

SENSTRONICS HOLDINGS LIMITED

Report and Financial Statements

31 December 2012

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SENSTRONICS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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SENSTRONICS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J H Ditzkoff
K G Ward
T Koniordos
T Havholme

SECRETARY

Bird & Bird Company Secretaries Limited

REGISTERED OFFICE

90 Fetter Lane
London
EC4A 1EQ

SOLICITORS

Dorsey & Whitney LLP
21 Wilson Street
London
EC2M 2TD

AUDITOR

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

SENSTRONICS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the financial statements and independent auditor's report for the company for the year ended 31 December 2012. The directors' report has been prepared in accordance with the provisions of the Companies Act 2006 applicable to small companies.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The group is principally engaged in the design and manufacture of high pressure sensors that are sold through the various sales channels of its parent companies. Key markets for the company include Industrial, Mobile Hydraulics and HVAC/R.

Turnover for the year was 12% (£0.9M) higher compared to 2011 due to a 9% increase in the volume of units sold. The directors feel that this performance to market continues to demonstrate the broad appeal for the Senstronics pressure transducer line. Gross margin was impacted by the increase in sales as sample orders at minimum order pricing were replaced with high volume production orders at contract pricing.

The company procures 88% of its material needs from low cost regions, primarily China. These purchases are also mainly denominated in US Dollars which the company naturally hedges by invoicing most of its sales in US Dollars.

RESULTS AND DIVIDENDS

The group's profit for the financial year was £172,338 (2011: loss (£86,000)). The directors do not recommend the payment of a dividend (2011: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The group manufactures product that is sold into different markets by its parent companies. Competition is strong in these markets where performance, cost and package size are key differentiators. The directors feel that our products are well suited to compete globally despite increasing competition from both domestic and increasing competition from the Far East.

Treasury management is considered to be a high priority and is monitored on an ongoing basis in conjunction with the ultimate parent companies so as to optimise cash flow.

RESEARCH AND DEVELOPMENT

During the year the group continued its development of high pressure sensors. The associated costs amounted to £37,267 (2011: £27,725) and have been charged to the profit and loss account. This investment, which will continue in 2013, supports the opening of new market potential which will allow Senstronics to maintain its current growth rate.

FUTURE PROSPECTS

The directors continue to expect higher sales volumes in 2013 as the global economy continues to improve. New product development will continue to provide increased access to new applications and markets.

DIRECTORS

The directors who served during the year were as follows:

J H Dittkoff

K G Ward

K J Kuckelhahn (resigned 12 March 2013)

J Ulrich (resigned 12 March 2013)

T Koniordos (appointed 12 March 2013)

T Havholme (appointed 12 March 2013)

SENSTRONICS HOLDINGS LIMITED

DIRECTORS' REPORT

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note, on page 10 of the financial statements.

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 December 2012 were equivalent to 44 (2011: 38) days' purchases, based on the average daily amount invoiced by suppliers during the year.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



K G Ward

Director

Date 23rd Sept 2013

SENSTRONICS HOLDINGS LIMITED

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 group and parent company 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 group and company and of the profit or loss of the group 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 group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps that are reasonable open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSTRONICS HOLDINGS LIMITED

We have audited the financial statements of Senstronics Holdings Limited for the year ended 31 December 2012 set out on pages 6 to 20. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's 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.

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 by the parent company, 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.



Nick Plumb (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Date 24 September 2013

SENSTRONICS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 December 2012

	Note	2012 £000	2011 £000
TURNOVER	2	8,672	7,762
Cost of sales		<u>(5,249)</u>	<u>(4,676)</u>
GROSS PROFIT		3,423	3,086
Distribution costs		(237)	(290)
Administrative expenses		<u>(3,014)</u>	<u>(2,881)</u>
OPERATING PROFIT/(LOSS)	3	172	(85)
Interest payable and similar charges	5	<u>0</u>	<u>(1)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		172	(86)
Tax on profit/(loss) on ordinary activities	6	<u>0</u>	<u>0</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u><u>172</u></u>	<u><u>(86)</u></u>

There were no recognised gains or losses other than the profit or loss for the period, all of which is derived from continuing operations

