Financial Statements HORIBA Instruments

For the year ended 31 December 2012

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COMPANIES HOUSE

Company No. 01332851

Company information

Company registration number:	01332851
Registered office:	100 New Bridge Street LONDON EC4V 6JA
Directors:	R C Drake J Eaton S Knight H Kawamura T Nagano
Secretaries:	Abogado Nominees Limited Mrs A L Arnold
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Kettering Parkway Kettering Venture Park KETTERING Northants NN15 6XR

Index to the financial statements

Report of the directors

The directors present their report together with financial statements for the year ended 31 December 2012

Principal activities

During the period 1 January to 30 September 2012 the company was principally engaged in the assembly and distribution of analytical instruments, systems for testing engines and vehicles and in the distribution of fluid control devices On 1 October 2012 the company sold its trade and assets to HORIBA UK Limited and ceased trading On 27 November 2012 HORIBA Instruments Limited re-registered as an unlimited company in the name of HORIBA Instruments

Fair review of the business and future developments

The company traded for 9 months in 2012 In making comparisons with 2011, the 2011 figures have been reduced by 25% to provide an equivalent base

2012 was a difficult year compared to the previous 2 years Sales decreased by 46% to £15 6m compared to the high level achieved in 2011 The semiconductor business was particularly badly affected by the downturns in the photovoltaic and LED industries and recorded sales reduced by 79% to £4 2m On the other hand, sales to the automotive industry increased to 28% to £10 7m The sales of small scientific products recorded an increase of 19% to £180k

On 1 October 2012 the company sold its trade and assets to HORIBA UK Limited and ceased trading This was part of a corporate restructuring exercise intended to reduce the number of Group companies in the UK and thereby reduce overheads and improve efficiency There has been no disruption in the activities of the business as a result of this merger

There was a profit for the year after taxation amounting to £4,038,567 (2011 - £1,393,013) A profit of £3,799,185 was made on the sale of the business and £239,382 on the normal business activities to 30 September 2012 Dividends amounting to £7,796,001 were paid during the year leaving £373,686 retained (see note 5)

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks These risks have now been passed to HORIBA UK Limited and are discussed in the report of the directors of that company

Key performance indicators

Financial

1. Turnover and gross profit are key measures of the company's performance Sales for the year were £15 6m (2011 - £38 6m), and the gross profit was £3 3m (2011 - £5 9m)
2. Overall profitability is a key indicator of the company's performance The profit before tax for the financial year was £4 1m (2011 - £1 91m)
3. Net worth is seen as an important target for the business At the year end, the level of shareholders' funds was £0 37m (2011 - £5 2m)

Directors

The present membership of the Board is set out below

R C Drake
J A Eaton
H Kawamura
S A Knight
T Nagano

Financial risk management objectives and policies

The financial risk management has now been transferred to HORIBA UK Limited

Statement of directors' responsibilities

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 laws) 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 and 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 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

In so far as each of the directors are aware

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

Reduction of share capital

The share capital of the company was reduced to £1 by a cash payment to the shareholder on 27 November 2012 It is intended to strike the company off the UK register during 2013

Dividends

Dividends totalling £7,796,001 were paid during 2012 The directors recommend a dividend payment of £373,686 to be made in 2013 prior to the company being struck off the register in the UK

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

R. Drake

R C Drake
Director

Grant Thornton

Independent auditor's report to the members of HORIBA Instruments

(registered number 1332851)

We have audited the financial statements of HORIBA Instruments for the year ended 31 December 2012 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out 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 (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 directors, and the overall presentation of the financial statements

Opinion of the 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 2012 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

Grant Thornton

Independent auditor's report to the members of HORIBA Instruments

(registered number 1332851)

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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

Steve Robinson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering

27 February 2013

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Turnover

Turnover is the revenue arising from the sale of goods and services It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which maybe upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary and consolidated accounts are publicly available

Intangible fixed assets

Intellectual Property Rights are included at cost and amortised on a straight-line basis over their useful economic life of 4 years

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal monthly instalments from the month of purchase to the month of disposal The rates generally applicable are

Freehold buildings	2% per annum
Plant and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

Research and development

Research expenditure when incurred is charged to profits in the period in which it is incurred Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the projects All other development costs are written off in the year of expenditure

Stocks

Stocks are valued at the lower of cost and net realisable value

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All exchange differences are dealt with through the profit and loss account

Retirement benefits

Defined Contribution Pension Scheme
The pension costs charged against operating profits are the contributions payable in respect of the accounting period

