

Philips Titan Limited

Directors' report and financial statements

31 December 2011

Registered number 04000607

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Directors' Report and Financial Statements

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Philips Titan Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

On 3 April 2011 Koninklijke Philips Electronics NV ("KPENV") sold a majority stake in its Assembléon business to H2 Equity Partners, an independent private equity firm. As a consequence of this sale the trade and working capital assets and liabilities of Philips Titan Limited, which was formerly part of the Assembléon group, were sold at their book values on this date and the company ceased trade

The principal activity of the company until this date was the supply and service of surface mount technology equipment for the digital electronics industry

The company's results for the year are set out in the profit and loss account on page 5

Business environment

Philips Titan Limited previously operated a small and specialised business unit that was comprised within Philips 'Innovation and Emerging Businesses'. The ultimate controlling party is KPENV, incorporated in the Netherlands

Going concern

The company ceased to trade on the 3 April 2011 following the sale of the Assembléon business by KPENV. There were no material differences between the carrying values of the company's assets as stated at the prior year end and upon the sale of the business. Working capital assets were sold at their book values on this date. As stated in the basis of preparation accounting policy in note 1 of these accounts the directors have prepared the accounts on basis other than going concern.

Name change

On the 4 April 2011 the company changed its name from Assembléon United Kingdom Limited to Philips Titan Limited

Directors

The directors who held office during the year and up to the date of this report, unless otherwise stated, were as follows

E Williams	(Resigned 2 March 2011)
A Veltman	(Resigned 2 March 2011)
A Papoular	(Appointed 2 March 2011, resigned 26 April 2011)
H Vivash	(Appointed 2 March 2011)
M Armstrong	(Appointed 26 April 2011)

Proposed dividend

No interim dividend has been declared and no final dividend is proposed in respect of the year ended 31 December 2011 (2010: £nil)

Political and charitable contributions

The company made no political or charitable contributions during the year (2010: £nil)

Auditor

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

Philips Titan Limited

Directors' Report (continued)

Principal risks and uncertainties

Philips recognises different risk categories, strategic risks, market risks, operational risks, financial risks and compliance risks. Risk management forms an integral part of business management and is embedded in the following areas

- Philips Business Control Framework
- Philips General Business Principles

The business control framework on internal control sets the standard for risk management and business control in Philips. The objectives are to maintain integrated management control of the company's operations to ensure integrity of financial reporting and compliance with laws and regulations.

Philips General Business Principles govern Philips' business decisions and actions throughout the world.

Directors' Statement as to Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

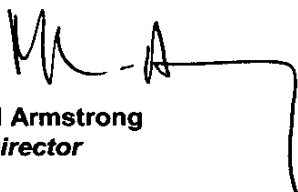
Philips Titan Limited

Directors' Report (continued)

Statement of directors' responsibilities (continued)

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.

By the order of the board



M Armstrong
Director

Philips Centre
Guildford Business Park
Guildford
Surrey GU2 8XH

27 September 2012
Registered number 04000607

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHILIPS TITAN LIMITED

We have audited the financial statements of Philips Titan Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss 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.

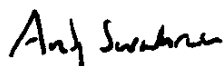
Emphasis of matter- financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.



Andy Swarbrick (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, United Kingdom

28 September 2012

Philips Titan Limited

Registered number: 04000607

Profit and Loss Account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2		
- discontinued operations		233	721
Cost of sales			
- discontinued operations		(144)	(645)
Gross profit			
- discontinued operations		89	76
Administration costs			
- discontinued operations		(103)	(81)
Operating loss	3		
- discontinued operations		(14)	(5)
Profit on disposal of operations	15	-	-
Loss on ordinary activities before taxation		(14)	(5)
Tax on loss on ordinary activities	6	-	(15)
Loss on ordinary activities after taxation	12	(14)	(20)

