

HBM United Kingdom Limited
(formerly nCode International Ltd)

Directors' Report and Financial Statements

Registered number 1589921
31 December 2012

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Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2012

HBM United Kingdom Limited is registered with company number 1589921

Principal activities

The principal activity of the Company during the period continued to be the development and sale of engineering related computer software packages together with the sale of high precision test and measurement sensor products. The core product is used by thousands of engineers worldwide, working in design and development teams in the vehicle, aerospace, offshore, power generation and defence industries.

Business review

The business continues to supply standard products used by thousands of engineers in 'blue chip' global customers, working in test, design and development teams in a broad range of industries. Our products and experience help customers worldwide eliminate unexpected product failures by measuring and converting durability, performance and operational data into information from which decisions can be made that add value through improved reliability and reduced costs.

Despite continued challenging trading conditions the Directors are satisfied with the results for the 12 months to December 2012. Overall sales increased by 11%. Sales of traditional software and services increased by £0.7m (13%), sales of the traditional HBM Hardware product range increased by £0.2m (7%). The gross margin % increased to 74% (2011: 73%) reflecting the increasing volume of high margin software sales. Overheads increased but to a lesser extent by £0.3m (7%) and hence the Profit and Loss on page 6 shows solid growth in operating profit from operations of £2,195,000 (2011: £1,743,000) and a return on sales of 23% (2011: 21%).

The directors anticipate that the current level of profitability will continue in the year ended 31 December 2013.

Key indicators

The KPIs used by the Company to review its operational performance include Sales growth, gross and operating margin percentage and debtor days outstanding. The actual results are reviewed against budget, monthly forecasts and prior year. These KPIs are reported on monthly and form part of the overall strategy of the business to aid decision making and improve performance.

Research and development

The Company continues with an active programme of investment and development of its products, in particular, the Company will focus on development needs to enable the business to take advantage of opportunities in targeted alternative business sectors.

Dividends paid and proposed

The Company's profit for the financial period is £1,618,000 (2011: £1,264,000). The directors proposed no dividends during the period (2011: £nil).

31 December 2012

Directors and directors' interests

The directors who held office during the year are given below

Andreas Huellhorst
James Webster
Roger Stephens
Michael Johnson

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each 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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



S Fleet
Company Secretary

Advanced Manufacturing Park
Technology Centre
Brunel Way
Catcliffe
Rotherham
South Yorkshire
S60 5WG

13 June 2013

31 December 2012

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of HBM United Kingdom Limited (formerly nCode International Limited)

We have audited the financial statements of HBM United Kingdom Limited (formerly nCode International Limited) for the year ended 31 December 2012 as set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements, 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements
give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
have been properly prepared in accordance with UK 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.

Independent auditor's report to the members of HBM United Kingdom Limited (formerly nCode International Limited) (continued)

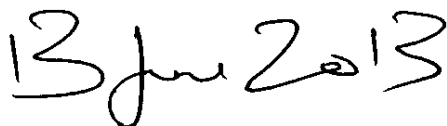
Matters on which we are required to report by exception

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



Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW



31 December 2012

Profit and Loss Account
for the year ended 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Turnover	2	9,395	8,496
Cost of Sales		(2,434)	(2,301)
Gross Profit		6,961	6,195
Administrative expenses		(4,766)	(4,452)
Operating Profit		2,195	1,743
Interest receivable and similar income	6	25	16
Interest payable and similar charges	7	(55)	(55)
Profit on ordinary activities before taxation		2,165	1,704
Tax on profit/(loss) on ordinary activities	8	(547)	(440)
Profit for the period		1,618	1,264

Results for the year ended 31 December 2012 and 31 December 2011 are derived wholly from continuing operations

Notes from pages 9 to 18 form part of these financial statements

The company has no recognised gains or losses other than the profits above in the current and prior year and therefore no other separate Statement of Total Gains and Losses has been presented

There is no difference between the profit stated above and their historical cost equivalents

