1,756,817</u>	<u>1,560,626</u>

The Finance Act 2012 was enacted on 17 July 2012 and included provisions which reduced the main rate of UK Corporation Tax to 24% from 1 April 2012 and 23% from 1 April 2013.

Current tax has therefore been calculated at 23.25%, a blended rate of 24% up to 1 April 2013 and 23% thereafter. The Finance Act 2013 which provided for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013.

These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

AMADA UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2014

10. TANGIBLE FIXED ASSETS

	Freehold industrial £	Freehold residential £	Long and short leasehold £	Plant and Machinery £	Fixtures, fittings, equipment and motor vehicles £	Total £
Cost						
At 1 January 2014	5,110,522	419,922	74,748	995,494	433,901	7,034,587
Additions	763,205	-	-	70,162	23,879	857,246
Disposals	-	-	-	(42,998)	(1,898)	(44,896)
Foreign exchange translation difference	-	-	-	(14,926)	(7,901)	(22,827)
At 31 December 2014	5,873,727	419,922	74,748	1,007,732	447,981	7,824,110
Depreciation						
At 1 January 2014	3,686	-	71,633	602,126	396,344	1,073,789
Charge for the year	176,245	-	680	68,950	22,929	268,804
Disposals	-	-	-	(19,982)	(645)	(20,627)
Foreign exchange translation difference	-	-	-	376	(6,627)	(6,251)
At 31 December 2014	179,931	-	72,313	651,470	412,001	1,315,715
Net book value						
At 31 December 2014	5,693,796	419,922	2,435	356,262	35,980	6,508,395
At 31 December 2013	5,106,836	419,922	3,115	393,368	37,557	5,960,798

The value of freehold land not depreciated is £119,407 (2013: £119,407).

The net book value of short leasehold property included above is £2,435 (2013: £3,115).

11. INTANGIBLE ASSETS

During the year the intangible asset relating to the purchase of the rights to distribute Amada products in Spain from Amada Italia s.r.l was written off. It was considered that the asset was separately identifiable in order to carry out an annual impairment review.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

12. STOCKS

	2014	2013
	£	£
Finished goods and goods for resale	24,080,517	19,290,272

There is no material difference between the balance sheet value of stock and their replacement cost.

13. DEBTORS

Due within one year:	2014	2013
	£	£
Amounts receivable under finance leases and hire purchase agreements	11,463,554	11,115,717
Trade debtors	13,095,479	15,933,375
Amounts owed by group and related companies	2,423,577	5,080
Deferred taxation (note 15)	1,200	21,489
Other debtors	546,102	185,572
Prepayments	642,967	392,931
	<u>28,172,879</u>	<u>27,654,164</u>
Due after more than one year:		
Amount receivable under finance leases and hire purchase agreements	32,419,954	26,381,864

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Payments on account	1,012,034	514,010
Trade creditors	1,507,921	2,188,023
Amount owed to parent company	11,125,770	5,240,393
Amount owed to subsidiary company	113,490	113,490
Amount owed to other group companies	4,735,513	2,419,762
Deferred taxation (note 15)	35,122	50,335
UK corporation tax payable	507,032	385,704
Other taxes and social security	236,701	452,673
Other creditors	2,208,710	2,190,716
Accruals and deferred income	2,962,420	3,975,285
	<u>24,444,713</u>	<u>17,530,391</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2014

15. DEFERRED TAXATION

Deferred taxation

a) Movement on deferred taxation balance in the year

	2014	2013
	£	£
Opening balance	28,846	(14,356)
Charge to profit and loss account	5,076	43,202
	<u>33,922</u>	<u>28,846</u>
Closing balance	<u>33,922</u>	<u>28,846</u>

b) Analysis of deferred tax balance

	2014	2013
	£	£
Capital allowance in excess of depreciation	50,439	34,340
Short term timing differences	(16,517)	(5,494)
	<u>33,922</u>	<u>28,846</u>
	<u>33,922</u>	<u>28,846</u>

The company has no un-provided deferred taxation assets or liabilities at either the current or previous year end.

16. CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Allotted and fully paid		
26,060 Ordinary shares of £100 each	2,606,000	2,606,000
	<u>2,606,000</u>	<u>2,606,000</u>

17. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2014	78,251,957
Profit for the year	6,235,453
Dividend	(2,370,545)
Loss on foreign exchange conversion	(744,175)
	<u>81,372,690</u>
At 31 December 2014	<u>81,372,690</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	6,235,453	4,741,090
Dividends	(2,370,545)	(3,187,814)
	<u>3,864,908</u>	<u>1,553,276</u>
Other recognised gains and losses relating to the year	(744,175)	(2,084,060)
	<u>3,120,733</u>	<u>(530,784)</u>
Net addition to / (reduction in) to shareholders' funds		
Opening shareholders' funds	80,857,957	81,388,741
Closing shareholders' funds	<u>83,978,690</u>	<u>80,857,957</u>

19. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2014 (2013 - £nil).

Operating lease commitments

At 31 December the company was committed to making the following payments during the next year in respect of operating leases:

	2014		2013	
	Equipment and motor vehicles £	Land and buildings £	Equipment and motor vehicles £	Land and buildings £
Leases which expire:				
Within one year	95,278	-	185,949	-
Within two to five years	348,899	223,495	208,344	194,590
	<u>444,177</u>	<u>223,495</u>	<u>394,293</u>	<u>194,590</u>

20. CONTINGENT LIABILITIES

	2014 £	2013 £
Indemnities to bank for guarantees in the UK	80,000	80,000
Indemnities to Development Contractor	-	1,200,000

21. PENSION SCHEMES

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £272,829 (2013: £270,795). At 31 December 2014 there was a pension accrual amounting to £22,024 (2013: £21,463).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2014

22. ULTIMATE PARENT COMPANY AND RELATED PARTY DISCLOSURES

Control

The immediate and ultimate parent company and controlling party is Amada Co. Ltd., a company incorporated in Japan. Copies of its financial statements are available from 200 Ishida, Isehara - shi, Kanagawa, 259-11, Japan.

The company has taken advantage of the exemption contained in FRS 8 ("Related Party Transactions") which allows it not to disclose transactions with wholly owned group entities or investees of qualifying as related parties.