COMPANY No 0448274

elektron technology

Designing a connected world

Annual Report and Financial Statements 2013

Elektron Technology plc

Elektron Technology is a global business that designs, manufactures and markets the products vital for the connected world.

We create and develop products that monitor, control and connect and are used in thousands of ways that affect everyday life.

At a glance

We have a worldwide presence and influence. As the components of our world become ever more interdependent, the need for products engineered by Elektron Technology is set to grow, expanding across every continent.

We are located worldwide, close to our markets.

7,000
Approximately 7,000 customers

Our areas of operations

Connectivity
Meeting the need for delivery of data and power in the most demanding of situations

£28.2m
Sales

£1.8m
Operating profit*

Instrumentation, Monitoring & Control
Quantifying real world environments, processing and acting on the results

£21.4m
Sales

£0.3m
Operating loss*

Materials
Specialised materials for industry

£6.1m
Sales

£0.1m
Operating profit*

Key products (Connectivity)
- Connectors for demanding environments
- Switches, knobs and meters for consumer electronics

Key products (Instrumentation, Monitoring & Control)
- Ophthalmic instruments to diagnose common conditions
- Nanopositioning and sensing equipment
- Smart wireless food safety monitoring
- Coating and surface measurement instruments
- Vehicle power management systems

Key products (Materials)
- Router cutter design and manufacture
- Tungsten carbide manufacture

* Continuing operations and before non recurring or special items

Our innovation

MPS II

Age-related Macular Degeneration (AMD) is the leading cause of vision loss in the over 50s Early detection is vital but, until now, screening has been difficult, unreliable and intrusive The new MPS II solves these problems The portable screener is affordable, rapid and reliable

6000 Series Buccaneer

Connectors made by Elektron, like the Bulgin 6000, remain the ones that are relied upon in conditions that would render lesser products useless. When failure is not an option, whether in the depths of the ocean or in life-threatening climatic conditions, our design innovation and product quality results in component level reliability

MPS II

Bulgin
6000 Series
Buccaneer

Elektron Technology

Checkit

Queensgate

Checkit

Checkit is a smart, wireless solution that makes the vital process of monitoring food safety and hygiene faster, easier and more reliable A completely paperless system, Checkit simplifies record-keeping and, with instant alerts to highlight food safety issues, provides complete assurance that the business – and its customers – are protected

Queensgate

30 years after pioneering nanopositioning, Queensgate has introduced a revolutionary new line of nanopositioning systems featuring Dual Sensor Technology™ This new control technique overcomes the constraints of traditional controllers, delivering unrivalled stability and a throughput increase of 300%

Our strategy

Risks and uncertainties

See pages 15 and 16

Strategy	Objectives	Key activities
Innovate for growth	• Continuous investment in new product development, to create a high growth product portfolio	• Engineering team in Cambridge Technology Centre, following Innovation Resource Planning™ process • Multi-year investment programme for core products developed • Major new product introductions during the year, with more planned
Focus resources for success	• Invest selectively in products with the highest profit and growth potential	• Review of the existing portfolio for profit and growth potential
	• Realise value from products that do not fit the strategy	• Sale of ASL for £0 6m and announcement of sale (subject to contract) of Total Carbide for £2 3m
Streamline operations	• Simplify the Group's operating model	• Development of the centre for high-tech manufacturing in Torquay
	• Build scale, connect teams and reduce costs	• Arcolectric manufacturing consolidated in Tunisia • Redhill factory closed, China factory downsized, US warehouse closure announced
Invest in infrastructure, people and capabilities	• Create a scalable organisation to sustain growth	• Single global ERP system close to full roll-out • Ancillary systems (CRM, analytics) and robust global networks substantially in place • Capable multi-tiered leadership team and skilled workforce • EMEA customer service and UK finance shared service centres established in Torquay

100,000

Approximately 100,000 end-users, with products used in all seven continents as well as in space

Chairman's and Chief Executive's statement

Overview

Elektron Technology plc ('Elektron' or 'the Group') is rapidly evolving into an innovation-led technology company, operating on an integrated basis worldwide, focused on a distinctive portfolio of high growth-potential products and brands.

The Group is working to address the legacy parts of the business which are not aligned with its vision and focus, improving or rationalising those brands which are sub-scale, commoditised, or with old product ranges Elektron is also improving its complex operating configuration, rationalising manufacturing sites and standardising IT systems

The combination of these legacy inefficiencies and the current economic environment have adversely affected performance Sales in the year to 31 January 2013 were £55 7m (2012 £63 1m) and trading profit before non-recurring or special items was £1 6m (2012 £4 9m) The Instrumentation, Monitoring and Control ('IMC') segment was particularly affected, but is now refocused and reorganised to improve its prospects

Despite financial results which did not meet the Board's initial expectations, underlying progress in the last year has been substantial The ongoing investment in New Product Development ('NPD') is already yielding results, with the Group's first significant new product launches for several years and a very encouraging pipeline of new products in development

Strategic update

Elektron's strategy is to innovate to create a high growth product portfolio, to focus resources behind winning propositions, to streamline operations to reduce costs and to invest in world class infrastructure, people and capabilities

Innovation

The Group now has some 40 high calibre engineers based mainly at its Cambridge Technology Centre, focusing on NPD The Centre brings together skills that were previously fragmented in different locations

Key highlights*

- Revenue £55 7m (2012 £63 1m)
- Operating profit before non-recurring or special items ('trading profit') £1 6m (2012 £4 9m)
- Non-recurring or special items, largely relating to UK streamlining and manufacturing consolidation £2 3m (2012 £2 2m)
- Reported operating loss £0 7m (2012 £2 7m profit)
- Adjusted earnings per share** ('Adjusted EPS') 1 0p (2012 3 2p), basic earnings per share ('Basic EPS') 0 6p loss (2012 1 7p profit)
- Strong cash generation up 57% to £5 8m (2012 £3 7m)
- Substantial investment in new product development ('NPD') up 600% to £1 4m capitalised during the year (2012 £0 2m)
  - First significant product launches Bulgin, Queensgate, MPS II, with more in pipeline
- Continuing simplification of Group operations
  - Rationalising portfolio to focus on core brands ASL sold for £0 6m, Tinsley brand being discontinued, post year end agreement (subject to contract) for sale of Total Carbide for £2 3m

* Figures for continuing operations, except where otherwise stated

** Before non recurring or special items

To manage risk within its NPD function, Elektron follows a structured product development process, from idea generation and market feasibility analysis, through design, prototyping and testing, to production and launch The Group's portfolio approach to NPD also mitigates some of the risk which a single product approach necessarily entails

Each brand has a multi-year roadmap for investment, building on success to maintain a commercial and technological advantage The Group has also adopted a modular technology platform approach, allowing certain developments to be applied to multiple brands, reducing costs and increasing speed to market

Elektron's investment in innovation increased by 600% to £1 4m (2012 £0 2m) capitalised during the year, including over 26,000 hours of internal engineering time A further £0 9m (2012 £0 9m) of R&D costs were recognised in the income statement The Group also partners with leading specialists and researchers at universities across the world, to build and maintain a competitive edge in selected fields Elektron was also awarded £0 3m of government grant funding to support its NPD effort £0 1m of these awards was received during the year

New product launches as a result of this programme included
- Bulgin 6000 Series connectors for harsh environments,
- Queensgate Dual Sensor nanopositioning controller and stages,
- Elektron Technology MPS II for macular pigment screening, and
- Elektron Technology Checkit food safety and hygiene monitor (launched since the year end)

Focusing resources
Elektron has a complex portfolio of products and brands, some of which have received little investment or innovation for many years The Group is therefore focusing its resources on brand and product propositions which the Board believes have the most potential to provide substantial profitable growth in the future, and disinvesting from brands which do not show this potential or do not fit with Elektron's core product offering

In line with this strategy, the Group has already made and announced some key disposals
- The ASL brand and associated assets were sold to WIKA Instruments Limited in January 2013 for cash consideration of £0 6m, realising a net gain of £0 2m after tax,
- Potential sale of Total Carbide Ltd to Versarien plc for £2 3m, subject to contract If this disposal proceeds, it will reduce the Group's non-core Materials segment to a minimal part of Group revenues, and
- Phasing out of the Tinsley brand, with selected products being repositioned as sub-brands under the Elektron Technology umbrella

Further brand and product disposals are possible, where they meet our value criteria

Streamlining operations and reducing costs
Simplifying the Group's operating model remains a key focus, building scale, connecting teams effectively and eliminating unnecessary cost

The Group's factory in Redhill has now closed and the centre for high tech manufacturing in Torquay is making good progress Customer service and shared services for Finance and HR have also been consolidated into Torquay, leading to improvements in processes and reduced costs, with further still to be achieved

Elektron has moved its Arcolectric switch production to its facility in Tunisia, with a corresponding reduction in manufacturing activities in China, which is no longer regarded by the Group as a low cost location However, China remains an important market for Elektron products and the Group retains a significant presence there The Group has an efficient and supportive labour force in Tunisia and has continued to operate effectively during recent political changes in the country

Planning for the closure of the West Molesey factory continues and the Group also intends to move towards direct delivery in the USA, closing an inventory holding location in California

+600%

Capitalised investment in new product development has increased to £1.4m

Chairman's and Chief Executive's statement
continued

In addition to expected annual cost savings of more than £3m, these changes will result in a greatly simplified operating configuration, providing closer control of product quality and lead-time to customers Further site consolidations may be considered in due course, to enable still greater streamlining of operations

Investment in infrastructure, people and capabilities
Elektron continues to build an organisation designed to support its growth aspirations Since the Group's relocation to Cambridge in 2011, the senior management team has been strengthened with expert additions to key functions, while inefficient legacy management structures have been dismantled

The Group continues to invest in its IT infrastructure to connect teams across the world and to provide fast, consistent and high quality information to control and drive the business

The roll-out of the Group's single Enterprise Resource Planning ('ERP') system is now almost complete and the final implementation is scheduled to take place in the coming months The ERP system is complemented by other systems and infrastructure including

- A single Customer Relationship Management system, providing a comprehensive database of commercial contacts, supporting the sales process from lead generation through to sale,
- Business Intelligence software,
- Integrated email and telephony systems,
- Specialist tools to support the NPD programme, and
- Robust data links and storage solutions

Elektron's marketing activities have been consolidated in Cambridge, bringing greater scale, expertise and proximity to other key functions All brand logos and websites have been given consistent branding and the Group's e-commerce capabilities are currently being upgraded

Operational review
Regional sales performance
Sales in the Americas (£8 1m, 2012 £8 2m) were relatively resilient and prospects in the region remain encouraging During the year the Group has strengthened its direct sales resource for its IMC brands, with a focus on targeting Latin American markets

The Asia Pacific region (£9 8m, 2012 £11 9m) remains a key focus for future growth and the distribution network in this region has been further expanded to include key territories such as South Korea, Japan and Taiwan The sales pipeline for the newly launched MPS II macular pigment screening machine is building ahead of plan in areas where regulatory approval has been obtained, with new territories scheduled to open up during the coming year