Leased assets

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	2012 Discontinued operations £	2011 £
Turnover	1	**15,640,330**	38,614,783
Cost of sales		**(12,389,332)**	(32,690,219)
Gross profit		**3,250,998**	5,924,564
Other operating income and charges		**(2,976,666)**	(3,928,824)
Operating profit		**274,332**	1,995,740
Exceptional items			
Profit on the sale of business		**3,799,185**	-
		4,073,517	1,995,740
Net interest	2	**24,550**	(82,693)
Profit on ordinary activities before taxation	1	**4,098,067**	1,913,047
Tax on profit on ordinary activities	4	**(59,500)**	(520,034)
Profit on ordinary activities after taxation transferred to reserves	13	**4,038,567**	1,393,013

There were no recognised gains or losses other than the profit for the financial year

Balance sheet

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		-		2,403,470
Current assets					
Stocks	8	-		4,522,940	
Debtors	9	-		6,274,112	
Cash at bank and in hand		**373,687**		740,646	
		373,687		11,537,698	
Creditors: amounts falling due within one year	10	-		(8,701,078)	
Net current assets			**373,687**		2,836,620
Total assets less current liabilities			**373,687**		5,240,090
Provisions for liabilities and charges	11		-		(8,970)
			373,687		5,231,120
Capital and reserves					
Called up share capital	12		**1**		1,100,000
Profit and loss account	13		**373,686**		4,131,120
Shareholders' funds	14		**373,687**		5,231,120

These financial statements were approved by the directors and authorised for issue on 13 February 2013 and are signed on their behalf by

R. Drake.

R C Drake
Director

Company registration number 1332851

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

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

Turnover is attributable to the activities detailed in the Report of the Directors, and is attributable to the following geographical markets

	2012 £	2011 £
UK	**11,039,907**	15,910,859
Europe	**3,358,212**	20,635,669
Rest of World	**1,242,211**	2,068,255
	15,640,330	38,614,783

The profit on ordinary activities before taxation is stated after

	2012 £	2011 £
Auditor's remuneration	**10,000**	37,600
Depreciation		
Tangible fixed assets, owned	**197,878**	224,334
Other operating lease rentals	**84,221**	115,734
Foreign exchange losses	**62,171**	82,409

Liability Limitation Agreement with the auditor
The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2012 The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2009 Guidance on Auditor Liability Agreements, and was approved by the shareholder by special resolution on 3 February 2011

2 Net interest

	2012 £	2011 £
On bank loans and overdrafts	**28,301**	88,811
Other interest receivable and similar income	**(52,851)**	(6,118)
	(24,550)	82,693

3 Directors and employees

Staff costs during the year were as follows

	2012	2011
	£	£
Wages and salaries	**2,837,650**	4,025,592
Social security costs	**391,128**	562,140
Other pension and benefit costs	**512,339**	509,980
	3,741,117	5,097,712

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

	2012	2011
	Number	Number
Engaged in UK operations	**94**	92
Seconded to other group companies	**2**	4
	96	96

Remuneration in respect of directors was as follows

	2012	2011
	£	£
Emoluments (including benefits in kind)	**230,201**	400,993
Pension contributions to money purchase pension schemes	**34,856**	91,936
	264,557	492,929

Remuneration in respect of the highest paid director was as follows

	2012	2011
	£	£
Emoluments (including benefits in kind)	**85,867**	157,323
Pension contributions to money purchase pension schemes	**11,623**	34,737
	97,490	192,060

During the year 3 directors (2011 - 3) participated in money purchase pension schemes

4 Taxation on profit on ordinary activities

The tax charge represents

	2012 £	2011 £
Corporation tax @ 24 5% (2011 – 26 49%) and total current tax	**82,752**	542,831
Under/(over) provision in prior year	**(14,282)**	33
Total current tax	**68,470**	542,864
Origination and reversal of timing differences and total deferred tax (note 11)	**(8,970)**	(22,830)
Tax on profit on ordinary activities	**59,500**	520,034

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 24 5% (2011 – 26 49%) The differences are explained as follows

	2012 £	2011 £
Profit on ordinary activities before tax	**4,098,067**	1,913,047
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 – 26 49%)	**1,004,027**	506,826
Effects of		
Income not taxable	**(930,800)**	-
Expenses not deductible for tax purposes	**432**	14,405
Differences between capital allowances and depreciation	**36,232**	20,546
Adjustments to tax charge in respect of prior periods	**(14,282)**	33
Other timing differences	**(671)**	1,054
Group relief claimed	**(35,853)**	-
Tax credits	**415**	-
Current tax for the year	**59,500**	542,864

