

Registered No: SC 094281

Lam Research Limited

Report and Financial Statements

30 June 2012



Lam Research Limited

Registered No: SC 094281

Directors

G M Schisler
O M Go
J Theler
M Ciappelli
T Fried

Secretary

G M Schisler

Auditors

Ernst & Young LLP
G1
5 George Square
Glasgow
G2 1DY

Bankers

The Royal Bank of Scotland
250 Bishopsgate
London
EC2M 4AA

Registered office

c/o Milne, Craig & Corson
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012.

Results and dividends

The profit for the year, after taxation, amounted to £51,267 (2011:£ 9,793). No dividends were paid during the year (2011: £nil).

Principal activity and review of the business

The activities of the company consist of the provision of an after sale maintenance and repair service for semiconductor manufacturing equipment which is sold by the Swiss parent company, Lam Research International Sàrl, to UK customers. LAM Research International Sàrl is a subsidiary of the ultimate parent company, LAM Research Corporation, which is based in the US.

In 2012 the business experienced improved growth after the downturn in 2011. There has been a slowdown towards the end of 2012 caused by uncertainty surrounding the economic environment. It is expected that the slowdown will continue into the start of 2013 before consumer trust improves.

The directors are confident that the business is well placed to manage the risks associated with the economic environment. The directors are optimistic that 2013 will see an increase in opportunities from existing customers.

Financial risk management objectives and policies

The company's principal financial instruments comprise of cash.

The main risks associated with the company's financial assets and liabilities are set out below:

Credit risk

Credit risk is considered low as the significant portion of the debtor balances are due from group companies.

Interest rate risk

The company is not subject to interest rate risk.

Foreign currency risk

All foreign currency risks are borne by the parent company according to the service agreement with the parent company.

Directors

The directors who served during the year were:

G M Schisler

E Maddock (resigned 24/01/2012)

J Theler (appointed 04/10/2011)

M Ciappelli

T Fried

O M Go

Directors' report

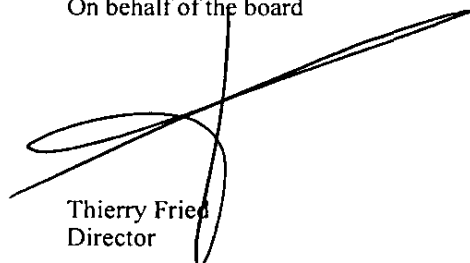
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the 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 Ernst & Young LLP will therefore continue in office.

On behalf of the board



Thierry Fried
Director

27th March 2013

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 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 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Lam Research Limited

We have audited the financial statements of Lam Research Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 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 Report and Financial Statements 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 30 June 2012 and of its 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.

Independent auditors' report

to the members of Lam Research Limited

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.



Ian James McDowall (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

27th March 2013

Profit and loss account

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	248,106	232,038
Cost of sales		-	-
Gross profit		248,106	232,038
Administration expenses	5	179,780	202,045
Operating profit	3	68,326	29,993
Interest receivable	6	76	82
Interest payable and similar charges	7	(57)	(38)
Profit on ordinary activities before taxation		68,345	30,037
Taxation	8	(17,078)	(20,244)
Profit for the financial year	13	51,267	9,793

All operations are continuing at 30 June 2012.

Statement of total recognised gains and losses

There are no recognized gains or losses other than the gain attributable to shareholders of the company of £ 51,267 in the year ended 30 June 2012 (2011: £9,793).

Balance sheet

at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	9	1,132	93
Current assets			
Debtors	10	157,273	122,132
Cash at bank and in hand		36,561	2,264
		193,834	124,396
Creditors: amounts falling due within one year	11	(61,090)	(41,880)
Net current assets		132,744	82,516
Net assets		133,876	82,609
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	133,874	82,607
Equity shareholders' funds		133,876	82,609

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 27th March 2013 and were signed on its behalf by:-

Thierry Fried
Director

27th March 2013

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

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

Going concern

The company's business activities, together with factors likely to affect its future development, performance and position are set out in the business review on page 1. The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. 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.

Cash flow

In view of the exemptions allowed under FRS1 the directors have elected not to present a cash flow statement.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Computer equipment - 3 years straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All foreign currency risks are borne by the parent company.