Overall, sales in the region have been impacted by declining demand for legacy products from the Queensgate brand A substantial renovation of this brand's offering is underway and is expected to start to replace the lost volume, as customers gradually design the enhanced technology into their product ranges

The Group's legacy Indian business, offering factored calibration and instrumentation equipment, albeit with little differentiation, has also seen a decline due to local competition and falling overall demand While the Group is actively reviewing the future of that part of the business, other Elektron brands are well-established in India and continue to prosper there

In EMEA (£37 8m, 2012 £43 0m) the eurozone crisis and decline in UK government spending have slowed demand Sales of the Qados and Carnation brands have historically been dependent on capital spending by the UK National Health Service and are experiencing delays in the conversion of opportunities into orders The Group continues to develop the Carnation brand internationally, reducing its reliance on UK public sector spending

Segmental performance
Connectivity (sales £28 2m, trading profit £1 8m, 2012 sales £29 2m, trading profit £2 4m)
Connectivity sales were £1 0m lower, leading to a reduction in trading profit However, sales stabilised in the second half of the year, in part, due to the introduction of the new Bulgin 6000 series connectors, with Bulgin products overall registering 5% growth in the second half The growth in Bulgin sales has been offset by a decline in sales of lower margin Arcolectric products

IMC (sales £21 4m, trading loss £0 3m, 2012 sales £27 5m, trading profit £2 3m)
The IMC business has seen major structural changes during the second half of the year, with a renewed management team bringing greater focus on key brands in terms of commercial leadership, operations and new product development

The new team has undertaken a thorough review of the IMC product portfolio to identify the areas most likely to deliver profitable growth This has led to a significant investment programme to revitalise the segment through selected brands and enhanced distributor partnerships New products were launched during the year and since the year end Each of these new products has the potential to contribute significantly to the growth and profitability of IMC in 2014 and beyond

The IMC brand and product portfolio has been substantially rationalised, with the sale of the ASL brand and the phasing out of legacy products, particularly under the Queensgate and Tinsley brands These changes, together with the factors affecting the business in the EMEA region described above, have resulted in a reduction in sales and profits, not yet fully offset by growth from the new products Some further rationalisation may be needed, but prospects for the newly refreshed and focused portfolio are greatly improved

Materials (sales £6 1m, trading profit £0 1m, 2012 sales £6 4m, trading profit £0 2m)
Within the Materials segment, the Titman Tip Tools brand has performed well, with significant new customer gains However, this was offset by declining sales from the Total Carbide brand which refined its sales and marketing strategy by concentrating on a smaller number of large accounts

Dividends
Having considered the resources needed to support Elektron's focus on investing in its infrastructure, product portfolio and capabilities, the Board believes that it is in the Group's best interests not to recommend the payment of a final dividend (2012 0 56p per share) The Board will continue to monitor closely its policy in relation to dividends with a view to potentially resuming dividends in due course

The Board will also continue to consider market share purchases by the Group or the Employee Benefit Trust ('EBT') in appropriate circumstances, but has no plans to initiate such purchases at present

Current trading and outlook
Orders in the first two months of the current financial year have been satisfactory However, as is normal, the Group's order book only gives a few weeks of forward sales visibility Against an economic backdrop that remains challenging and with a portfolio still in need of some renewal and rationalisation, the Board remains cautious in outlook in the near term

The Board anticipates that the current year will see further significant progress in implementing the Group's strategy Plans include a full schedule of completing the systems implementation programme, streamlining the operating configuration, supporting recent launches and bringing new products to market

Keith Daley
Chairman

John Wilson
Chief Executive

26,000+

Hours invested in growing innovation

Chief Financial Officer's report

Group sales from continuing operations were £55 7m (2012: £63 1m)

The reduction in sales, coupled with the effect of fixed production costs, has contributed to a reduction in gross profit margin to 37 5% (2012 40 6%) However, operating expenses (excluding non-recurring or special items) were lower at £19 3m (2012 £20 7m), reflecting early benefits from the Group's streamlining programmes

Trading profit margin was 2 9%, down from 7 8% in 2012, largely as a result of the lower sales, leaving trading profit of £1 6m (2012 £4 9m) All the trading profit was generated in the first half of the year, reflecting seasonal sales patterns

The consolidated net interest charge of £0 3m (2012 £0 3m) is covered five times (2012 16 times) by operating profit before non-recurring or special items

The Group has initiated several programmes to streamline operations and improve profitability £1 9m was invested in these programmes during the year and has been recorded as restructuring in non-recurring or special items (2012 £1 9m) A further c £2 5m is expected to be incurred to bring these programmes to completion In aggregate they are expected to deliver annual savings in excess of £3m in steady state

Other non-recurring or special items include £0 2m (2012 £0 2m) amortisation of intangible assets arising from past acquisitions and £0 2m (2012 £nil) charge relating to share-based incentive plans

Group pre-tax profit before non-recurring or special items was £1 3m (2012 £4 6m) Reported pre-tax loss was £1 0m (2012 £2 4m profit) and was partially offset by a £0 4m tax credit and £0 2m gain on the disposal of the ASL brand, leaving a net loss for the year of £0 4m (2012 £1 9m profit) ASL is reported as a discontinued operation in the year, with prior year numbers restated accordingly

The tax credit on the loss for the year is at an effective tax rate of 44 3%, in part due to the availability of R&D tax credits Further information is provided in Note 8 to the financial statements The Group's future underlying tax rate is expected to benefit from scheduled reductions in the standard UK tax rate

The average number of ordinary shares in issue during the year was 105 4m, compared with 106 4m in the prior year Basic EPS and Adjusted EPS were 0 6p (loss) and 1 0p (profit) respectively (2012 1 7p profit and 3 2p profit)

The Group's strategy of investing in innovation, a world class infrastructure and streamlining operations is reflected in its cash flows for the year Capital investment in the year totalled £3 4m (2012 £2 2m) and exceeded depreciation and amortisation by £1 8m, while cash investment in the streamlining programmes was £2 5m (2012 £1 0m)

The increased level of capital spend is attributable to the build-up in activity of the Technology Centre in Cambridge, with capitalised development costs of £1 4m net of government grants received (2012 £0 2m) Investment in other fixed assets includes continuing development of the Group's IT infrastructure (£0 5m) and physical infrastructure and equipment needed to support the new operating configuration and to manufacture the newly developed products

This level of investment has been supported by £5 8m (2012 £3 7m) cash generation from operating activities before restructuring, which partly reflects improvements in working capital management Cash inflows also included £0 6m proceeds received on the disposal of ASL

Elektron has paid £1 1m to shareholders in the year (2012 £0 8m) via dividends and share purchases EBT

Net debt increased to £5 0m (2012 £4 4m), but remained well within the Group's total borrowing facilities of over £14m These currently include a revolving credit facility ('RCF') of £6 5m, invoice finance facilities of up to £6m and leasing facilities of up to £2m All the facilities have recently been renewed for a further 12 months, except the RCF which runs until April 2016, amortising by £1 1m each year

Net gearing (net debt divided by total equity) at year end was 35% (2012 28%)

The average number of people employed by the Group during the year has reduced by 11% to 1,014 (2012 1,145)

Noah Franklin
Chief Financial Officer

N F K Franklin

Business review

+57%

Cash generation from operating activities before restructuring has increased to £5.8m

Directors and advisers

John Wilson (37)
Chief Executive
Appointed to the Board in August 2010 and as Chief Executive on 17 December 2010, John originally joined Elektron Technology in March 2008 as Technical Director before being appointed Managing Director of the Technology Division in April 2010 Prior to this he had spent his career in senior management positions in the UK and North America as well as consulting for a world-leading technology consultancy

Keith Daley (57)
Chairman
Appointed to the Board in 2004 and as Chairman in 2008, Keith originally trained as a corporate banker He is an experienced serial entrepreneur and Chairman with a strong sales and marketing focus He has managed, owned, invested in and sold a number of businesses over the past 30 years

Simon Acland (55)
Independent Non-Executive Director
Appointed to the Board in November 2010, Simon has over 30 years of experience in the technology sector as an entrepreneur and venture capitalist He has sat on the boards of over 30 companies, both private and publicly listed on AIM, the main market, and Nasdaq, often which he backed as private companies and helped to guide to flotation Simon chairs the Remuneration Committee

Noah Franklin (53)
Chief Financial Officer
Appointed to the Board in July 2011, Noah is a chartered accountant with extensive experience in senior financial roles and within publicly quoted companies His previous appointments include 12 years as a senior executive with Cadbury Schweppes plc, where his roles included Finance Director for Europe, the Middle East and Africa and Group Financial Controller, as well as Managing Director of Global Business Services and a country Managing Director position

Richard 'Ric' Piper (61)
Senior Independent Non-Executive Director
Appointed to the Board in July 2012, Ric is a chartered accountant and has held senior finance roles in a number of companies, including ICI, Citicorp, Logica and engineering design and consultancy WS Atkins where he was Group Finance Director Ric is a non-executive director of a number of AIM and other companies and a partner of Restoration Partners Limited, which advises technology businesses He is a member of the Finance Reporting Review Panel Ric chairs the Audit Committee and the Nominations Committee

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BA Hons, FCIS

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Report of the Directors

The Directors present their Annual Report on the affairs of the Group together with the audited financial statements for the year ended 31 January 2013

Principal activity
Elektron Technology plc ('Elektron') is a global Group managing, exploiting and developing its technologies within the fast moving engineered products sector in business to business markets The principal activity of the Company is that of a holding company The principal operating subsidiaries of the Group as at 31 January 2013 are listed in Note 15

Business review
Information that fulfils the business review requirements applicable to the Group is contained in the Chairman's and Chief Executive's statement on pages 6 to 9 and the Chief Financial Officer's report on pages 10 and 11 We are required by the Companies Act 2006 to include a Business review in the report of the Directors and describe the principal risks and uncertainties facing the Group Analysis using financial key performance indicators has to be shown We regularly produce a wide variety of key figures for all of our businesses that enable us to identify performance against budget and the previous year Key performance indicators are shown below

	2013	2012
Gross profit margin		
The ratio of gross profit to revenue expressed as a percentage	**37.5%**	40 6%
Net operating profit percentage of revenue, before non-recurring or special items		
The ratio of net operating profit before non-recurring or special items, to revenue, expressed as a percentage	**2.9%**	7 8%
Interest cover		
The ratio of profit before finance and non-recurring or special costs to net interest payable on borrowings	**5.3**	14 9
Basic earnings per share		
The (loss)/profit after tax divided by the weighted average number of ordinary shares in issue during the year, excluding treasury shares	**(0.6)p**	1 7p
Adjusted earnings per share		
The profit after tax before non-recurring or special items, divided by the weighted average number of ordinary shares in issue during the year	**1.0p**	3 2p
Net gearing		
The ratio of total borrowings less cash to shareholders' funds expressed as a percentage	**35 0%**	27 6%
Net assets per share		
Net assets divided by the number of ordinary shares in issue at the balance sheet date, excluding treasury shares, expressed in pence per share	**13 7p**	14 8p
Headcount		
The average monthly number of persons employed by the Group	**1,014**	1,145
New products		
The number of significant new product launches during the year	**3**	nil