The notes on page 7 to 12 form part of these financial statements

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been prepared

Philips Titan Limited

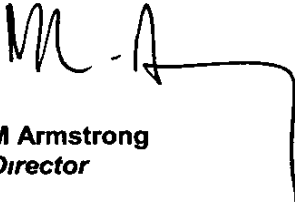
Registered number 04000607

Balance Sheet as at 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Current assets					
Stocks	7	-		4	
Debtors due within one year	8	567		1,801	
Cash at bank and in hand		111		-	
		<u>678</u>		<u>1,805</u>	
Creditors' amounts falling due within one year	9	-		(1,097)	
Net current assets			678		708
Total assets less current liabilities			678		708
Provisions for liabilities and charges	10		-		(16)
Net assets			678		692
Capital & reserves					
Called up share capital	11		30		30
Share premium account	12		2,270		2,270
Profit and loss account	12		(1,622)		(1,608)
Shareholders' funds	12		678		692

The notes on page 7 to 12 form part of these financial statements

The financial statements which comprise the profit and loss account, the balance sheet and related notes were approved by the Board of Directors and authorised for issue on 27 September 2012


M Armstrong
Director

Philips Titan Limited

Notes (to 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 company's financial statements

Basis of preparation

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

The company ceased to trade on 3 April 2011. The Directors are of the opinion that there is no material difference between the carrying amount of the company's assets and liabilities and their realisable amounts. As required by FRS 18 "Accounting policies", following the sale in the year of its trade and working capital assets on 3 April 2011, the company is no longer trading and therefore the directors have prepared the financial statements on the basis the company is no longer a going concern. No adjustments have arisen as a result of ceasing to apply the going concern basis.

Cashflow Statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary of Koninklijke Philips Electronics NV, whose consolidated financial statements are publicly available (see note 14).

Related Party Disclosures

The company is exempt from the requirements of Financial Reporting Standard 8, Related Party Disclosures, insofar as they apply to transactions with group undertakings, as it is a wholly owned subsidiary of Koninklijke Philips Electronics NV whose consolidated financial statements are publicly available (see note 14).

Foreign currencies

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. Transactions in foreign currencies accounted for in the profit and loss account are recorded using the rate of exchange ruling at the date of the transaction.

Leases

All leases qualify as and are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Stocks

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

Taxation

The charge for taxation is based on the result 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 represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year and are recognised on acceptance of goods by customers.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Philips Titan Limited

Notes (continued)

2 Analysis of turnover

The company's activities fall within the one business segment of supply and service of surface mount technology equipment

Turnover, all of which is of Netherlands origin, is analysed by the geographical destinations below

	2011 £'000	2010 £'000
United Kingdom	233	710
EU excluding United Kingdom	-	4
Rest of the world	-	7
	<u>233</u>	<u>721</u>

3 Operating loss

	2011 £'000	2010 £'000
<i>Operating loss after charging</i>		
Fees payable to the company's auditor for the audit of the company's annual accounts	-	8
Rentals payable under operating leases		
- Plant and machinery	4	18
Foreign exchange trading results	11	59
	<u>11</u>	<u>59</u>

Auditor's remuneration in 2011 of £5,000 has been borne by fellow group companies

4 Staff costs and numbers

The average monthly number of persons employed by the company (including directors) during the year was two (2010 four)

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	77	171
Social security costs	6	21
Other pension costs	6	21
	<u>89</u>	<u>213</u>

The company made contributions of £5,685 (2010 £21,000) to employees' defined contribution pension schemes

Philips Titan Limited

Notes (continued)

5 Remuneration of directors

	2011 £'000	2010 £'000
Aggregate emoluments	14	51

Directors of the company are remunerated by another group company in respect of their services to the group as a whole and, with the exception of one Director, they received no emoluments in 2011 (2010 £nil) for services to this company

6 Taxation

	2011 £'000	2010 £'000
Analysis of charge in period		
Current tax		
Total tax on loss on ordinary activities	-	-
Deferred tax		
Origination/reversal of timing differences	-	(15)
Tax on loss on ordinary activities	-	(15)

