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RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES

Special Purpose Consolidated Financial Report

January 31, 2012

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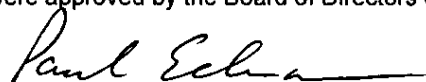


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RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheet
January 31, 2012

	January 31, 2012	January 31, 2011
ASSETS		
Current Assets	\$ 54,682,693	\$ 46,117,186
Property and Equipment - Net	18,373,454	17,565,705
Goodwill	1,754,695	1,754,695
Intangible Assets	39,438,533	23,146,423
Other Assets	-	298,333
TOTAL ASSETS	<u><u>\$ 114,249,375</u></u>	<u><u>\$ 88,882,342</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities	\$ 38,878,661	\$ 31,723,255
Long-term Debt - Net of current portion	37,770,000	19,200,000
Capital Lease Obligation	-	5,657
Other Liabilities	6,708,629	8,760,300
Stockholders' Equity (Note 2)	<u>30,892,085</u>	<u>29,193,130</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u><u>\$ 114,249,375</u></u>	<u><u>\$ 88,882,342</u></u>

The section 700 accounts prepared were an extract of the consolidated financial statements which were approved by the Board of Directors on May18, 2012



Paul Edmiston
Director

RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES**Special Purpose Consolidated Statement of Operations
For the year ended January 31, 2012**

	January 31, 2012	January 31, 2011
Net Sales	\$ 92,517,139	\$ 93,103,726
Cost of Sales	<u>55,003,578</u>	<u>51,758,683</u>
Gross Profit	37,513,561	41,345,043
Operating Expenses	<u>34,589,498</u>	<u>38,408,914</u>
Operating Profit	2,924,063	2,936,129
Non operating (Expenses)	<u>(366,376)</u>	<u>(311,008)</u>
Profit - Before income taxes	<u>2,557,687</u>	<u>2,625,121</u>
Tax Expense	905,305	635,171
Net Income	<u>\$ 1,652,382</u>	<u>\$ 1,989,950</u>

RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES

Notes to Special Purpose Consolidated Financial Statements January 31, 2012

Note 1 - Nature of Business and Significant Accounting Policies

Rigaku Americas Corporation (the "Company") is a Delaware corporation and a wholly owned subsidiary of Rigaku Corporation (the "Parent"). The Company is engaged in the distribution, sale, and servicing of analytical instrumentation, including parts and accessories for the foregoing services, manufactured by the Parent. The Company is also engaged in the manufacture and sale of x-ray optical products, as well as the manufacture and integration of automation products for structural biology. The Company has extensive transactions and relationships with the Parent and its affiliates. Accordingly, the accompanying special-purpose consolidated financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Company had operated without such affiliates. Sales are predominately to companies located in the United States and Europe.

On February 1, 2010, the Company purchased working capital assets and intellectual properties of Newton Scientific, Inc. (NSI). The primary reason for the acquisition was that it fits into the Company's strategy and the quality of NSI's business including profitability and intellectual properties.

In September 2011, the Company incorporated a wholly owned subsidiary, Rigaku Raman Technologies, Inc. (RRT) for research and development, production, marketing and distribution of handheld Raman instruments. On October 6, 2011, RRT purchased fixed assets and intellectual properties related to the handheld Raman instruments and product lines from a third party, BaySpec, Inc.

In addition to Newton Scientific, Inc. and Rigaku Raman Technologies, Inc., the Company currently has three other wholly owned subsidiaries, Rigaku Innovative Technologies, Inc. and Rigaku Automation Inc. and applied Rigaku Technologies, Inc.

Cash Equivalents - The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Basis of Presentation - The special-purpose consolidated financial statements include all domestic subsidiaries, including the Company's Canadian and European branches. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company has prepared the special-purpose consolidated financial statements in accordance with the accounting instructions of Rigaku Corporation for the purpose of inclusion in the Parent's consolidated financial statements and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose consolidated financial statements do not include recording liabilities for uncertain tax positions that may be required by Accounting Standards Codification 740 (formerly Financial Accounting Standards Board Interpretation (No. 48)).

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. The allowance for doubtful accounts on accounts receivable balances was approximately \$209,000 and \$41,000 as of January 31, 2012 and 2011 respectively.

RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES

Notes to Special Purpose Consolidated Financial Statements January 31, 2012

Inventory - Inventory is stated at the owner of cost or market, with cost determined on the first-in, first-out (FIFO) method

Property and Equipment - Property and equipment are recorded at cost. Depreciation is provided on the straight-lined method over the estimated useful lives of the individual assets. The estimated lives of the assets range from 3 to 40 years. Costs of maintenance and repairs are charged to expense when incurred.

Foreign Currency Translation - Assets and liabilities of the Company's foreign branches are translated into U.S. dollars at the rate of exchange in effect at the close of the period. Income and expenses are translated at an average rate of exchange for the period. The aggregate effect of translating the special-purpose consolidated financial statements is included in other comprehensive income (loss). Foreign currency cash flows are reported using the exchange rate at the time of the cash flow.

Comprehensive Income (Loss) - Accounting principles generally require that recognised revenue, expenses, gains and losses to be included in net income. Certain changes in assets and liabilities, however, such as foreign currency translation adjustments, are reported as a direct adjustment to the equity section of the special-purpose consolidated balance sheet. Such items, along with net income, are considered components of comprehensive income (loss).

Intangible Assets - Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

Goodwill - The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized, but rather is assessed at least on an annual basis for impairment. No impairment charge was recognised for the years ended January 31, 2012 and 2011.

Fair Value of Financial Instruments - Financial instruments consist of cash equivalents, accounts receivable, accounts payable, debt, an interest rate swap agreement, and contingent consideration. The carrying amounts of the Company's cash equivalents, accounts receivable, accounts payable, and line of credit approximate their fair value due to the short maturity of such instruments. The fair values of the notes payable approximate their fair value based on future cash flows associated with each note discounted using the Company's current borrowing rate for similar debt. The interest rate swap is recognised at fair value, which reflects the estimate amount the Company would receive or pay to terminate the contract at the reporting date. The contingent consideration is recognised at fair value, which reflects the estimated amount of additional consideration the Company will pay to BaySpec, Inc. and the former stockholders of NSI under the terms of the acquisition agreement.

Revenues and Cost Recognition - Revenues from sales of spare parts and accessories are recognised at the time of shipment. Sales of apparatus systems are recognised on a customer acceptance basis as certain performance standards must be met prior to acceptance by the customer. Payments received before the customer's acceptance are recorded as customer deposits. The company bills customers in advance for service contracts. Revenues derived from these contracts are deferred and recognised in income ratably over the term of the contracts.

RIGAKU AMERICAS CORPORATION AND SUBSIDIARIES

Notes to Special Purpose Consolidated Financial Statements January 31, 2012

Income Taxes - A current tax liability or asset is recognised for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognised for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

These special-purpose consolidated financial statements were prepared in accordance with the accounting instructions of the Parent for the purpose of inclusion in the Parent's consolidated financial statements. As a result, the Company did not adopt the provisions of ASC 740-10 (formerly FIN 48).

Use of Estimates - The preparation of financial statements in conformity with special-purpose basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification - Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

Subsequent Events - The special-purpose consolidated financial statements and related disclosures include evaluation of events up through and including May 18, 2012, which is the date the special-purpose consolidated financial statements were available to be issued.

Note 2 - Capital Stock

The Company's stock consists of \$1 par value common stock with 300,000 shares authorised as of January 31, 2012 and 2011. The total number of shares issued and outstanding is 60,000 as of January 31, 2012 and 2011.

Note 3 - Business Combination

Acquisition of Handheld Raman Technology and Product Lines

On October 6, 2011, the Company entered into an agreement to purchase fixed assets and intellectual properties related to the handheld Raman technology and product lines from a third party, BaySpec, Inc. (BaySpec). The Company's handheld Raman instruments combine patented optics and spectral analysis techniques with telecom-developed optical components to provide handheld chemical identification and composition analyzer for explosives detection.

The consideration for the acquisition consists of five milestone cash payments totalling \$18,000,000 and contingent consideration. The Company paid the total of \$15,500,000 to BaySpec as of January 31, 2012 and paid the remaining balance of \$2,500,000 to BaySpec in February and March 2012.

Under the terms of the acquisition agreement, BaySpec is entitled to additional contingent consideration in the form of cash, which equals 1 per cent of net product sales revenue for the first five 12-month periods. Each payment is made within 60 days after the net product sales revenue is determined following each of the first five anniversaries of the acquisition date. There is no maximum amount payable under the arrangement.

The fair values of assets and liabilities arising from contingencies related to the above future cash payments were determined to be approximately \$649,000 at the acquisition date and January 31, 2012.