Principal risks and uncertainties

The management of the business and the nature of Elektron's strategy are subject to a number of risks and uncertainties Elektron's risk management processes are forward-looking in the identification, management and mitigation of the key business risks that could impact the Group's immediate and long-term performance The following risks are those that the Group considers could have the most serious adverse effect on its performance and reputation

	Risk	Mitigation
Commercial risks including level of sales and product costs	Elektron's revenues are, and will be, principally from sales of its products There can be no assurance that current product revenues can be maintained or increased in the future Product sales and costs may be affected by adverse market conditions or other factors, including pricing pressures from governments or other authorities, competition from other products, the withdrawal of a product because of a regulatory or other reason, or the financial or commercial failure of a marketing partner The Group sells globally and manufactures a proportion of its products outside the United Kingdom, which in turn exposes the Group to the economic and political environments of those locations	The Group has approximately 7,000 customers and approximately 100,000 end-users worldwide Its diverse portfolio of brands and products assists in reducing the risk related to limited offerings or the failure of one aspect of the business
Competition	Elektron experiences competition both from emerging suppliers based in low-cost countries and traditional European suppliers seeking to maintain market share by reducing prices A number of technologies claim to deliver similar benefits in a different way This could potentially reduce Elektron's pricing power in the markets in which we operate	The Group continually monitors competitive development and seeks to develop innovative products for niche applications to ensure the Group retains a competitive advantage
Risks associated with product and technology innovation	Elektron's strategy is partly based on the continuous development of new products The technical feasibility and commercial success of such developments is generally not assured in advance	The Group's Innovation Resource Planning™ process is designed to ensure that such risks are minimised
Major site event involving the loss of a site including IT systems	Significant operational problems could have an adverse effect on Elektron's financial position We are reliant on the continued operation of our manufacturing sites	Business continuity plans including IT are designed to minimise the impact of normal, foreseeable risks
Commodity prices	A significant amount of Elektron's purchases are plastic moulding powders, metal parts and rare metal powders Consequently exposure to movements in oil, copper, silver, tungsten and cobalt market prices can affect profitability	Product design is kept under review to seek to ensure that Elektron's products use no more of such commodities than product offerings of our direct competitors Wherever possible we multi-source our raw materials and/or we purchase them under medium to long term contracts We manage our raw material stock levels taking these considerations into account

Report of the Directors

continued

	Risk	Mitigation
Foreign exchange rate movements	A significant portion of Elektron's sales are in US Dollars and Euros Elektron is therefore exposed to foreign currency fluctuations	Elektron manages its foreign exchange risk by purchasing materials in matching currencies where possible in order to partially offset this exposure Financial and treasury controls limit exposure to foreign currency, interest rate and credit risk
Control of overseas operations	In order to achieve competitively priced products Elektron has manufacturing facilities in Tunisia and China, as well as in the UK It also has sales offices in India, Singapore, Germany and the USA Risks and uncertainties of this strategy include management issues at the factories, the possibility of changes in import duties, taxes and shipping and payment delays	The Group manages these risks by employing suitably experienced local staff and a Regional or UK-based team that works closely with them
Legal	The Group operates in countries where bribery and corruption are known risks The growing volume of legislation and regulation increases non-compliance risk and the associated penalties	The Group has a strict anti-bribery policy and has communicated the essential features of the UK Bribery Act to staff worldwide
Quality	Certain products supplied by Elektron are critical to the operation of customers' equipment, where consequential losses due to malfunction may lead to customer costs significantly in excess of the value of the products supplied	Quality management procedures are in place for each site, and all manufacturing sites hold ISO9001 accreditation The Group's standard terms and conditions of sale are robust
Reliance on key individuals and retention of high-quality staff	The Group is dependent on key persons in commercial or management areas The profitability and reputation of the business may be adversely impacted if they were to depart without due warning	The Group continues to invest in recruiting high-calibre staff, with a view to strengthening the depth of talent throughout the business Staff retention is closely monitored and remuneration packages are designed to promote retention of key individuals

Results and dividends

There was a loss for the year after taxation of £0 6m (2012 £1 9m profit) and the Directors are not recommending the payment of a final dividend (2012 0 56p per share) £0 5m was returned to shareholders during the year via share purchase by the Employee Benefit Trust (2012 £nil) No interim dividend was paid in the year (2012 0 27p per share) Aggregate distributions to shareholders during the year (dividends plus share purchases) were £1 1m (2012 £0 8m)

Research and development

The continuous advancement of technology and processes by the Group means costs are incurred each year in research and development The Directors consider that research and development continues to play a vital role in maintaining and increasing the Group's competitive position in the market Details are set out in Notes 4 and 13 to the financial statements

Health, safety and environment

The Group recognises and accepts its responsibilities for health and safety and is committed to achieving the highest practicable standards in health and safety management for all its operations to safeguard its employees, customers and the local community

The Group is committed to the care of the environment and the maintenance of environmental controls as they relate to the business and aims to ensure that its activities comply at all times with relevant environmental legislation

Directors and their interests

Biographical details of the current Directors are set out on pages 12 and 13 and details of Directors' beneficial interests in the shares of the Company as at 31 January 2013 are set out in the report of the Remuneration Committee on pages 22 to 25

Simon Acland retires by rotation at the 2013 annual general meeting and will offer himself for reappointment The Board recommends the reappointment of Simon Acland as it considers that he brings considerable experience of growing technology businesses to the Group Additionally, Ric Piper, who was appointed as a Director on 2 July 2012, seeks reappointment at the first annual general meeting since his appointment The Board recommends the reappointment of Ric Piper and considers that Ric brings valued financial expertise to the Board Details of the resolutions to reappoint them are contained in the Notice of Annual General Meeting ('AGM') accompanying this Annual Report and Financial Statements

Share capital

As at the date of this report, the total number of shares in issue (being ordinary shares of 5p each) is 119,526,265 During the year the Company issued 229,278 new shares Details of the share capital are given in Note 22 to the financial statements

Substantial shareholdings

As at the date of this report, the Company was aware or has been notified in accordance with chapter 5 of the Disclosure Transparency Rules of the following interests of 3% or more in its issued ordinary share capital, in addition to Directors' holdings which are disclosed in the Remuneration Committee report

Mr J Kinder	15 15%
Elektron Technology 2012 Employee Benefit Trust	12 61%
Mr & Mrs N Slater	7 43%
Henderson Global Investors	5 23%
D & A Income Limited	4 94%
Mr A Perloff & Panther Securities Plc	4 08%

Report of the Directors

continued

Charitable and political donations
The Group made no political contributions (2012 £nil) and no charitable donations (2012 £nil) during the year

Supplier payment policy
The Group applies a policy of agreeing the terms of payment as part of the commercial arrangement negotiated with suppliers It is Group policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions The average trade payables days in the year for the Group were 50 days (2012 51 days) and for the Company were 34 days (2012 47 days)

Employees
The Group has human resources policies designed to meet the needs of its Group companies and employees around the world Recognition is given to individual employees' needs and requirements and employees are encouraged to apply their skills, knowledge and energy The Group recognises the importance of its employees and their training

The Group is committed to equality of opportunity for all regardless of gender, race, age, disability, religion or sexual orientation, where it is reasonable and practicable within existing legislation This applies equally to recruitment and to the promotion, development and training of staff Each operating company within the Group operates its own communication and consultative programmes relevant to its own particular workforce

Corporate governance statement
As an AIM listed group, the Group is not required to follow the provisions of the UK Corporate Governance Code 2010 ('2010 Code'), as set out in the Financial Services Authority's Listing Rules The Directors, however, recognise the importance of, and accordingly support, the principles of good corporate governance as contained within the 2010 Code The Directors normally seek to follow the 2010 Code to the extent considered relevant for an AIM listed Group of its scale and complexity The Group is unable to achieve compliance with the 2010 Code in a number of areas this year, among other matters because of the number of independent Non-Executive Directors The Directors will continue to assess compliance with the 2010 Code These matters are explained in further detail in the sections that follow

Directors
(i) The Board
The Board currently comprises the Chairman, two Executive Directors and two Non-Executive Directors Brief biographical details of the Directors appear on pages 12 and 13 These illustrate the level and range of business experience which, the Board believes, enables it to provide clear and effective leadership of the Group The composition of the Board is reviewed regularly Appropriate training, briefings and induction are available to all Directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience New Directors are subject to election by shareholders at the first AGM after their appointment

The Company is not compliant with the requirement of the 2010 Code, which states that more than half of the Board should be comprised of independent Non-Executive Directors

The Board meets at least ten times each year and more frequently where business needs require The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on those matters is known to senior management within the Group This includes subjects such as material capital and revenue commitments, business acquisitions and disposals and appointments to the boards of subsidiary companies

There is an agreed procedure whereby Directors wishing to take independent professional advice in furtherance of their duties may do so, if necessary, at the Group's expense

In addition, each Director has access to the services of the Company Secretary The Secretary is charged by the Board with ensuring that all Board procedures are followed and relevant regulations are complied with

(ii) Chairman and Chief Executive
The division of responsibilities between the Chairman and the Chief Executive is clearly established and understood

The Board operates with a number of Board Committees

(iii) Audit, Remuneration and Nominations Committees
Ric Piper chairs the Audit Committee and the Nominations Committee Simon Acland chairs the Remuneration Committee

The Audit Committee consists of the Non-Executive Directors The Executive Directors are invited to attend Audit Committee meetings Part of each meeting is held with the external auditor without the Executive Directors being present The Audit Committee considers the adequacy and effectiveness of the risk management and control systems of the Group and reports the results to the Board It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditor The Committee also reviews the interim statement, the preliminary announcement and accounting policies The Audit Committee report is on pages 26 and 27

The Nominations Committee consists of the Non-Executive Directors and the Chairman of the Board and reviews the structure, size and composition of the Board and its Committees It identifies and nominates suitable candidates to the Board and gives full consideration to succession planning for Directors and other senior executives, and keeps under review the leadership needs of the organisation

The Remuneration Committee, which comprises the Non-Executive Directors, determines and agrees with the Board the framework and policy of executive remuneration packages, including bonuses, incentive payments, share options or awards and pension arrangements The remuneration of the Executive Directors is recommended by the Chief Executive The remuneration of the Non-Executive Directors is agreed by the Board The Remuneration Committee report is on pages 22 to 25

The terms of reference for each of the Board Committees are available on request from the Company Secretary

(iv) Supply of information
To enable the Board to perform its duties effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information

The agenda for regular Board meetings includes a Chief Executive's report and a report from the Chief Financial Officer together with documents regarding specific matters

