Registered no 3095521

Heraeus Kulzer Limited

Directors' report and financial statements

for the year ended 31 December 2012

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Heraeus Kulzer Limited

Annual report for the year ended 31 December 2012

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Directors and advisors

Directors

D Miller
C Hoess

Secretary and registered office

D Turner
Heraeus House
Albert Road
Newbury
Berkshire
RG14 1DL

Registered Auditor

KPMG LLP
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Solicitors

Gardner Leader
White Hart House
Market Place
Newbury
Berkshire
RG14 5BA

Bankers

The Royal Bank of Scotland plc
250 Bishopsgate
London
EC2M 4AA

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activities

The company's principal activity is that of selling and marketing dental and medical products for its immediate holding company

Review of business and future developments

The profit and loss account for the year is set out on page 8 The directors are of the opinion that the company's state of affairs and outlook are satisfactory

The ultimate parent of Heraeus Kulzer Limited (Heraeus Holding GmbH) is parting with its dental business On 4 April 2013 it was announced that the entire Dental business group (Heraeus Dental) is expected to be acquired by Mitsui Chemicals, Inc , a listed Japanese chemicals group Mitsui Chemicals are expected to acquire all the shares and assets which belong to Heraeus Dental from Heraeus Holding GmbH The acquisition is still subject to inter alia the approval of certain antitrust authorities

As a result of the sale, the medical side of the business would be discontinued All assets and liabilities associated with this part of the business are expected to be sold to another entity within the Heraeus Group at book value as part of the sale agreement The company would continue trading within the dental market

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk and foreign exchange rate risk Management of the company has put in place controls to eliminate these risks Most of the business and financial risks are mitigated by the transfer-pricing arrangements with the parent company

Results and dividends

The profit and loss account for the year is set out on page 8
The directors have not paid an interim dividend (2011 nil)
The directors have not declared a final dividend for the year (2011 £181,582)

Directors

The directors of the company at 31 December 2012, all of whom have been directors for the whole of the year ended on that date are

D Miller
C Hoess

Statement as to 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 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Directors' report for the year ended 31 December 2012 (continued)

Auditors

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

By order of the board

D Turner
Company Secretary

9TH MAY 2013

Date

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



KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Independent auditor's report to the members of Heraeus Kulzer Limited

We have audited the financial statements of Heraeus Kulzer Ltd for the year ended 31 December 2012 set out on pages 8 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

Independent auditor's report to the members of Heraeus Kulzer Limited (continued)

For the year ended 31 December 2012

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

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

P Holland 15th May 2013

Paul Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading RG7 4SD

Heraeus Kulzer Limited

Profit and loss account for the year ended 31 December 2012

	Notes	2012 £	Total 2012 £	2011 £	Total 2011 £
Turnover	2				
Continuing operations		**10,428,256**		**9,589,471**	
Discontinued operations		**-**		**-**	
			10,428,256		9,589,471
Cost of sales			**(6,926,087)**		(6,399,550)
Gross profit			**3,502,169**		3,189,921
Distribution and selling costs					
Continuing operations		**(2,914,352)**		**(2,716,164)**	
Discontinued operations		**-**		**66,000**	
			(2,914,352)		(2,650,164)
Administrative expenses			**(393,576)**		(350,518)
Operating Profit	4				
Continuing operations		**194,241**		**123,239**	
Discontinued operations		**-**		**66,000**	
			194,241		189,239
Interest receivable	6		**2,366**		2,511
Interest payable and similar charges	7		**(296)**		(104)
Profit on ordinary activities before taxation			**196,311**		191,646
Tax on profit on ordinary activities	8		**(54,896)**		(60,087)
Profit for the financial year			**141,415**		131,559

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before tax for the years stated above and their historical cost equivalents

The notes on pages 10-18 form part of the financial statements

Balance sheet as at 31 December 2012

	Notes	2012	2011
		£	£
Fixed assets			
Tangible assets	10	**29,845**	44,383
Current assets			
Stock	11	**1,038,435**	464,888
Debtors	12	**1,789,987**	1,724,105
Cash at bank and in hand		**39,909**	821,512
		2,868,331	3,010,505
Creditors – Amounts falling due within one year	13	**(2,286,046)**	(2,584,173)
Net current assets		**582,285**	426,332
Total assets less current liabilities		**612,130**	470,715
Provisions for liabilities	14	**(25,000)**	(25,000)
Net assets		**587,130**	445,715
Capital and reserves			
Called-up share capital	15	**400,000**	400,000
Share premium account	16	**45,715**	45,715
Profit and loss reserve	16	**141,415**	-
Equity shareholders' funds	17	**587,130**	445,715