5 Dividends

	2012 £	2011 £
Ordinary shares - interim dividend of 63 3p (2011 - 98 6p) per share	**696,000**	1,085,000
- final dividend of 645 5p per share	**7,100,001**	-
	7,796,001	1,085,000

6 Intangible fixed assets

	Intellectual property rights £
Cost at 1 January 2012 and 31 December 2012	100,000
At 1 January 2012 and at 31 December 2012	100,000
Net book value at 31 December 2012	-
Net book value at 31 December 2011	-

7 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2012	2,471,292	2,523,255	14,627	5,009,174
Additions	-	143,981	18,235	162,216
Disposals	(2,471,292)	(2,667,236)	(32,862)	(5,171,390)
At 31 December 2012	-	-	-	-
Depreciation				
At 1 January 2012	564,464	2,026,613	14,627	2,605,704
Provided in the year	30,692	164,907	2,279	197,878
Disposals	(595,156)	(2,191,520)	(16,906)	(2,803,582)
At 31 December 2012	-	-	-	-
Net book value at 31 December 2012	-	-	-	-
Net book value at 31 December 2011	1,906,828	496,642	-	2,403,470

The gross amount of land and buildings on which depreciation was being provided was £1,854,365 (2011 - £1,887,011)

8 Stocks

	2012 £	2011 £
Raw materials and consumable stores	-	3,749,467
Work in progress	-	773,473
	-	4,522,940

9 Debtors

	2012	2011
	£	£
Trade debtors	-	4,302,503
Amounts owed by group undertakings	-	1,715,509
Prepayments and accrued income	-	256,100
	-	6,274,112

10 Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	-	2,270,000
Payments received on account	-	1,260,216
Trade creditors	-	692,722
Amounts owed to group companies	-	2,271,726
Social security and other taxes	-	322,725
Corporation tax	-	292,326
Other creditors and accruals	-	1,591,363
	-	8,701,078

11 Deferred taxation

Deferred taxation has been recognised in the financial statements as set out below

	2012	2011
	£	£
Accelerated capital allowances	-	20,728
Short term timing differences	-	(11,758)
	-	8,970

	£
Provision at 1 January 2012	8,970
Transferred to HORIBA UK Limited (note 4)	(8,970)
At 31 December 2012	-

12 Share capital

	2012	2011
	£	£
Authorised		
1,500,000 ordinary shares of £1 each	**1,500,000**	1,500,000
Allotted, called up and fully paid		
1 ordinary share of £1 each (2011 - 1,100,000)	**1**	1,100,000

On 28 November 2012 a special resolution was passed to extinguish 1,099,999 ordinary shares and consideration of £1,099,999 was repaid to the company's shareholder

13 Reserves

	£
At 1 January 2012	4,131,120
Dividends paid (note 5)	(7,796,001)
	(3,664,881)
Profit for the year	4,038,567
At 31 December 2012	**373,686**

14 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the year	**4,038,567**	1,393,013
Redemption of shares	**(1,099,999)**	-
Dividends paid	**(7,796,001)**	(1,085,000)
Net movement in shareholder's funds	**(4,857,433)**	308,013
Shareholders' funds at 1 January 2012	**5,231,120**	4,923,107
Shareholders' funds at 31 December 2012	**373,687**	5,231,120

The share capital of the company was reduced to £1 by a cash payment to the shareholder on 27 November 2012 It is intended to strike the company off the UK register during 2013

15 Capital commitments

There were no capital commitments at 31 December 2012 (2011 - £21,121)

16 Contingent liabilities

As at 31 December 2012 the company had no contingent liabilities (2011 - bank guarantees of £50,000 in respect of an HMRC import duty deferment facility)

17 Retirement benefits

Defined Contribution Pension Scheme
The company operates a group personal pension scheme for the benefit of all employees

18 Leasing commitments

Operating lease payments amounting to £nil (2011 - £97,425) are due within one year The leases to which these amounts relate expire as follows

	2012 Other £	2011 Other £
In one year or less	-	5,996
Between one and five years	-	91,429
	-	97,425

19 Transactions with related parties

As a wholly-owned subsidiary of HORIBA Europe GmbH, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by HORIBA Limited

20 Controlling related party

The parent undertaking of this company is HORIBA Europe GmbH, which is incorporated in Germany, by virtue of its ownership of 100% of the issued share capital of the company The ultimate controlling related party of this company is HORIBA Limited, incorporated in Japan Consolidated financial statements incorporating the results of HORIBA Instruments are prepared by the ultimate parent undertaking and are available from HORIBA, Ltd, 2 Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan and from the website, www horiba com