(v) Appointments to the Board
During the year the Board created a Nominations Committee whose role it is to review and make recommendations on appointments to the Board

(vi) Reappointment
Any Director appointed during the year is required, in accordance with the Company's Articles of Association ('the Articles'), to retire and seek appointment by shareholders at the next AGM The Articles also require that one third, but not more than one third, of the Directors retire by rotation each year and seek re-appointment at the AGM The Directors required to retire will be those who have been longest in office since their last appointment or reappointment and the date for determination of the number of Directors is not earlier than 28 days prior to the date of the Notice of AGM

Report of the Directors

continued

Directors' remuneration
Details of Directors' remuneration are contained in the Remuneration Committee report on pages 22 to 25

Directors' indemnities
The Company has granted indemnities to each of its Directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors to the extent permitted by the Companies Act 2006 and the Company's Articles of Association Such qualifying third party indemnity provision remains in force at the date of approving the Directors' report In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and officers' liability insurance

Communication with shareholders
(i) Dialogue
The Group recognises the importance of constructive communication with its shareholders to ensure its strategy and performance are understood This is achieved principally through the Group's Interim Report, Annual Report and AGM In addition, a range of corporate information is available to investors on the Group's website

(ii) Use of the Annual General Meeting
All shareholders have the opportunity to put questions at the Group's AGM In view of the low number of attendees at general meetings, the Board does not make formal business presentations but instead allows time for informal discussion after the conclusion of formal proceedings

Accountability and audit
(i) Internal financial control
The Board has overall responsibility for the Group's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss

The key procedures that are in place are
- A comprehensive budgeting system including reviews at operating unit level and formal reviews and approvals of the annual budget by the Directors,
- Monitoring of actual results and comparison to budget for each operating unit on a monthly basis,
- A clearly defined organisation structure within which individual responsibilities are identified and can be monitored, and
- Defined procedures for the appraisal, review and authorisation of capital and major revenue and development expenditure

(ii) Financial reporting
It is the Board's responsibility to present a balanced assessment of the Group's position and prospects The respective responsibilities of the Directors and the auditor in connection with these financial statements are explained on pages 28 to 31

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive's statement on pages 6 to 9 The principal risks and uncertainties facing the business are described in the Report of the Directors on pages 14 to 21 The Chief Financial Officer's report on pages 10 and 11 includes details of the Group's principal banking facilities

The Directors have reviewed current cash flow projections for a period not less than 12 months from the approval of this Annual Report These projections take account of reasonably possible changes in trading performance, borrowing facilities and forecast covenant compliance The Directors have no reason to believe that any of the existing borrowing facilities might be withdrawn or that there would be any other material change in the current financial projections of the Group As a result the Directors have formed a judgement when approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements

Auditor and 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 Group'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 Group's auditor is aware of that information This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006

Deloitte LLP has indicated its willingness to continue in office as auditor and a resolution concerning their reappointment will be proposed at the forthcoming AGM

Annual General Meeting
The Group's AGM will be held on 27 June 2013 Accompanying this Annual Report and Financial Statements is a letter from the Chairman and Notice of AGM which set out the resolutions to be considered and approved at the meeting

On behalf of the Board

Martin Reeves
Company Secretary
10 April 2013

Registered Number
448274

Remuneration report

Unaudited information
Companies with securities listed on AIM are not required to comply with either the Directors' Remuneration Report Regulations 2002 or the UKLA Listing Rules or the provisions under schedule 8 of the Companies Act 2006 However, the Remuneration Committee is committed to maintaining high standards of corporate governance and open communication with shareholders and has applied the guidelines as far as practical given the current size and development of the Group The Committee is therefore pleased to present its report to shareholders

Composition and role of the Remuneration Committee
The Remuneration Committee consists only of Independent Non-Executive Directors During the financial year ended 31 January 2013 its members were Simon Acland, Ric Piper (from 2 July 2012) and Jeremy Thorn (until 2 July 2012) None of the Committee has had any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business

The Committee is responsible for setting policy on Directors' remuneration and for determining the individual remuneration packages of the Group's Executive Directors It is also responsible for considering management proposals for remuneration and employment terms for the Group's senior staff including arrangements for bonus payments and long term incentive plans, and for all staff where the issue of equity is involved

Remuneration policy
The Group's remuneration policy is designed to attract, motivate and retain Directors and senior executives of the high calibre necessary for a business with Elektron's international scope and ambitions and to ensure that their interests are closely aligned with those of shareholders

The Remuneration Committee actively reviews the Group's remuneration structure, seeking independent advice where appropriate, to ensure that it is designed to deliver this policy efficiently and effectively balancing this with the need to obtain value for money for the Group

Remuneration packages
The main elements of the Executive Director remuneration packages are basic salary and benefits, pension arrangements, annual bonus plans and long term share-based incentive plans

Basic salary, benefits and pension arrangements
Basic salary and benefits are reviewed annually, unless there are any changes in the course of a financial year to an individual's role or responsibility No salary increases for the Executive Directors were awarded in 2012-13 (2012 none) and none is planned for 2013-14

Benefits in kind include company car or car allowance and private medical insurance for Executive Directors and their dependants The healthcare arrangements for Executive Directors are the same as those for all UK employees entitled to such cover

The Group operates a defined contribution pension plan and makes contributions to the plan equivalent to 10% of the basic salary of Executive Directors Executive Directors may opt to receive this amount as a payment in lieu of pension contribution

All Executive Directors are employed on service contracts terminable on six months' notice by the Company or the Director

Annual bonus plan
The Group operates a bonus plan for Executive Directors and for senior management, which is reviewed annually There are no guaranteed bonuses

No bonuses were paid or are payable to Executive Directors in relation to the year (2012 £17,000 was paid to one director in relation to specific targets)

For the year to 31 January 2014, all senior executives including Executive Directors will have a portion of their annual bonus based on Group operating profit before non-recurring or special items, with the balance based on personal objectives or other specific financial targets For the Executive Directors, the balance of the bonus for the year is based on earnings per share before non-recurring or special items The maximum potential bonus for each Executive Director, in the event of exceptional performance, is capped at 100% of basic salary

Bonus arrangements are non-contractual and may be amended at the discretion of the Remuneration Committee

Total emoluments
Emoluments for the Executive Directors and Non-Executive Directors are set out below The figures below represent emoluments earned as Directors during the relevant financial year Such emoluments are paid in the same financial year with the exception of bonuses, which may be paid in the year following that in which they are earned but are charged in the year to which they relate

Year to 31 January 2012	Basic pay £'000	Benefits* £'000	Bonuses £'000	Severance £'000	Total £'000	Pension contribution** £'000
Executive Directors						
Keith Daley	200	11	–	–	211	20
John Wilson	200	11	17	–	228	20
Geoff Spink (resigned July 2011)	67	6	–	94	167	10
Noah Franklin (appointed July 2011)	91	6	–	–	97	9
Non-Executive Directors						
Simon Acland	30	–	–	–	30	–
Jeremy Thorn	30	–	–	–	30	–
Total 2012	618	34	17	94	763	59

Year to 31 January 2013	Basic pay £'000	Benefits* £'000	Bonuses £'000	Severance £'000	Total £'000	Pension contribution** £'000
Executive Directors						
Keith Daley	200	11	–	–	211	20
John Wilson	200	11	–	–	211	20
Noah Franklin	175	11	–	–	186	18
Non-Executive Directors						
Simon Acland	30	–	–	–	30	–
Ric Piper (appointed July 2012)	28	–	–	–	28	–
Jeremy Thorn (resigned July 2012)	20	–	–	–	20	–
Total 2013	653	33	–	–	686	58

* Benefits include car or car allowance and private medical insurance for self and dependants
** Includes payment made in lieu of pension contributions

The emoluments of each of the two highest paid Directors were £211,000 (2012 £228,000 for one Director) and the Group made pension contributions or payments in lieu of pension contributions of £20,000 each on their behalf (2012 £20,000 for one Director)

Remuneration report

continued

Long Term Incentive Plan

The Remuneration Committee considers that long term incentives are an important mechanism, required to attract and retain the executive talent that the company needs, to align executive interests with those of shareholders and reward them properly for success

The Company operates a Company Share Option Plan ('CSOP') for executives, up to the £30,000 individual limit for HMRC approved options No new awards under the CSOP were made to Directors during the year Directors' interests under this plan at 31 January 2012 and 2013 are set out in the table below

Directors' interests in approved options over ordinary shares of 5p each	Exercise period	Option price	No of options at 31 January 2012 and 2013
Keith Daley	2014-2021	38 0p	78,000
Noah Franklin	2014-2021	37 0p	81,000
John Wilson	2014-2021	38 0p	78,000
Total			**237,000**

The Company also operates a Joint Share Ownership Plan ('JSOP') for executives, designed to align their interests with those of all shareholders by providing a clear focus on maximising the long term value of the Group

Each participant has entered into a co-ownership agreement with the trustee of the Elektron Technology 2012 Employee Benefit Trust (the 'Trust') Under the terms of each co-ownership agreement the participant has a right to receive the sale proceeds on disposal above a 30p per share hurdle (the 'Base Amount') The earliest realisation date is the third anniversary of the awards date in respect of 75% of the award and the fifth anniversary of the awards date in respect of 25% of the award The amount payable by each participant in respect of the jointly owned interests is the higher of 0 75p per share or the amount equal to the unrestricted market value for tax purposes of the interest as agreed with HM Revenue & Customs In the event that HM Revenue & Customs were to determine that a higher amount is payable, the excess may remain as loans to the participants until such time as the interest is realised or lapses

In addition to their interest in jointly owned shares, the participants were granted stock appreciation rights which entitle them to the growth in value of a share from 25p up to the Base Amount and which may be settled in shares or cash at the discretion of the Group's Remuneration Committee, concurrently with the realisation of the interest in the jointly owned shares

As a condition for participating in the Plan, the participants have invested approximately £100,000 in aggregate in the Group, which is committed for minimum periods of three and five years This investment will be lost if the share price does not rise above the hurdle price

No new JSOP awards were issued during the year

There have been no variations to the terms and conditions or performance criteria for share options or JSOP-related rights during the financial year

Directors' share ownership

The shares owned by the Directors serving at 31 January 2013, including their interests in shares via the JSOP which are jointly held with the trustee of the Trust, are as follows

	Shares owned outright at 31 January 2012	Shares owned outright at 31 January 2013	JSOP interests at 31 January 2012 and 2013	Total at 31 January 2012	Total at 31 January 2013
Executive Directors					
Keith Daley	8,695,395	10,847,851	4,722,000	13,417,395	15,569,851
Noah Franklin	325,000	325,000	1,919,000	2,244,000	2,244,000
John Wilson	33,180	33,180	3,922,000	3,955,180	3,955,180
Non-Executive Directors					
Simon Acland	65,000	65,000	–	65,000	65,000
Ric Piper (appointed July 2012)	N/A	–	–	–	–
Total	9,118,575	**11,271,031**	**10,563,000**	19,681,575	**21,834,031**