The financial statements on pages 8 to 18 were approved by the board of directors on 9TH MAY 2013 and were signed on its behalf by



D Miller
Director
Company Registered Number: 3095521

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

These financial statements are prepared in accordance with applicable accounting standards, and under the historical cost convention

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Heraeus Beteiligungsverwaltungsgesellschaft GmbH and is included in the consolidated group cash flow statement Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the group

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers and commission received by the company as agents during the year Commissions and direct sales are recognised in the actual month of sales activity

Fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

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

Fixtures and fittings	10%-50%

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term

Stock

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

Notes to the financial statements for the year ended 31 December 2012 (continued)

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

Pension costs

The company operates a defined contribution (money purchase) pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Employees have the right to make additional voluntary contributions The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Taxation

Corporation tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Deferred taxation

Deferred taxation is recognised using the incremental liability method whereby taxation is provided on a full provision basis, without discounting, on all timing differences which have arisen but not reversed at the balance sheet date The deferred taxation balance has been measured at the rate expected to apply when the timing differences reverse

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered

2 Turnover

	2012	2011
	£	£
United Kingdom	**10,428,256**	9,589,471

3 Employee information

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

	2012	2011
	Number	Number
By activity		
Management and administration	**3**	3
Selling	**27**	26
	30	29

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Operating profit

	2012	2011
	£	£
Operating profit is stated after charging		
Wages and salaries	**1,565,393**	1,444,624
Social security costs	**194,844**	170,443
Other pension costs (see note 19)	**131,603**	103,082
Total Staff costs	**1,891,840**	1,718,149
Auditor's remuneration		
Audit of these financial statements	**12,060**	11,790
Other services relating to taxation	**3,000**	3,000
Depreciation	**14,538**	15,145
Rentals payable under operating leases for		
Hire of plant and machinery	**122,826**	107,482
Other	**35,500**	35,500

5 Directors' emoluments

	2012	2011
	£	£
Aggregate emoluments	**103,370**	99,240
Company contributions to money purchase pension schemes	**12,021**	11,443
	115,391	110,683

Retirement benefits are accruing to 1 director (2011 1) under a defined contribution scheme

6 Interest receivable

	2012	2011
	£	£
Bank interest receivable	**467**	223
Net exchange gains	**977**	1,505
Other	**922**	783
	2,366	2,511

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Interest payable and similar charges

	2012	2011
	£	£
Other	**296**	104

8 Taxation

	2012	2011
	£	£
Current tax:		
UK corporation tax on profits of the period	**54,999**	41,914
	54,999	41,914
Deferred tax:		
Origination / reversal of timing differences	**(103)**	18,173
	54,896	18,173
Tax on profit on ordinary activities	**54,896**	60,087

The tax assessed for the period is higher (2011 lower) than the standard rate of corporation tax in the UK (24 5%) (2011 26 5%) The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	**196,311**	191,646
Profit multiplied by standard rate of tax @24 5% (2011 26 5%)	**48,096**	50,786
Effects of		
Expenses not deductible for tax purposes	**6,793**	9,651
Difference between capital allowances and depreciation	**110**	(1,033)
Other timing differences	**-**	(17,490)
Current year tax charge	**54,999**	41,914

The rate applied in the calculation of the deferred tax asset is 23% (2011 26%)

A resolution passed by Parliament on 17 July 2012 reduced the main rate of corporation tax to 23% from 1 April 2013 and the deferred tax asset recorded at the year end reflects that rate Further reductions to the main rate have also been proposed to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 The further rate reductions had not been substantively enacted at the balance sheet date and so have not been included in these financial statements

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Dividend

	2012 £	2011 £
Payment of final dividend nil pence (2011 45 39 pence) per ordinary share	-	181,582

10 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 January 2012	174,874
Additions	-
Disposals	-
At 31 December 2012	**174,874**
Depreciation	
At 1 January 2012	130,491
Charge for the year	14,538
Disposals	-
At 31 December 2012	**145,029**
Net book value	
At 31 December 2012	**29,845**
At 31 December 2011	44,383