Pensions

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.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

Share-based payments

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognized as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. The fair value of the restricted stock units is determined by the fair market value of the ultimate parent company's common stock on the date of grant.

The estimated fair value of the company's stock-based awards, less expected forfeitures, is amortized over the awards' vesting period on a straight-line.

2. Turnover

Turnover represents commissions invoiced by the company in respect of the service agreement with the Swiss parent company.

Turnover is attributable to the one continuing activity, the provision of an after sale maintenance and repair service for semi-conductor manufacturing equipment which is sold by the Swiss parent company to UK customers.

3. Operating profit

This is stated after charging:

	2012	2011
	£	£
Auditors' remuneration:		
- audit services	4,500	4,500
Depreciation and amounts written off tangible fixed assets	234	276
	<u> </u>	<u> </u>

Auditors fees received in relation to other services for the year end 30 June 2012 were £2,750 (2011 - £2,750).

4. Directors' Emoluments

The directors' of the Company are remunerated through other Companies in the group and do not receive remuneration for services to the Company directly (2011 - £nil). It is the view of the Director's, that the time spent on services to the Company is minimal, therefore remuneration has not been allocated to the Company. Full disclosure of the Directors' remuneration is available in the parent entity financial statements.

Notes to the financial statements

at 30 June 2012

5. Staff costs

(a) Staff costs are made up as follows:

	2012	2011
	£	£
Wages and salaries	95,467	147,873
Social security costs	13,036	20,209
Pension costs	6,599	9,613
	<u>115,102</u>	<u>177,695</u>

(b) The average monthly number of employees during the year is made up as follows:

	2012	2011
	No.	No.
Administration	<u>1</u>	<u>1</u>

6. Interest receivable

	2012	2011
	£	£
Bank interest	<u>76</u>	<u>82</u>

7. Interest payable and similar charges

	2012	2011
	£	£
Bank charges	<u>57</u>	<u>38</u>

Notes to the financial statements

at 30 June 2012

8. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	Notes	2012 £	2011 £
Current tax:			
UK corporation tax		17,625	7,155
Adjustments in respect of previous periods		(276)	(373)
	8(b)	<u>17,349</u>	<u>6,782</u>
Deferred tax:			
Origination and reversal of timing differences		(550)	11,537
Adjustment in respect of prior period		-	791
Rate change		279	1,134
		<u>(271)</u>	<u>13,462</u>
Tax on profit on ordinary activities		<u>17,078</u>	<u>20,244</u>

(b) Factors affecting current charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25.5% (2011: 26%). The differences are reconciled below.

	2012 £	2011 £
Profit on ordinary activities before tax	<u>68,345</u>	<u>30,037</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 25.5% (2011: 27.5%)	17,428	8,260
Effect of:		
Disallowed expenses and non-taxable income	134	(607)
Fixed asset timing differences	(377)	(476)
Other timing differences	440	416
Tax at marginal rates	-	(438)
Adjustments to tax charge in respect of previous period	(276)	(373)
Current tax for the year (note 8(a))	<u>17,349</u>	<u>6,782</u>

Notes to the financial statements

at 30 June 2012

8. Taxation (continued)

(c) Deferred tax asset

Deferred tax asset is provided at 25.5% (2011: 26%) in the financial statements as follows.

	2012 £	2011 £
Accelerated capital allowances	1,548	2,064
Short term timing differences	1,931	1,144
	<u>3,479</u>	<u>3,208</u>
		£
At 1 July 2011		3,208
Charge for year		271
At 30 June 2012		<u>3,479</u>

The standard rate of corporation tax will reduce from 26% to 24% from 1 April 2012, and then to 23% from 1 April 2013 and finally reducing to 21% from 1 April 2014. The Finance Act 2012 received Royal Assent on 17 July 2012 with the 24% rate being substantively enacted on 26 March 2012 for UK GAAP purposes. Therefore as this rate has been substantively enacted at the balance sheet date, the deferred tax figures within these accounts have been calculated at this rate. The effect of these subsequent rate reductions on deferred tax balances has not been reflected in these accounts due to the relevant legislation not having been substantively enacted at the balance sheet date.