The Remuneration Committee is encouraged that the Chairman once again saw fit to increase his investment in the Group during the year

Widening employee share ownership

The Group is committed to widening employee share ownership significantly beyond historic levels, to engage employees and to enable them to participate in the future success of the Group

The Remuneration Committee approved the award of options over 600,000 shares during the year under the CSOP to four employees

In the coming year, the Group plans to introduce an HMRC approved all employee Save As You Earn Share Option Plan in the UK

Non-Executive Directors

All Non-Executive Directors serve under letters of appointment and either party can terminate on three months' written notice Their remuneration is determined by the Board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned The Non-Executive Directors have no right to compensation on the early termination of their appointment The Non-Executive Directors receive no remuneration or benefits in kind other than their basic fees, and are not eligible for any equity-based incentive schemes

Approval

This report was approved by the Board of Directors on the date shown below and signed on its behalf by

Simon Acland
Chairman of the Remuneration Committee
10 April 2013

Audit Committee report

This report describes the membership and operation of the Audit Committee

The Audit Committee consists only of independent Non-Executive Directors Ric Piper is the Chairman During the financial year ended 31 January 2013 its members were Ric Piper (from 2 July 2012), Jeremy Thorn (until 2 July 2012) and Simon Acland

Key Responsibilities

- Monitoring the integrity of the half-yearly and annual financial statements and formal announcements relating to the Group's financial performance,
- Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports,
- Reviewing the effectiveness of the Group's internal control procedures and risk management systems,
- Considering how the Group's internal audit requirements shall be satisfied and making recommendations to the Board,
- Making recommendations to the Board on the appointment or re-appointment of the Group's independent external auditors,
- A review of the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and half-year report,
- Overseeing the Board's relationship with the independent auditor including their continuing independence and, where appropriate, the selection of a new independent auditor, and
- Ensuring that an effective whistle-blowing procedure is in place

Ric Piper qualified as a Chartered Accountant in 1977 and is a current member of the Financial Reporting Review Panel (FRRP) The Board considers that he has recent and relevant financial experience

The Committee met three times during the year The external auditor attended all of the meetings and the Committee met privately with the external auditor during the year

Operation of the Committee

The Committee's Terms of Reference were reviewed and updated in March 2013 to conform to current best practice No significant changes were deemed necessary They are available on request from the Company Secretary

The Terms of Reference will be next reviewed by January 2015

The main activities of the Committee during the year were as follows

- **Financial statements –** The Committee reviewed the interim and full year financial statements Presentations were made by management and the independent auditor about the key technical and judgemental matters relevant to the financial statements The Committee was satisfied that it was appropriate for the Board to approve the financial statements,
- **Internal financial control systems** – The Committee reviewed the recommendations made by the independent auditor and management's responses and actions The Committee was satisfied that it was appropriate for the Board to make the statements regarding internal controls included in the Report of the Directors and the Directors' responsibilities statement, and
- **Internal audit** – The Committee undertook its annual review and proposed to the Board, which agreed, that it was not appropriate for the Group to undertake formal internal audit activities during the year

The Chairman of the Committee reported to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken

Independent Auditor
The appointment of the independent external auditor is approved by shareholders annually The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing, ISA (UK and Ireland) issued by the Auditing Practices Board

There are no contractual obligations that act to restrict the Committee's choice of independent auditor

By way of background, in 2010 the Board (on the recommendation of the Audit Committee) decided that it was appropriate to put the Group's audit out to competitive tender Pursuant to this process, the Audit Committee proposed and the Board approved the appointment of Deloitte LLP as the Company's registered independent public accounting firm commencing with audit work for the year ending 31 January 2011

The independent auditor, with Stuart Henderson as Senior Statutory Auditor, provides the following services
- A report to the Audit Committee giving an overview of the results, significant contracts and judgements and observations on the control environment, and
- An opinion on the truth and fairness of the Group and Company accounts

The Audit Committee monitors the cost-effectiveness of audit and non-audit work performed by the independent auditor and also considers the potential impact, if any, of this work on independence Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved by the Committee Certain work, such as providing bookkeeping services, is prohibited

The Audit Committee also regulates the appointment of former employees of the independent auditor to positions in the Group

The Audit Committee regularly reviews all fees for non-audit work paid to the independent auditor Details of these fees can be found in Note 4 to the Financial Statements The Committee concluded that the level of non-audit fees, which represent 28% of the audit fees for the Group, did not have a negative impact on Deloitte LLP's independence

The independent auditor also operates procedures designed to safeguard their objectivity and independence These include the periodic rotation of audit partner, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff

The independent auditor reports to the Committee on matters including independence and non-audit work on an annual basis

Evaluation of the Committee
In view of the change during the year of the chairmanship of the Committee, no evaluation of the Committee was undertaken

Approval
This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by

Ric Piper
Chairman of the Audit Committee
10 April 2013

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company 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 accounts 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 the parent company financial statements, the Directors are required to
- Select suitable accounting policies and then apply them consistently,
- Make judgements 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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors
- Properly select and apply accounting policies,
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- Make an assessment of the Group's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' responsibilities statement

We confirm that to the best of our knowledge

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- The management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Keith Daley
Director
10 April 2013

Governance

Independent auditor's report to the members of Elektron Technology plc

We have audited the financial statements of Elektron Technology plc for the year ended 31 January 2013 which comprise the consolidated statement of comprehensive income, the consolidated and parent Company balance sheets, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related Notes 1 to 27 and Notes 1 to 13 for the Company The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements 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, 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 Group's and the parent 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 Group's and of the parent company's affairs as at 31 January 2013 and of the Group's loss for the year then ended,
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB
As explained in Note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the Group financial statements comply with IFRSs as issued by the IASB

Opinion on other matters 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- The parent company 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

Stuart Henderson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge
United Kingdom
10 April 2013

Financial statements

Consolidated statement of comprehensive income

year ended 31 January 2013

	Notes	2013 £m	2012 £m
Revenue	2	**55.7**	63 1
Cost of sales		**(34.8)**	(37 5)
Gross profit		**20 9**	25 6
Operating expenses			
Operating expenses (excluding non-recurring or special items)	3	**(19.3)**	(20 7)
Operating profit before non-recurring or special items		**1.6**	4 9
Non-recurring or special items	4	**(2 3)**	(2 2)
Total operating expenses	3	**(21 6)**	(22 9)
Operating (loss)/profit	4	**(0.7)**	2 7
Finance costs	5	**(0 3)**	(0 3)
(Loss)/profit before taxation		**(1.0)**	2 4
Taxation	8	**0 4**	(0 6)
(Loss)/profit after taxation from continuing operations		**(0 6)**	1 8
Discontinued operations	9	**0 2**	0 1
(Loss)/profit for the period		**(0.4)**	1 9
Total other comprehensive expense		**(0.2)**	-
Total comprehensive (expense)/income for the financial year attributable to equity shareholders		**(0.6)**	1 9

(Loss)/earnings per share from Continuing Operations			
Basic and Diluted EPS	11	**(0.6)p**	1 7p
Adjusted and Diluted adjusted EPS	11	**1.0p**	3 2p
(Loss)/earnings per share from Continuing and Discontinued Operations			
Basic and Diluted EPS	11	**(0.4)p**	1 8p
Adjusted and Diluted adjusted EPS	11	**1 2p**	3 3p

Consolidated balance sheet

as at 31 January 2013

	Notes	2013 £m	2012 £m
Assets			
Non-current assets			
Goodwill	12	**1.2**	1 3
Other intangible assets	13	**4 8**	3 4
Property, plant and equipment	14	**5.4**	5 0
Deferred tax	16	**0.5**	0 3
Total non-current assets		**11.9**	10 0
Current assets			
Inventories	17	**7 8**	9 5
Trade and other receivables	18	**10 0**	11 9
Cash and cash equivalents		**1.2**	0 8
Total current assets		**19 0**	22 2
Total assets		**30.9**	32 2
Current liabilities			
Trade and other payables	19	**9 3**	9 2
Borrowings	20	**0.6**	2 6
Current portion of long-term borrowings	20	**0.4**	1 3
Current tax payable		**–**	0 2
Provisions	21	**1.1**	1 0
Total current liabilities		**11.4**	14 3
Non-current liabilities			
Long-term borrowings	20	**5.2**	1 3
Accruals and deferred income		**–**	0 1
Long-term provisions	21	**–**	0 7
Total non-current liabilities		**5.2**	2 1
Total liabilities		**16.6**	16 4
Net assets		**14.3**	15 8
Equity attributable to equity holders of the parent			
Called-up share capital	22	**6 0**	6 0
Share premium	22	**5 4**	5 4
Merger reserve	22	**1 1**	1 1
Capital redemption reserve	22	**0.2**	0 2
Own shares	22	**(3 5)**	(3 0)
Other reserves	22	**0.3**	0 1
Translation reserve	22	**(0 2)**	–
Retained earnings	22	**5.0**	6 0
Total equity		**14 3**	15 8

The financial statements of Elektron Technology plc (registered no 448274) were approved by the Board of Directors and authorised for issue on 10 April 2013 and were signed on its behalf by

Keith Daley
Director

Noah Franklin
Director

N. F. K. Franklin

Financial statements

Consolidated statement of changes in equity

year ended 31 January 2013

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total £m
At 1 February 2011	5.3	2.9	1.1	0.2	–	0.1	–	5.0	14.6
Total comprehensive income for the year	–	–	–	–	–	–	–	1.9	1.9
Share issues	0.7	2.4	–	–	–	–	–	–	3.1
Purchase of treasury shares*	–	–	–	–	(3.0)	–	–	–	(3.0)
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(0.9)	(0.9)
Adjustment for scrip dividend element	–	0.1	–	–	–	–	–	–	0.1
At 31 January 2012	6.0	5.4	1.1	0.2	(3.0)	0.1	–	6.0	15.8
Total comprehensive income for the year	–	–	–	–	–	–	(0.2)	(0.4)	(0.6)
Purchase of treasury shares*	–	–	–	–	(0.5)	–	–	–	(0.5)
Credit to equity for share based payments	–	–	–	–	–	0.2	–	–	0.2
Dividends paid on ordinary shares	–	–	–	–	–	–	–	(0.6)	(0.6)
At 31 January 2013	**6.0**	**5.4**	**1.1**	**0.2**	**(3.5)**	**0.3**	**(0.2)**	**5.0**	**14.3**

Amounts in relation to foreign currency translation differences and share based payments have been accounted appropriately in the above statement and amount to less than £0.1m in 2012

* The treasury shares are held by the Elektron Technology 2012 Employee Benefit Trust