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Stock

	2012	2011
	£	£
Finished goods for resale	**1,038,435**	464,888

12 Debtors

	2012	2011
	£	£
Amounts falling due within one year		
Trade debtors	**1,511,594**	1,495,138
Amounts owed by group undertakings	**197,634**	152,779
Other assets		
Excess of depreciation over capital allowances	**8,943**	8,839
Other timing difference	**4,665**	4,665
Prepayments and accrued income	**67,151**	62,684
	1,789,987	1,724,105

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

The trade debtor balance of £1,511,594 (2011 £1,495,138) includes factored debts of £76,593 (2011 £90,995) which have been advanced by Movianto Ltd to Heraeus Kulzer, but not yet paid by the end customers An equal and opposite creditor has therefore been included in the trade creditor balance of £128,424 (2011 £160,939) in Note 13 below

According to the agreement between Heraeus Kulzer Ltd and Movianto Ltd , who manages Medical sales for Heraeus Kulzer Ltd , Movianto will pay Heraeus Kulzer the full amount of sales made within 45 days of raising invoices to customers Any debts that cannot be recovered from Heraeus Kulzer's customers within 90 days can be reclaimed in full by Movianto from Heraeus Kulzer Ltd if Movianto wishes to do so

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Creditors: Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	**7,443**	-
Trade creditors	**128,424**	160,939
Amounts owed to group undertakings	**1,556,213**	1,862,074
Corporation tax	**22,499**	6,914
Other tax and social security	**410,998**	392,615
Accruals and deferred income	**160,469**	161,631
	2,286,046	2,584,173

Amounts owed to group undertakings include declared dividend of nil (2011 £181,582)
Amounts owed to group undertakings are unsecured and repayable on demand

14 Provisions for Liabilities

	Dilapidations Provision	Total
	£	£
Cost		
At 1 January 2012	**25,000**	**25,000**
Release of provision	**-**	**-**
Utilisation	**-**	**-**
At 31 December 2012	**25,000**	**25,000**
At 31 December 2012	**25,000**	**25,000**
At 31 December 2011	25,000	25,000

A provision of £25,000 has been recognised for cost related to the restoration of the registered office to its original condition at the end of the lease period in 2015 These costs are expected to be incurred during 2015

Notes to the financial statements for the year ended 31 December 2012 (continued)

15 Called up share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
400,000 ordinary shares of £1 each	**400,000**	400,000

16 Reserves

	Share Premium account	Profit and loss Reserve
	£	£
At 1 January 2012	45,715	-
Profit for the financial year	-	141,415
At 31 December 2012	**45,715**	**141,415**

17 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	**141,415**	131,559
Dividends paid	**-**	(181,582)
Net addition to shareholders' funds	**141,415**	(50,023)
Shareholders' funds at 1 January 2012	**445,715**	495,738
Shareholders' funds at 31 December 2012	**587,130**	445,715

Notes to the financial statements for the year ended 31 December 2012 (continued)

18 Financial Commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	**2012**	2011
	£	£	**£**	£
Operating leases which expire				
Within one year	**-**	-	**31,120**	25,035
Two to five years	**35,500**	35,500	**135,004**	113,833
	35,500	35,500	**166,124**	138,868

At 31 December 2012 and 2011 the company had no capital commitments

19 Pensions

The company operates a defined contribution pension scheme The charge for the period represents contributions payable by the company to the fund and amounted to £131,603 (2011 £103,082) paid into a defined contribution pension scheme

20 Post balance sheet events

On 4 April 2013 the ultimate parent of Heraeus Kulzer Limited (Heraeus Holding GmbH) announced that it is parting with its dental business The entire Dental business group (Heraeus Dental) will be acquired by Mitsui Chemicals, Inc , a listed Japanese chemicals group Mitsui Chemicals will acquire all the shares and assets which belong to Heraeus Dental from Heraeus Holding GmbH which includes Heraeus Kulzer Limited The acquisition is still subject to inter alia the approval of certain antitrust authorities The sale will not affect the carrying value of any assets or liabilities as at 31 December 2012

21 Ultimate holding company

The immediate parent undertaking and controlling party holding 100% of the company's shares is Heraeus Beteiligungsverwaltungsgesellschaft GmbH incorporated in Germany The ultimate parent is Heraeus Holding GmbH Copies of the consolidated accounts are available from Heraeus Holding GmbH, Heraeusstrasse 12-14, D-63450, Hanau, Germany