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

SENSTRONICS HOLDINGS LIMITED

Registered number 05632471

CONSOLIDATED BALANCE SHEET At 31 December 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Intangible assets	7	3,216	3,463
Tangible assets	8	<u>617</u>	<u>814</u>
		<u>3,833</u>	<u>4,277</u>
CURRENT ASSETS			
Stock	10	836	642
Debtors	11	1,421	830
Cash		<u>854</u>	<u>602</u>
		3,111	2,074
CREDITORS: amounts falling due within one year	12	<u>(1,128)</u>	<u>(707)</u>
NET CURRENT ASSETS		<u>1,983</u>	<u>1,367</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,816</u>	<u>5,644</u>
NET ASSETS		<u>5,816</u>	<u>5,644</u>
CAPITAL AND RESERVES			
Called up share capital	13	108	108
Share premium account	14	10,811	10,811
Profit and loss account	14	<u>(5,103)</u>	<u>(5,275)</u>
TOTAL SHAREHOLDERS' FUNDS	14	<u>5,816</u>	<u>5,644</u>

These financial statements were approved by the Board of Directors on 23rd September 2013
Signed on behalf of the Board of Directors



K G Ward
Director

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

SENSTRONICS HOLDINGS LIMITED

Registered number 05632471

COMPANY BALANCE SHEET

As at 31 December 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Investments	9	10,919	10,919
		10,919	10,919
CREDITORS: amounts falling due within one year	12	(65)	(69)
NET CURRENT LIABILITIES		(65)	(69)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,854	10,850
NET ASSETS		10,854	10,850
CAPITAL AND RESERVES			
Called up share capital	13	108	108
Share premium account	14	10,811	10,811
Profit and loss account	14	(65)	(69)
TOTAL SHAREHOLDERS' FUNDS	14	10,854	10,850

These financial statements were approved by the Board of Directors on 23rd September 2013
Signed on behalf of the Board of Directors

K G Ward

Director

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

SENSTRONICS HOLDINGS LIMITED**CONSOLIDATED CASH FLOW STATEMENT****Year ended 31 December 2012**

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	16	<u>429</u>	<u>58</u>
Returns on investment and servicing of finance			
Interest received		<u>0</u>	<u>0</u>
		429	58
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(177)</u>	<u>(220)</u>
Increase/(decrease) in cash		<u>252</u>	<u>(162)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £000	2011 £000
Increase/(decrease) in cash in the year	252	(162)
Opening net funds	<u>602</u>	<u>764</u>
Closing net funds	<u>854</u>	<u>602</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, which have been applied consistently throughout the current and prior periods. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 December 2012. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2.

The group meets its day to day working capital requirements through cash resources and cash generated from operations. In addition the company and its subsidiary undertaking, Senstronics Limited, are the subject of a joint venture agreement under which the participating shareholders have agreed to make additional funds available to the group headed by Senstronics Holdings Limited in the event such funds are required.

The directors believe that the group is well placed to successfully manage its business risks. The risks may include economic conditions that could create an element of uncertainty over demand for the group's products and services. The group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the group is expected to have a sufficient level of financial resources available despite any economic uncertainty that may develop.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the value of sales of high pressure sensors to third parties, net of trade discounts and value added tax. Turnover is recognised when the sensors are despatched to third parties.

Research and development

Expenditure incurred on research and development is charged to the profit and loss account as incurred.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

The estimated useful life of the group's goodwill is 20 years.

Negative goodwill arising on consolidation in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any related goodwill/(negative goodwill).

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Tangible fixed assets

Tangible fixed assets are stated at acquisition cost less provision for impairment. Depreciation is charged to the profit and loss account so as to write off the cost of tangible fixed assets to their estimated residual value over their estimated useful economic lives using the straight line method.

The estimated useful economic lives are as follows

Plant and machinery 3 to 10 years

Fixtures, fittings and office equipment 3 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of raw materials plus all directly related conversion costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency

Monetary assets and liabilities held at the balance sheet date and denominated in foreign currency are translated at the rate of exchange prevailing at that date. Foreign currency transactions entered into during the year are translated at the rate of exchange prevailing at the date of the transaction. Exchange differences arising on these transactions are accounted for through the profit and loss account.