Consolidated statement of cash flows

year ended 31 January 2013

	Notes	2013 £m	2012 £m
Net cash inflow from operating activities	6	**3.3**	2 7
Investing activities			
Purchase of property, plant and equipment	14	**(1.5)**	(1 9)
Purchase of other intangible assets	13	**(1.9)**	(0 3)
Proceeds of sale of property, plant and equipment		**-**	0 1
Disposal of business	9	**0.6**	–
Net cash used in investing activities		**(2.8)**	(2 1)
Financing activities			
Proceeds on issue of shares		**-**	0 1
Purchase of own shares		**(0 5)**	–
Increase in/(repayment of) bank loans		**0.9**	(0 4)
New finance leases		**0 6**	0 6
Payment of hire purchase and finance liabilities		**(0.5)**	(0 5)
Dividends paid	10	**(0.6)**	(0 8)
Net cash used in financing activities		**(0.1)**	(1 0)
Net increase/(decrease) in cash and cash equivalents		**0 4**	(0 4)
Cash and cash equivalents at the beginning of period		**0.8**	1 2
Cash and cash equivalents at the end of period		**1.2**	0 8

Financial statements

Notes to the consolidated financial statements

year ended 31 January 2013

General information
Elektron Technology plc (the 'Group' or 'Elektron') is a public limited liability company incorporated in England and Wales and domiciled in the UK The address of its registered office is Broers Building, JJ Thomson Avenue, Cambridge, CB3 0FA The nature of the Group's operations and its principal activities are set out in the Report of the Directors on pages 14 to 21

These financial statements are presented in Sterling, the currency of the primary economic environment in which the Group operates, and all values are rounded to the nearest hundred thousand (£0 1m) except where otherwise stated Foreign operations are included in accordance with the accounting policies set out in Note 1

1. Summary of significant accounting policies
The particular accounting policies adopted by the Directors in the preparation of these consolidated financial statements are described below

Basis of accounting
The consolidated financial statements of Elektron Technology plc have been prepared in accordance with International Financial Reporting Standards (IFRSs) The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments The principal accounting policies adopted are set out below These policies have been applied consistently to all years presented, unless otherwise stated

Adoption of new and revised standards
No standards have been adopted during the period which have affected the amounts reported in these financial statements

Standards not affecting the reported results nor the financial position
At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS7	'Financial Instruments'
IFRS9	'Financial Instruments'
IFRS10	'Consolidated Financial Statements'
IFRS11	'Joint Arrangements'
IFRS12	'Disclosure of Interests in Other Entities'
IFRS13	'Fair Value Measurement'
IAS1	'Presentation of Financial Statements'
IAS19	'Employee Benefits'
IAS32 (amended)	'Classification of Rights Issues'
IAS27	'Consolidated and Separate Financial Statements'
IAS28	'Investment in Associates and Joint Ventures'

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods

Key sources of estimation and uncertainty
The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect application of policies and reported amounts in the financial statements The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are
- The classification of non-recurring or special items (Note 3) Non-recurring or special items are disclosed separately to improve visibility of the underlying business performance Management has defined such items as restructuring and site closure costs, acquisition costs, amortisation of acquired intangible assets, share-based payments and other non-recurring and non-operating items,
- The impairment of goodwill (Note 12) Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated The value in use calculation requires the Group to estimate future cash flows expected from the cash-generating unit and a suitable discount rate in order to calculate present value,

1 Summary of significant accounting policies continued

Key sources of estimation and uncertainty continued

- The recoverability of internally generated intangible assets (Note 13) At each balance sheet date, the Group reviews the carrying amounts of its internally generated intangible assets to determine whether there is any indication that those assets have suffered an impairment loss Estimated future cash flows deriving from these assets must be determined and an appropriate discount rate applied to calculate present value,
- The estimation of the deferred income tax asset (Note 16) Deferred taxation assets are recognised for subsidiaries with a past history of profitable trends where there is persuasive and reliable evidence in the form of management accounts and financial projections that taxable profits are anticipated to arise in the year ending 31 January 2014,
- The estimation of the net realisable value of inventory (Note 17) Provision is made to write down slow-moving and obsolete items to net realisable value, based on an assessment of technological and market developments and an analysis of historic and projected usage of quantities on hand, and
- The estimation of the cost of restructuring activities, warranties and dilapidations (Note 21)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive's statement on pages 6 to 9 The principal risks and uncertainties facing the business are described in the Report of the Directors on pages 14 to 21 The Chief Financial Officer's report on pages 10 and 11 gives details of the Group's principal banking facilities

The Directors have reviewed current cash flow projections for a period not less than 12 months from the approval of this Annual Report These projections take account of reasonably possible changes in trading performance, borrowing facilities and forecast covenant compliance The Directors have no reason to believe that any of the existing borrowing facilities might be withdrawn or that there would be any other material change in the current financial projections of the Group As a result the Directors have formed a judgement when approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements

Consolidation

The consolidated financial statements incorporate the financial statements of Elektron Technology plc and all subsidiary undertakings drawn up to 31 January each year Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefit from their activities The results of businesses acquired during the year are included from the effective date of acquisition The results of businesses discontinued during the year are included until the date of disposal Business combinations are accounted for using the purchase method Balances between Group companies are eliminated and no profit is taken on intra-Group sales

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method The consideration for each acquisition is measured at the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued and cash paid by the Group in exchange for control of the acquiree Acquisition related costs are recognised in the statement of comprehensive income as incurred

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 (2008) 'Business Combinations' are recognised at their fair value at the acquisition date

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents any excess of cost of the acquired entity over the Group's interest in the fair value of the entity's identifiable assets and liabilities acquired and is capitalised as a separate item Goodwill is recognised as an intangible asset

Under the business combination exemption of IFRS1, goodwill previously capitalised or written off to reserves under UK GAAP is not recycled to the statement of comprehensive income on calculating a gain or loss on disposal

Notes to the consolidated financial statements

year ended 31 January 2013 continued

1. Summary of significant accounting policies continued

Goodwill continued

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period Impairment losses are recognised in the statement of comprehensive income

Negative goodwill, representing the amount by which the net fair value of the assets and liabilities of an acquired business exceeds the acquisition cost is, in accordance with IFRS3, recognised in the statement of comprehensive income in the year of acquisition

Other intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred

An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met

- An asset is created that can be identified (such as software and new processes),
- It is probable that the asset created will generate future economic benefits, and
- The development cost of the asset can be measured reliably

The cost of acquiring software (including associated implementation costs where applicable) that is not specific to an item of property, plant and equipment is classified as an intangible asset

Other intangible assets that are separately acquired by the Group are stated at fair value The category of other intangible assets also includes marketing, customer and technology related assets arising from the acquisition of Hartest Holdings plc recognised at fair value

Amortisation of intangible assets is charged on a straight line basis over the estimated useful lives of intangible assets determined on an asset by asset basis The estimated useful lives are as follows

• Computer software	3-10 years
• Marketing, customer and technology related assets	10-20 years
• Development costs	4 years

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received

Government grants relating to property, plant and equipment and intangible assets are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned

Property, plant and equipment

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition Depreciation is calculated on the cost or valuation of each property, plant and equipment asset individually on a straight line basis and is designed to write off the costs of the assets less any residual value over their estimated useful lives The estimated useful lives are

• Plant, equipment and tools	3-15 years
• Motor vehicles	4 years
• Fixtures and fittings	8-16 years
• Leasehold improvements	Term of the lease

Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear The carrying value is reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets

1. Summary of significant accounting policies continued

Impairment of tangible and intangible assets excluding goodwill

The carrying amount of the Group's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment If any such indication exists, the assets' recoverable amount is estimated

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment loss recognised as an operating expense immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years A reversal of an impairment loss is recognised as income immediately

Inventories

Inventories are stated at the lower of cost and net realisable value Cost comprises all direct expenditure and, where appropriate, production overheads based on the normal level of activity Where necessary, provision is made for obsolete, slow moving and defective stocks Cost is calculated using the First In First Out method Net realisable value represents the estimated selling price less all estimated costs to completion

Employee benefits

Pensions to employees are provided through defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to an independent entity The Group has no legal obligations to pay further contributions after payment of the fixed contribution

The contributions recognised in respect of defined contribution plans are expensed as they fall due Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature

Share-based employee remuneration

The Group's management awards certain employee incentives from time to time on a discretionary basis and through its Company Share Option Plan (CSOP) and its Joint Share Ownership Plan (JSOP)

In accordance with IFRS2 'Share-based Payment', the Group reflects the economic cost of awarding shares and share options to employees by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded, fair value being estimated using the Black-Scholes option pricing model The expense is recognised in the statement of comprehensive income over the vesting period of the award Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date The fair value excludes the effect of non-market based vesting conditions Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22

Share capital

(a) Treasury shares

Where the Group purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of

(b) Trust shares

The Elektron Technology 2012 Employee Benefit Trust (the Trust) uses funds provided by the Group to meet the Group's obligations under the employee share option plans and the JSOP All shares acquired by the Trust are purchased on the open market or, in the case of the JSOP shares, may be issued directly to the Trust at the then market value Where the Group holds its own equity shares through the Trust these shares are shown as a reduction in equity, consideration paid or received is shown in the reconciliation of equity movements and no gain or loss is recognised within the consolidated income statement or the statement of comprehensive income on the purchase, sale, issue or cancellation of these shares

Notes to the consolidated financial statements

year ended 31 January 2013 continued

1. Summary of significant accounting policies continued

Leases

In accordance with IAS17 'Leases', the economic ownership of a leased asset is transferred to the lessee if they bear substantially all the risks and rewards related to the ownership of the leased asset The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee A corresponding amount is recognised as a finance leasing liability

Subsequent accounting for assets held under finance lease agreements, i e depreciation methods and useful lives, correspond to those applied to comparable acquired assets The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability

All other leases are treated as operating leases Payment on operating lease agreements is recognised as an expense on a straight line basis over the lease term Associated costs, such as maintenance and insurance, are expensed as incurred

Financial liabilities/assets

The Group's financial liabilities are overdrafts, revolving credit and invoice discounting facilities, trade and other payables and finance leasing liabilities They are included in the balance sheet line items 'borrowings', 'long-term borrowings' and 'trade and other payables'

Financial liabilities are recognised when the Group becomes party to the contractual arrangements of the instrument

All interest related charges are recognised as an expense in 'finance cost' in the statement of comprehensive income

Finance lease liabilities are measured at initial value less the capital element of lease repayments

Trade payables are stated at their amortised cost

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise when the Group provides goods directly to a debtor Receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income

Provision against trade receivables is made when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows

Equity instruments

Share capital is determined using the nominal value of shares that have been issued Equity-settled share-based employee remuneration is credited to other reserves until the related equity instruments are realised by the employee

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts and include cash at bank and in hand and bank deposits available at less than 24 hours' notice Bank overdrafts and invoice discounting advances are presented as current liabilities to the extent that there is no right of offset with cash balances The carrying value of these assets is approximately equal to their fair value

Accounting for taxes

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year

Where an item of income or expense is recognised in the statement of comprehensive income, any related tax generated is recognised as a component of tax expense in the statement of comprehensive income Where an item is recognised directly to equity and presented within the statement of comprehensive income, any related tax generated is treated similarly