31 December 2012

Balance Sheet
at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	9	1,809	1,922
Tangible assets	10	<u>246</u>	<u>186</u>
		2,055	2,108
Current assets			
Stocks	11	57	41
Debtors	12	5,722	3,955
Cash at bank and in hand		<u>403</u>	<u>266</u>
		6,182	4,262
Creditors: amounts falling due within one year	13	<u>(2,444)</u>	<u>(2,195)</u>
Net current assets/(liabilities)		3,738	2,067
Total assets less current liabilities		5,793	4175
Creditors: amounts falling due after more than one year	14	<u>(1,500)</u>	<u>(1,500)</u>
Net assets		<u>4,293</u>	<u>2675</u>
Capital and reserves			
Called up share capital	15	98	98
Share premium account	16	466	466
Profit and loss account	16	<u>3729</u>	<u>2111</u>
Shareholders' funds		<u>4,293</u>	<u>2675</u>

Notes from pages 9 to 18 form part of these financial statements

These financial statements were approved by the board of directors on
signed on its behalf by

13 June 2013 and were



M Johnson
Director

Registered number 1589921

31 December 2012

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 December 2012

	31 December 2012 £'000	31 December 2011 £'000
Profit for the financial period	1618	1,264
Retained profit	1618	1,264
Net increase in shareholders' funds	1618	1,264
Opening shareholders' funds	2675	1,411
Closing shareholders' funds	4,293	2,675

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Spectris plc, the Company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Spectris plc, within which this Company is included, can be obtained from the address given in note 20

The Company's forecast and projections suggest profitability for the foreseeable future The Company has a positive net asset position and a positive cash balance The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) arising on business combinations is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is determined by the directors to be 20 years

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold improvements - Remainder of lease term
Fixtures & Fittings - 5 to 10 years
Computer Equipment - 3 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Research expenditure is recognised as an expense as incurred.

Stocks

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable varying selling expenses.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the value of services supplied. Turnover from annual service and maintenance contracts and annual software licenses are recognised over the period of the contract. Income relating to future accounting periods is included in deferred income.

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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Notes (continued)

2 Analysis of turnover

	31 December 2012 £'000	31 December 2011 £'000
<i>By geographical market</i>		
UK	4,039	4,069
Europe	1,637	1,186
North America	2,627	2,155
Far East & Rest of the World	1,092	1,086
	9,395	8,496

3 Notes to the profit and loss account

	31 December 2012 £'000	31 December 2011 £'000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	74	58
Amortisation of intangible assets	113	113
Hire of other assets - operating leases	225	222
Research and development expenditure	13	18
<i>Auditor's remuneration</i>		
	31 December 2012 £'000	31 December 2011 £'000
Audit of these financial statements – KPMG	32	30

31 December 2012

Notes (continued)

4 Remuneration of directors

	31 December 2012 £'000	31 December 2011 £'000
Director's emoluments	114	64
Company contributions to money purchase pension schemes	6	4
	<u>120</u>	<u>68</u>

All remaining directors were remunerated by other Group companies, including LTIP awards from Spectris plc

	Number of Directors	
	31 December 2012	31 December 2011
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>1</u>	<u>1</u>

Retirement benefits accruing to the remaining directors are disclosed in the relevant accounts

31 December 2012

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	31 December 2012	31 December 2011
Technical and professional	53	54
General and administration	4	4
	<u>57</u>	<u>58</u>

The aggregate payroll costs of these persons were as follows

	31 December 2012 £'000	31 December 2011 £'000
Wages and salaries	2,709	2,644
Social security costs	310	279
Other pension costs	238	191
	<u>3,257</u>	<u>3,114</u>

6 Other interest receivable and similar income

	31 December 2012 £'000	31 December 2011 £'000
On all intercompany loans	24	13
Other – external interest receivable	1	3
	<u>25</u>	<u>16</u>