Leasing

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

The group operates an independently administered money purchase (defined contribution) pension scheme for all of its employees. Pension costs are recognised in the profit and loss account as they fall due.

Taxation

Current tax, including UK corporation 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 as reduced by the surrender of consortium relief to the group's consortium members at nil cost.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. 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.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

2. SEGMENTAL INFORMATION

	2012 £000	2011 £000
Turnover by destination		
United Kingdom	641	637
Rest of Europe	4,468	3,825
North America	2,876	2,625
China	665	632
Rest of World	22	43
	<u>8,672</u>	<u>7,762</u>

In the opinion of the directors all turnover is attributable to one continuing activity

3 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging / (crediting)

	2012 £000	2011 £000
Depreciation of tangible fixed assets - owned	374	351
Amortisation	247	247
Operating lease rentals		
- plant and machinery	2	2
- other assets	218	229
Research and development	37	28
Auditors' remuneration		
- audit	21	21
Exchange differences	<u>18</u>	<u>(15)</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

4. STAFF COSTS

(a) Staff costs

	2012 £000	2011 £000
Staff costs during the year		
Wages and salaries	1,743	1,719
Social security costs	168	160
Other pension costs	98	88
	<u>2,009</u>	<u>1,967</u>

The average monthly number of persons (including directors) employed by the company during the year was as follows

	2012 No	2011 No.
Average numbers of persons employed		
Directors	4	4
Finance and administration	9	9
Operations	60	63
	<u>73</u>	<u>76</u>

(b) Directors' emoluments

	2012 £000	2011 £000
Aggregate emoluments in respect of qualifying services	<u>0</u>	<u>0</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000	2011 £000
Bank interest payable	<u>0</u>	<u>1</u>
	<u>0</u>	<u>1</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit / (charge) is based on the results for the year and comprises

	2012 £000	2011 £000
Current tax		
UK corporation tax	0	0
Adjustment in respect in prior periods	0	0
Total current tax	<u>0</u>	<u>0</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 24.5% (2011 26.5%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation

	2012 £000	2011 £000
Profit/(loss) before tax	172	(86)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	42	(23)
Effects of		
Expenses not deductible	80	87
Consortium relief surrendered for nil consideration	0	1
Accelerated capital allowances	73	75
Other timing differences	1	2
Utilisation of tax losses	(196)	(142)
Current tax	<u>0</u>	<u>0</u>

Factors that may affect the future charges

At the balance sheet date the group had unutilised trading losses of approximately £11,219,542 (2011 £12,018,836) available to carry forward against future taxable profits

The group has unprovided deferred tax assets amounting to £3,404,08 (2011 £3,824,077). The assets have not been recognised in the financial statements due to uncertainty over their recovery in the future. During the year there was consortium relief where amounts were surrendered for nil consideration.

The unprovided deferred tax assets are as follows

	2012 £000	2011 £000
Accelerated capital allowances	816	812
Losses	2,580	3,005
Other short term timing differences	8	7
	<u>3,404</u>	<u>3,824</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

Finance Act 2012 included legislation to reduce the main rate of corporation tax to 23% from 1 April 2013. The unrecognised deferred asset disclosed has therefore been reduced to reflect the reduction in rate to 23%.

Finance Act 2013 includes legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As this had not been substantively enacted at the balance sheet date, the unrecognised deferred tax asset disclosed has not been reduced. The impact of the rate reductions will be reported in the next reporting period following the substantive enactment of the relevant legislation.

Substantive enactment of the full reduction to 20% would reduce the unrecognised deferred tax assets disclosed by approximately £443,000.

7. INTANGIBLE ASSETS- GROUP

	Goodwill £000
Cost	
At 1 January 2012 and 31 December 2012	<u>4,946</u>
Amortisation	
At 1 January 2012	1,483
Charge for the year	<u>247</u>
At 31 December 2012	<u>1,730</u>
Net book value	
At 31 December 2012	<u>3,216</u>
At 1 January 2012	<u>3,463</u>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. Goodwill of £4,946,000 arose on the acquisition of Senstronics Limited. Goodwill is being amortised in full, on a straight line basis, over 20 years. In the opinion of the directors this represents a prudent estimate of the period over which the group will derive direct economic benefit from the business acquired.