1. Summary of significant accounting policies continued

Deferred taxation

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method

Deferred taxation liabilities are generally recognised on all taxable temporary differences Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Group's activities as described below The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

The Group manufactures and sells a range of engineered products to industrial markets Sales of goods are recognised when a Group entity has despatched products to the customer, the customer has full discretion over the use of the components, and there is no unfulfilled obligation that could affect the customer's acceptance of the products Delivery does not occur until the risks of obsolescence and loss have been transferred, and either the products have been accepted in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied

Service revenue is recognised at the point at which the service is provided to the customer Maintenance and support revenue is recognised proportionally on a straight line basis over the life of the contract

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Notes to the consolidated financial statements

year ended 31 January 2013 continued

1. Summary of significant accounting policies continued

Foreign currencies continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation

Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk Financial risk management is an integral part of the way the Group is managed Financial risk management policies are set by the Board Further details are included in the Report of the Directors

The Group does not hold or use derivative financial instruments

(i) Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of Sterling (translational exposures) The Group has overseas operations which record their results in different local functional currencies In countries where the Group does not have operations, it frequently has some customers or suppliers that transact in a foreign currency The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the US Dollar and to the Euro

The Group's policy is not to hedge its exposure using financial instruments, but to mitigate exposure by natural hedges

The Group's translational exposures to foreign currency risks can relate both to the statement of comprehensive income and net assets of overseas subsidiaries The Group's policy is not to hedge the translational exposure that arises on consolidation of the statements of comprehensive income of overseas subsidiaries

(ii) Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged

(iii) Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation The Group manages this risk by maintaining adequate committed lines of funding The facilities committed to the Group as at 31 January 2013 are set out in Note 26

(iv) Credit risk

Credit risk arises because a counterparty may fail to perform its obligations The Group is exposed to credit risk on financial assets such as cash balances, trade and other receivables

The Group's credit risk is primarily attributable to its trade receivables The amounts recognised in the balance sheet are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment Trade receivables are subject to credit limits and control and approval procedures in the operating companies Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables

1. Summary of sıgnıfıcant accountıng polıcıes contınued
Fınancıal rısk management contınued
(ıv) Credıt rısk contınued
Credıt rısk assocıated wıth cash balances ıs managed by transactıng wıth fınancıal ınstıtutıons wıth hıgh qualıty credıt ratıngs Accordıngly the Group's assocıated credıt rısk ıs lımıted The Group has no sıgnıfıcant concentratıon of credıt rısk

The Group's maxımum exposure to credıt rısk ıs represented by the carryıng amount of each fınancıal asset ın the Group balance sheet

Capıtal management
Ordınary shares are classıfıed as equıty Incremental costs dırectly attrıbutable to the ıssue of ordınary shares and share optıons are recognısed as a deductıon from equıty, net of any tax effects

The Board's polıcy ıs to maıntaın a strong capıtal base so as to maıntaın ınvestor, credıtor and market confıdence and to sustaın future development of the busıness

Detaıls of share-based payments are dısclosed ın Note 22

The Board seeks to maıntaın a balance between the hıgher returns that mıght be possıble wıth hıgher levels of borrowıngs and the advantages and securıty afforded by a sound capıtal posıtıon

From tıme to tıme the Group purchases ıts own shares ın the market, the tımıng of these purchases depends on market prıces Buy and sell decısıons are made on a specıfıc transactıon basıs by the Board

There were no changes to the Group's approach to capıtal management durıng the year

Neıther the Company nor any of ıts subsıdıarıes are subject to externally ımposed capıtal requırements

2 Segmental reportıng
The Group has contınued to adopt the provısıons of IFRS8 'Operatıng Segments' and hıstorıcally shown summary ınformatıon ın respect of these segments Thıs segmentatıon ıs consıstent wıth ınternal reports to the Chıef Operatıng Decısıon Maker for use ın assessıng busıness performance and allocatıng Group resources The Chıef Operatıng Decısıon Maker ıs the Chıef Executıve of the Group The actıvıty of each segment ıs explaıned ın the Chaırman's and Chıef Executıve's statement

Segment revenues and results of contınuıng operatıons	Segment revenue 2013 £m	Segment revenue 2012 £m	Operatıng (loss)/profıt before non recurrıng or specıal ıtems 2013 £m	Operatıng (loss)/profıt before non recurrıng or specıal ıtems 2012 £m	Operatıng (loss)/profıt 2013 £m	Operatıng (loss)/profıt 2012 £m
Connectıvıty	**28 2**	29 2	**1.8**	2 4	**0.6**	1 4
Instrumentatıon, Monıtorıng & Control	**21.4**	27 5	**(0.3)**	2 3	**(1 3)**	1 2
Materıals	**6 1**	6 4	**0.1**	0 2	**–**	0 1
Total	**55.7**	63 1	**1 6**	4 9	**(0.7)**	2 7
Fınance costs (net)					**(0.3)**	(0 3)
(Loss)/profıt before tax					**(1.0)**	2 4

Revenue reported above represents revenue generated from external customers

The accountıng polıcıes of the reportable segments are the same as the Group's accountıng polıcıes descrıbed ın Note 1

Notes to the consolidated financial statements

year ended 31 January 2013 continued

2 Segmental reporting continued

Segment profit represents the profit earned by each segment including a share of central administration costs, which are allocated on the basis of actual use or pro-rata to sales This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance

Segment assets	2013 £m	2012 £m
Connectivity	12 9	13 6
Instrumentation, Monitoring & Control	12.9	13 3
Materials	5 1	5 3
Consolidated assets	30.9	32 2

Segment liabilities	2013 £m	2012 £m
Connectivity	5.6	5 6
Instrumentation, Monitoring & Control	6.1	5 9
Materials	4.9	4 9
Consolidated liabilities	16.6	16 4

	Depreciation and amortisation		Additions to non-current assets	
Other segment information	2013 £m	2012 £m	2013 £m	2012 £m
Connectivity	0.5	0 4	1.3	1 2
Instrumentation, Monitoring & Control	0.7	0 6	2 0	0 5
Materials	0 4	0 4	0.1	0 5
Total	1.6	1 4	3.4	2 2

Geographical information

The Group considers its operations to be in the following geographical regions

	Revenue from external customers		Non-current assets	
	2013 £m	2012 £m	2013 £m	2012 £m
United Kingdom	23 9	27 8	10 4	8 7
Rest of Europe, Middle East and Africa	13 9	15 2	0 5	0 2
Asia Pacific and China	9.8	11 9	0.9	1 0
Americas	8.1	8 2	0 1	0 1
Total	55.7	63 1	11.9	10 0

3 Net operating expenses

	2013 £m	2012 £m
Net operating expenses		
Selling and distribution costs	**8 1**	8 4
Administrative expenses	**11 2**	12 3
Operating expenses excluding non-recurring or special items	**19.3**	20 7
Non-recurring or special items (see Note 4)	**2.3**	2 2
Total operating expenses	**21 6**	22 9

Non-recurring or special items are disclosed separately to improve visibility of the underlying business performance

Management has defined such items as restructuring and site closure costs, acquisition costs, amortisation of acquired intangible assets, share-based payments and non-recurring items incurred outside the normal course of business

4 Operating (loss)/profit

	2013 £m	2012 £m
Operating (loss)/profit is after charging		
Depreciation on owned property, plant and equipment	**1.0**	0 9
Depreciation on property, plant and equipment held under finance leases	**0 1**	0 1
Amortisation of non-acquisition intangible assets	**0.3**	0 2
Amortisation of other intangible assets	**0.2**	0 2
Research and development expenditure	**0 9**	0 9
Operating lease rentals		
– land and buildings	**1.6**	1 6
– plant and machinery	**0.1**	0 1
Auditor's remuneration		
– fees payable to the Company's auditor for the audit of the Company's annual accounts	**–**	–
– the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0 2
Total audit fees for audit services	**0.2**	0 2
– tax services	**0.1**	0 1
Total auditor's remuneration	**0.3**	0 3
Non-recurring or special items:		
– restructuring costs	**1 9**	1 9
– IFRS 2 charge	**0.2**	–
– aborted acquisition costs	**–**	0 1
– amortisation of acquisition intangible assets	**0.2**	0 2
	2.3	2 2
Loss on foreign currency translation	**0.1**	0 1

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year ended 31 January 2013 continued

4. Operating (loss)/profit continued
Included within auditor's remuneration for audit services is less than £0 1m (2012 less than £0 1m) for the audit of overseas subsidiaries carried out by auditors other than Deloitte LLP and less than £0 1m (2012 less than £0 1m) payable to Deloitte LLP for the audit of the Company's annual accounts

The restructuring costs include amounts payable in respect of staff redundancies during the year due to the consolidation of operations in the UK and the Asia Pacific region and related factory closure costs

5. Finance costs

	2013 £m	2012 £m
Bank overdrafts and loans wholly repayable within five years	**0 2**	0 2
Finance leases and hire purchase contracts	**0 1**	0 1
	0.3	0 3

6 Net cash flows from operating activities

	2013 £m	2012 £m
(Loss)/profit before taxation – from continuing operations	**(1.0)**	2 4
– from discontinued operations	**0 2**	0 1
Adjustments for		
Depreciation	**1.1**	1 0
Restructuring or other special items	**2.3**	2 2
Amortisation of development costs and computer software	**0.3**	0 2
Gain on disposal of discontinued operations	**(0.2)**	–
Interest payable	**0.3**	0 3
Operating cash flow before working capital changes and non-recurring or special items	**3.0**	6 2
Decrease/(increase) in trade and other receivables	**2.0**	(0 1)
Decrease/(increase) in inventories	**1.4**	(0 3)
Increase/(decrease) in trade and other payables	**0.1**	(0 9)
Payments for restructuring and other special items	**(2 5)**	(1 0)
Other non-cash movements	**(0.1)**	(0 1)
Cash generated from operations	**3.9**	3 8
Interest paid	**(0.3)**	(0 3)
Taxation paid	**(0.3)**	(0 8)
Net cash inflow from operating activities	**3.3**	2 7

7. Staff information (including Directors)

Employee costs were

	Note	2013 £m	2012 £m
Wages and salaries		**15.6**	15 8
Social security costs		**1 5**	1 5
Other pension costs	25	**0.4**	0 5
		17.5	17 8

In addition redundancy costs of £0 3m (2012 £1 0m) were incurred in the year and included within restructuring costs (see Note 4)

The average monthly number of persons employed by the Group during the year including Executive Directors was as follows

	2013 Number	2012 Number
Administration and sales	**198**	238
Production	**816**	907
	1,014	1,145

Details of Directors' remuneration are included in the Report of the Remuneration Committee on pages 22 to 25

8. Taxation

(a) Analysis of tax (credit)/charge for the year

	Note	2013 £m	2012 £m
Current taxation			
UK corporation tax (credit)/charge on (loss)/profit for the year		**(0 3)**	0 2
Under provision for prior year		**0.1**	0 1
Foreign tax on income for the year		**–**	0 4
Total current taxation		**(0.2)**	0 7
Deferred taxation			
Origination and reversal of timing differences	16	**(0.2)**	(0 1)
Tax (credit)/charge on continuing operations		**(0 4)**	0 6