It is expected that the deferred tax balance should not be materially impacted by the proposed reductions in the corporation tax rate.

9. Fixed assets

	Computer equipment £
Cost:	
At 1 July 2011 and June 2012	832
Disposal	(832)
Aquisitions	1,273
	<u> </u>
Depreciation:	
At 1 July 2011	739
Disposal	(832)
Charge for year	234
	<u> </u>
At 30 June 2012	141
	<u> </u>
Net book value:	
At 30 June 2012	1,132
	<u> </u>
At 30 June 2011	93
	<u> </u>

Notes to the financial statements

at 30 June 2012

10. Debtors

	2012	2011
	£	£
Prepayments and accrued income	101	1,521
Due from group companies	153,493	116,948
Deferred tax asset (note 8(c))	3,479	3,208
VAT receivable	200	455
	<u>157,273</u>	<u>122,132</u>

11. Creditors: amounts falling due within one year

	2012	2011
	£	£
Other taxes and social security costs	15,541	18,056
Corporation tax payable	17,625	7,156
Other creditors	15,018	14,785
Accruals and deferred income	882	1,291
Due to group companies	12,024	592
	<u>61,090</u>	<u>41,880</u>

12. Share capital

	Authorised		Allotted, called up and fully paid	
	2012	2011	2012	2011
	£	£	£	£
Ordinary shares of £1 each	75,000	75,000	2	2

The company has a scheme under which options to subscribe for the company's shares have been granted to certain executives and employees. The plan consists of Restricted Stock Units (RSU) and is designed to be an incentive to employees and directors as part of their remuneration arrangements.

Notes to the financial statements

at 30 June 2012

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 30 June 2010	2	72,814	72,816
Profit for year		9,793	9,793
At 30 June 2011	2	82,607	82,609
Profit for year		51,267	51,267
At 30 June 2012	2	133,874	133,876

14. Share-based payments

All Employees Restricted Stock Unit Plan

All employees are entitled to a grant of RSUs based on their contributions and performance over the course of their employment with Lam Research Limited.

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2012 is £8,580 (2011: £4,242), all of which arose from equity-settled share-based payment transactions. No RSUs had vested as of 30 June 2012.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, RSUs during the year:

	<i>2012 No.</i>	<i>2012 WAEP</i>	<i>2011 No.</i>	<i>2011 WAEP</i>
Outstanding as at 1 July	463	£23.02	8,779	£20.45
Granted during the year	484	£25.86	116	£29.92
Forfeited during the year	-	£-	(8,338)	£18.33
Exercised	(247)	£21.24	(94)	£16.38
Outstanding as at 30 June	700	£26.21	463	£23.02

15. Pension commitments

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year-end (2011: £nil).

Notes to the financial statements

at 30 June 2012

16. Related parties

There have been no related party transactions except for intra group transactions which have not been disclosed due to the exemption for 90% subsidiaries contained in Financial Reporting Standard No. 8.

17. Holding company

The ultimate holding company is Lam Research Corporation, registered in the USA. It has included the company in its group accounts, copies of which are available from its registered office and the holding company's website:

4650 Cushing Parkway
Fremont
California 94538
USA

www.lamresearch.com

**THE FOLLOWING STATEMENT DOES NOT FORM PART OF
THE AUDITED STATUTORY FINANCIAL STATEMENTS OF THE COMPANY**

Detailed profit and loss account

for the year ended 30 June 2012

	2012 £	2011 £
Sales	248,106	232,038
Overheads		
Salaries	115,103	177,695
Motor expenses	117	18
Travel	48,775	45,787
Telephone	2,816	1,306
Leasing charges	5,460	5,460
Training	-	187
Stationery and advertising	130	61
Professional fees	13,119	3,930
Depreciation	234	276
Entertainment	527	35
Miscellaneous	355	-
Cross charges out	(8,580)	(34,958)
Relocation expenses	1,724	2,249
	179,780	202,045
Operating profit	68,326	29,993
Other income		
Interest received	76	82
Interest payable and similar charges	(57)	(38)
Net profit before taxation	68,345	30,037