7 Interest payable and similar charges

	31 December 2012 £'000	31 December 2011 £'000
On all intercompany loans	55	55
External interest payable	-	-
	<u>55</u>	<u>55</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	31 December 2012 £'000	31 December 2011 £'000	£'000
<i>UK corporation tax</i>			
Current tax on income for the period	544	464	
Adjustments in respect of prior periods	(3)	(33)	
Total current tax		541	431
<i>Deferred tax</i>			
Origination/reversal of timing differences	6	9	
Total deferred tax		6	9
Tax charge on profit on ordinary activities		547	440
<i>Factors affecting the tax charge for the current period</i>	31 December 2012 £'000	31 December 2011 £'000	
Current tax reconciliation			
Profit/(loss) on ordinary activities before tax	2,165	1,704	
Current tax at 24.5% (2011: 26.5%)	530	452	
Effects of			
Expenses not deductible for tax	17	18	
Capital allowances for period in excess of depreciation	(6)	(9)	
Adjustments to tax charge in respect of previous periods	(4)	(33)	
Tax rate change	4	3	
Total current tax charge (see above)		541	431

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Notes (continued)

9 Intangible fixed assets

	Goodwill £'000
Cost	
At beginning and end of year	2,261
Amortisation and impairment	
At beginning of year	339
Charged in year	113
At end of year	452
Net book value At 31 December 2012	1,809
At 31 December 2011	1,922

10 Tangible fixed assets

	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At beginning of year	712	120	832
Additions	134	-	134
Disposals	(2)	-	(2)
At end of year	844	120	964
Depreciation			
At beginning of year	532	114	646
Charge for year	72	2	74
On disposals	(2)	-	(2)
At end of year	602	116	718
Net book value At 31 December 2012	242	4	246
At 31 December 2011	180	6	186

31 December 2012

Notes (continued)

11 Stocks

	31 December 2012 £'000	31 December 2011 £'000
Finished goods and goods for resale	57	41

12 Debtors

	31 December 2012 £'000	31 December 2011 £'000
Trade debtors	860	802
Amounts owed by group companies	4,677	2,955
Other debtors	6	10
Prepayments and accrued income	137	140
Deferred tax	42	48
	5,722	3,955

13 Creditors amounts falling due within one year

	31 December 2012 £'000	31 December 2011 £'000
Trade creditors	114	170
Amounts owed to group companies	213	222
Corporation tax	541	466
Taxation and social security	192	230
Accruals	843	731
Deferred income	541	376
	2,444	2,195

14 Creditors amounts falling due after more than one year

	31 December 2012 £'000	31 December 2011 £'000
Amounts owed to group companies	1,500	1,500

31 December 2012

Notes (continued)

15 Called up share capital

	31 December 2012 £'000	31 December 2011 £'000
Authorised		
Ordinary shares of £1 each	98	98
Allotted, called up and fully paid		
Ordinary shares of £1 each	98	98

16 Share premium and reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	466	2,111
Profit for the year	-	1,618
At end of year	466	3,729

17 Contingent liabilities

With other members of the Spectris Group, the Company has guaranteed facilities made available to Spectris plc, in respect of which the following amounts were outstanding at 31 December 2012

	31 December 2012 £'000	31 December 2011 £'000
Royal Bank of Scotland	3,000	4,000

31 December 2012

Notes (continued)

18 Commitments

At 31 December 2012 the Company had lease agreements in respect of properties, vehicles, plant and equipment, for which the payment terms extend over a number of years, as follows

	31 December 2012 £'000	31 December 2011 £'000
Commitments under non cancellable operating leases expiring		
Within one year	155	21
Between two and five years	205	397
	360	418

19 Pension scheme

The Company has established a pension scheme covering many of its employees. The scheme is a funded scheme of the defined contribution type.

Pension costs for the defined contribution scheme are as follows

	31 December 2012 £'000	31 December 2011 £'000
Defined contribution schemes	238	191

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The directors regard Spectris plc, a company incorporated in the United Kingdom, to be the ultimate parent undertaking. The consolidated accounts of this company are available to the public and may be obtained from Heritage House, Church Road, Egham, Surrey, TW20 9QD, United Kingdom.