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

8. TANGIBLE FIXED ASSETS - GROUP

	Plant & equipment £000	Fixtures, fittings and office equipment £000	Assets under Construction £000	Total £000
Cost				
At 1 January 2012	4,127	10	4	4,141
Additions	89	6	82	177
At 31 December 2012	4,216	16	86	4,318
Depreciation				
At 1 January 2012	3,323	4	0	3,327
Charge for the year	372	2	0	374
At 31 December 2012	3,695	6	0	3,701
Net book value				
At 31 December 2012	521	10	86	617
At 1 January 2012	804	6	4	814

9. FIXED ASSET INVESTMENTS – COMPANY

	Subsidiary undertakings £000	Total £000
Cost		
At 1 January 2012 and 31 December 2012	10,919	10,919
Impairment		
At 1 January 2012 and 31 December 2012	0	0
Net book value		
At 31 December 2012	10,919	10,919
At 1 January 2012	10,919	10,919

Principal subsidiary undertakings

The company owns the share capital of the following subsidiary undertaking

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Principal activity</u>	<u>Class</u>	<u>%</u>
Senstronics Limited	England and Wales	Design, manufacture and distribution of high pressure sensors	Ordinary	100

At 31 December 2012 Senstronics Limited had aggregate capital and reserves of £2,664,793 (2011 - £2,249,454) and made a profit after tax for the year then ended of £415,338 (2011 £162,778)

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

10. STOCKS – GROUP

	2012 £000	2011 £000
Raw materials and consumables	744	497
Work in progress	62	53
Finished goods	30	92
	<u>836</u>	<u>642</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Trade debtors	121	0	1	0
Amounts owed by other group undertakings	1,110	0	455	0
Other debtors	21	0	110	0
Prepayments and accrued income	169	0	264	0
	<u>1,421</u>	<u>0</u>	<u>830</u>	<u>0</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 Group £000	2012 Company £000	2011 Group £000	2011 Company £000
Trade creditors	886	0	374	0
Amounts owed to related undertakings	1	63	86	67
Other taxation and social security	46	0	41	0
Other creditors	68	0	63	0
Accruals and deferred income	127	2	143	2
	<u>1,128</u>	<u>65</u>	<u>707</u>	<u>69</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

13. CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Called up. Allotted and fully paid		
5,413,456 "A" Ordinary shares of £0.01 each	54	54
5,413,456 "B" Ordinary shares of £0.01 each	54	54
	<u>108</u>	<u>108</u>

The "A" and "B" Ordinary shares rank pari passu in all respects

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES GROUP

	Share Capital £000	Share premium account £000	Profit and loss account £000	Total Share- holders' Funds £000
At 1 January 2011	108	10,811	(5,189)	5,730
Retained loss for the year	0	0	(86)	(86)
At 1 January 2012	108	10,811	(5,275)	5,644
Retained profit for the year	0	0	172	172
At 31 December 2012	<u>108</u>	<u>10,811</u>	<u>(5,103)</u>	<u>5,816</u>

COMPANY

	Share Capital £000	Share premium account £000	Profit and loss account £000	Total Share- holders' Funds £000
At 1 January 2011	108	10,811	(67)	10,852
Retained profit for the year	0	0	(2)	(2)
At 1 January 2012	108	10,811	(69)	10,850
Retained profit for the year	0	0	4	4
At 31 December 2012	<u>108</u>	<u>10,811</u>	<u>(65)</u>	<u>10,854</u>

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2012 £000	Other 2012 £000	Land and buildings 2011 £000	Other 2011 £000
Expiry date				
- within one year	0	2	0	5
- between two and five years	220	3	220	8
- after five years	0	0	0	0
	<u>220</u>	<u>5</u>	<u>220</u>	<u>13</u>