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (2010 higher) than the standard rate of corporation tax in the UK of 26% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(14)	(5)
Current tax at 26% (2010: 28%)	(4)	(1)
<i>Effects of</i>		
- Disallowable expenses	-	1
- Movement in provision	-	(7)
- Capital allowances for period higher than depreciation	-	(1)
- Surrender of group relief tax losses	4	8
	-	-

The company has recognised a deferred tax asset of £nil (2010 £nil) in these accounts

In March 2011, the UK Government announced a reduction in the standard rate of UK corporation tax to 26% effective 1 April 2011. This rate reduction was substantively enacted in March 2011.

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK Government also proposed to further reduce the standard rate of UK corporation tax to 22% effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

Philips Titan Limited

Notes (continued)

7 Stocks

	2011 £'000	2010 £'000
Finished goods and goods for resale	-	4

There is no material difference between the replacement cost of stocks and their balance sheet amounts

8 Debtors

	2011 £'000	2010 £'000
Trade debtors	-	61
Loans to group undertakings	567	1,704
Trading amounts owed by group undertakings	-	34
Other debtors	-	2
	<u>567</u>	<u>1,801</u>

9 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	-	13
Loans from group undertakings	-	977
Other taxation and social security	-	3
Accruals and deferred income	-	104
	<u>-</u>	<u>1,097</u>

10 Provisions for liabilities and charges

	As at 1st January 2011 £'000	Transfer to other group undertaking £'000	As at 31st December 2011 £'000
Long service awards	6	(6)	-
Warranty provision	10	(10)	-
	<u>16</u>	<u>(16)</u>	<u>-</u>

The provision in respect of long service awards is calculated by the company's actuaries and is based on the anticipated service lives of existing employees. It is paid on service lives of 25 or 40 years of employees within the company.

The warranty provision relates to product replacement or free of charge service costs associated with product guarantees. The normal warranty period is 1 year and therefore the majority of this expenditure will be incurred in the next financial year. Extended terms of 2 to 3 years are agreed on some particular contracts.

Philips Titan Limited

Notes (continued)

11 Called up share capital

	2011 No.	2010 No	2011 £'000	2010 £'000
Issued, called up and fully paid Ordinary shares of £1 each	30,000	30,000	30	30

12 Statement of movement in reserves and reconciliation of movements in shareholders' funds

	Share Capital £'000	Share premium account £'000	Profit & loss account £'000	Total £'000
At 1 January 2010	30	2,270	(1,588)	712
Loss for the year	-	-	(20)	(20)
At 31 December 2010	30	2,270	(1,608)	692
Loss for the year	-	-	(14)	(14)
At 31 December 2011	30	2,270	(1,622)	678

13 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2011 Other £'000	2010 Other £'000
Operating leases which expire Within two to five years	-	16

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

The ultimate controlling party is Koninklijke Philips Electronics NV, incorporated in the Netherlands

The only group in which the results of the company are consolidated is that headed by Koninklijke Philips Electronics NV. The consolidated accounts of this group are available to the public and may be obtained from the Company Secretary, Philips Electronics UK Limited, Philips Centre, Guildford Business Park, Guildford, Surrey, GU2 8XH

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Notes (continued)

15 Disposal of operations

With effect from 3 April 2011, H2 Equity Partners, an independent private equity firm, acquired the working capital and liabilities of Philips Titan Limited at their book value on the acquisition date. The book values of the assets and liabilities disposed of were as set out below:

	£'000	£'000
Current Assets		
Stocks	-	
Debtors due within one year	181	
Cash at bank and in hand	-	
	<u>181</u>	
Creditors due within one year	(165)	
		<u>16</u>
Net Current Assets		16
Provisions for liabilities		(16)
Net Assets		<u>-</u>
Purchase consideration		-
Profit on disposal		<u><u>-</u></u>