16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2012 £000	2011 £000
Operating profit/ (loss)	172	(85)
Depreciation	374	351
Amortisation	247	247
Increase in stock	(194)	(125)
(Increase) / decrease in debtors	(591)	58
Increase / (decrease) in creditors	421	(388)
Net cash flow from operating activities	<u>429</u>	<u>58</u>

(b) Analysis of net funds

	2012 £000
Cash at bank and in hand	
At 1 January 2012	602
Cash flows	<u>252</u>
At 31 December 2012	<u>854</u>

17. PENSIONS

The group contributes to an individual money purchase pension scheme for the benefit of the employees. The assets of the schemes are in funds independent from those of the companies. The amount outstanding as at 31 December 2012 was £9,461 (2011 £8,818).

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is jointly controlled by Danfoss A/S, incorporated in Denmark, and Launchchange Limited (a subsidiary of Danaher Corporation, incorporated in the United States of America), who each own 50% of the ordinary shares of the company.

SENSTRONICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

19. RELATED PARTY DISCLOSURES

Group

Danfoss A/S and Danaher Corporation each control 50% of the share capital of Senstronics Holdings Limited, the company's immediate parent undertaking

The following related party transactions occurred during the year with companies that are under the control of either Danfoss A/S or Danaher Corporation

Sales of £637,161 (2011 £632,024) were made to Danaher UK Industries Limited. At 31 December 2012, a balance of £229,007 (2011 £104,789) was due from Danaher UK Industries. Purchases of £619 (2011 £18,981) were made from Danaher UK Industries Limited and a balance of £407 (2011 £138) was owed to Danaher UK Industries at 31 December 2012.

Sales of £623,225 (2011 £528,185) were made to Danaher Setra-ICG (Tianjin) Co Limited. The balance outstanding from (2011 to) Danaher Setra-ICG (Tianjin) Co Limited at 31 December 2012 was £9,369 (2011 £51,765).

Sales of £21,727 (2011 £42,603) were made to Danaher ICG Japan Co Limited. The balance outstanding at 31 December 2012 was £921 (2011 £3,352).

Sales of £714,707 (2011 £439,873) were made to Setra Systems Inc. The balance outstanding at 31 December 2012 was £92,599 (2011 £100,508).

Sales of £4,470,014 (2011 £3,820,487) were made to Danfoss A/S. The balance outstanding at 31 December 2012 was £436,293 (2011 £53,318). Purchases of £Nil (2011 £8,047) were made from Danfoss A/S and a balance of £Nil (2011 £Nil) was owed to Danfoss A/S at 31 December 2012.

Purchases of £61,310 (2011 £4,751) were made from Danfoss Shanghai Automatic Controls and a balance of £Nil (2011 £Nil) was owed to Danfoss Shanghai Automatic Controls at 31 December 2012.

Sales of £2,149,857 (2011 £2,176,013) were made to Gems Sensors Inc. At 31 December 2012, a balance of £338,348 (2011 £142,401) was owed by Gems Sensors Inc. Purchases of £595 (2011 £3,847) were made from Gems Sensors Inc and a balance of £Nil (2011 £Nil) was owed to Gems Sensors Inc at 31 December 2012.

Sales of £41,428 (2011 £104,141) were made to Danfoss (Tianjin) Limited. The balance outstanding at 31 December 2012 was £2,975 (2011 £50,618).

Purchases of £Nil (2011 £18,970) were made from Keithley Instruments Limited and a balance of £Nil (2011 £Nil) was owed to Keithley Instruments Limited at 31 December 2012.

Purchases of £2,996 (2011 £43,489) were made from Fluke Corporation and a balance of £Nil (2011 £33,745) was owed to Fluke Corporation at 31 December 2012.

Purchases of £406 (2011 £477) were made from Hach Lange and a balance of £Nil (2011 £Nil) was owed to Hach Lange at 31 December 2012.

All amounts due to / from the company by related parties at the balance sheet date, as set out above, are included in amounts owed by / to related undertakings in notes 11 and 12 respectively.

Company

Included within creditors falling due within one year is £63,040 (2011 - £67,040) owed to Senstronics Limited, a wholly owned subsidiary.