Notes to the consolidated financial statements

year ended 31 January 2013 continued

8. Taxation continued

(b) Factors affecting taxation (credit)/charge for the year

The taxation (credit)/charge differs from that resulting by applying the weighted average standard rate of corporation tax in the UK of 24 3% (2012 26 3%) and is explained below

	2013		2012	
	Tax rate	**£m**	Tax rate	£m
(Loss)/profit on ordinary activities before taxation		**(1 0)**		2 4
(Loss)/profit on ordinary activities multiplied by weighted average standard rate of corporation tax in the UK of 24 3%	**24.3%**	**(0.2)**	26 3%	0 7
Effects of				
Expenses not deductible for tax purposes	**(10.0)%**	**0.1**	–	–
Overseas tax rates	**20.0%**	**(0.2)**	–	–
Adjustments of taxation charge in respect of previous periods	**–**	**–**	4 0%	0 1
UK R&D tax credit	**10.0%**	**(0.1)**	–	–
Utilisation of tax losses not previously recognised	**–**	**–**	(6 3)%	(0 2)
	44 3%	**(0 4)**	24 0%	0 6

(c) Factors that may affect future taxation charges

Deferred taxation assets amounting to £0 4m (2012 £0 2m) have not been provided in respect of unutilised income tax losses that can be carried forward against future taxable income as there is currently insufficient evidence that these assets will be recovered

In March 2012, the UK government announced a reduction in the standard rate of UK corporation tax to 23% effective 1 April 2013 This rate reduction became substantively enacted in July 2012

In December 2012, the UK government also proposed to further reduce the standard rate to 21% with effect from 1 April 2014 This rate reduction was substantively enacted in March 2013

In March 2013, the UK government also proposed to further reduce the standard rate to 20% with effect from 1 April 2015, but this change has yet to be 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

9 Discontinued operations

On 2 January 2013, the Group disposed of the ASL brand and associated assets for £0 6m cash

The results of the discontinued operations, which have been included in the consolidated statement of comprehensive income, were as follows

	2013 £m	2012 £m
Revenue	**0 9**	1 2
Expenses	**(0 9)**	(1 1)
Profit before tax	–	0 1
Attributable tax expense	–	–
Gain on disposal of discontinued operations	**0 2**	–
Attributable tax expense	–	–
Net profit from discontinued operations attributable to equity shareholders	**0 2**	0 1

During the year, ASL contributed less than £0 1m (2012 £0 1m) to the Group's net operating cash flows, paid less than £0 1m (2012 less than £0 1m) in respect of investing and paid less than £0 1m (2012 less than £0 1m) in respect of financing activities

A gain of £0 2m arose on the disposal of the ASL business being the proceeds of disposal less the carrying amount of the business's net assets and attributable goodwill

10. Dividends paid

	2013 £m	2012 £m
Final dividend 2012 of 0 56p per share (2011 0 55p per share)	**0.6**	0 6
Interim dividend 2013 of nil per share (2012 0 27p per share)	–	0 3
Total dividend	**0.6**	0 9
Amount of dividend satisfied by scrip issue	–	(0 1)
Dividend paid	**0 6**	0 8

Notes to the consolidated financial statements

year ended 31 January 2013 continued

11. Earnings per share

The calculation of the basic earnings per share (Basic EPS), diluted earnings per share (Diluted EPS) and earnings per share before non-recurring or special items (Adjusted EPS) is based on the following data Shares held in treasury are excluded from the number of shares in issue for the purposes of earnings per share calculations The calculation of the diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options However, in accordance with IAS33 'Earnings Per Share', potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity shareholders As at 31 January 2013 there were 2,182,000 potential ordinary shares which have been disregarded in the calculation of diluted earnings per share as they were considered non-dilutive at this date

Earnings

Earnings from Continuing Operations	**2013 £m**	2012 £m
Earnings for the purposes of Basic and Diluted EPS being net (loss)/profit attributable to the owners of the Company	**(0.6)**	1 8
Adjustment in respect of non-recurring or special items net of taxation £0 6m (2012 £0 6m)	**1.7**	1 6
Earnings for the purposes of Adjusted EPS	**1.1**	3 4

Earnings from Continuing and Discontinued Operations	**2013 £m**	2012 £m
Earnings for the purposes of Basic and Diluted EPS being net (loss)/profit attributable to the owners of the Company	**(0.4)**	1 9
Adjustment in respect of non-recurring or special items net of taxation £0 6m (2012 £0 6m)	**1.7**	1 6
Earnings for the purposes of Adjusted EPS	**1.3**	3 5

Number of shares

	2013 No	2012 No
Weighted average number of ordinary shares for the purposes of Basic EPS	**105,375,535**	106,444,780
Effect of dilutive potential ordinary shares		
Share options	**275,000**	275,000
Weighted average number of ordinary shares for the purposes of Diluted EPS	**105,650,535**	106,719,780

Earnings per share

From Continuing Operations	**2013**	2012
Basic and Diluted EPS	**(0.6)p**	1 7p
Adjusted and Diluted adjusted EPS	**1.0p**	3 2p

From Continuing and Discontinued Operations	**2013**	2012
Basic and Diluted EPS	**(0 4)p**	1 8p
Adjusted and Diluted adjusted EPS	**1.2p**	3 3p

12 Goodwill

	Cost and net book value	
	2013	2012
	£m	£m
At 1 February	**1.3**	1 3
Disposal	**(0.1)**	–
At 31 January	**1.2**	1 3

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination Before recognition of impairment losses, the carrying amount of goodwill has been allocated to one CGU The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

The recoverable amount of the CGU is determined from value in use calculations The key assumptions to which the value-in-use calculation is most sensitive are those regarding the discount rates, growth rates and expected changes to selling prices and costs during the period

The Group has prepared cash flow forecasts derived from the most recent financial budgets approved by management for the period to 31 January 2014 assuming a 2 5% growth in cash flows in perpetuity thereafter The forecasts reflect the difficult trading conditions experienced in the current year where relevant and these forecasts have been used in the value in use calculation The rate used to discount forecast cash flows is 8% (2012 10%), which is deemed to be the Group's weighted average cost of capital In order to reflect the risk associated with the CGU, the Directors have risk adjusted the discount rate, through sensitivity analysis and conclude the carrying value of the goodwill remains appropriate

Sensitivity analysis has been performed on each key assumption in isolation and this indicates that reasonable changes in key assumptions in which we have based our determination of the recoverable amount would not cause the carrying amount of goodwill to exceed its recoverable amount Having performed impairment testing, no impairment has been identified and, therefore, no impairment loss has been recognised in the period

13 Other intangible assets

	Development costs £m	Computer software £m	Acquired intangible assets £m	Total £m
Cost				
At 1 February 2011	0 4	0 7	2 5	3 6
Additions	0 2	0 1	–	0 3
At 31 January 2012	0 6	0 8	2 5	3 9
Additions	1 4	0 5	–	1 9
At 31 January 2013	**2.0**	**1.3**	**2.5**	**5.8**
Amortisation				
At 1 February 2011	–	–	0 1	0 1
Charge for the year	0 1	0 1	0 2	0 4
At 31 January 2012	0 1	0 1	0 3	0 5
Charge for the year	0 1	0 2	0 2	0 5
At 31 January 2013	**0.2**	**0 3**	**0.5**	**1.0**
Carrying amount				
At 1 February 2011	0 4	0 7	2 4	3 5
At 31 January 2012	0 5	0 7	2 2	3 4
At 31 January 2013	1 8	1 0	2 0	4 8

Notes to the consolidated financial statements

year ended 31 January 2013 continued

13. Other intangible assets continued
During the year, the Group continued to make significant progress with its ERP development project, implementing the system within the majority of its Instrumentation, Monitoring & Control businesses

Acquired intangible assets include marketing (£0 9m), customer (£1 3m) and technology (£0 3m) related assets arising from the acquisition of Hartest Holdings plc, which are being amortised over their estimated useful lives, which are estimated to be between 10 and 20 years In accordance with the requirements of IAS12 a deferred tax liability of £0 5m has been recognised separately in respect of these assets

Amounts in relation to the disposal of the ASL brand have been accounted for appropriately in the above statement and amount to less than £0 1m in 2013

14. Property, plant and equipment

	Leasehold improvements £m	Plant and machinery £m	Equipment fixtures, fittings and vehicles £m	Total £m
Cost or valuation				
At 1 February 2011	0 5	15 2	2 5	18 2
Additions	–	1 0	0 9	1 9
Disposals	–	(0 8)	(0 3)	(1 1)
At 31 January 2012	0 5	15 4	3 1	19 0
Reclassification*	0 7	(0 4)	(0 3)	–
Additions	0 4	0 6	0 5	1 5
Disposals	(0 2)	(0 8)	(0 3)	(1 3)
At 31 January 2013	**1.4**	**14 8**	**3.0**	**19.2**
Depreciation				
At 1 February 2011	0 2	12 2	1 6	14 0
Charge for the year	0 1	0 6	0 3	1 0
Disposals	–	(0 7)	(0 3)	(1 0)
At 31 January 2012	0 3	12 1	1 6	14 0
Reclassification	0 3	(0 4)	0 1	–
Charge for the year	0 1	0 7	0 3	1 1
Disposals	(0 2)	(0 8)	(0 3)	(1 3)
At 31 January 2013	**0.5**	**11.6**	**1.7**	**13.8**
Net book value				
At 1 February 2011	0 3	3 0	0 9	4 2
At 31 January 2012	0 2	3 3	1 5	5 0
At 31 January 2013	**0.9**	**3.2**	**1.3**	**5.4**

* Asset classifications have been reviewed following the consolidation of UK activities onto a single ERP system

The net book value of assets held under finance leases and hire purchase contracts was £1 2m (2012 £1 4m)

15. Investment in subsidiary undertakings

The principal subsidiary undertakings at 31 January 2013 were

Name	Country of incorporation	Nature of business	Shares held by parent	Shares held by Group
Elektron Technology UK Ltd	England and Wales	Design, manufacture and sale of electromechanical components and instrumentation products	100%	100%
Elektron Technology Corporation	USA	Sale of electromechanical components and instrumentation products	0%	100%
Elektron Components Tunisie Sarl	Tunisia	Manufacture of electromechanical components	0%	100%
Elektron Components (Shenzhen) Company Limited	China	Manufacture and sale of electromechanical components and sale of instrumentation products	0%	100%
Elektron Technology PTE Ltd	Singapore	Sale of electromechanical components and instrumentation products	100%	100%
Hartest Precision Instruments Limited	England and Wales	Manufacture and sale of instrumentation products	0%	100%
Hartest Precision Instruments India Private Limited	India	Sale of electromechanical components and instrumentation products	0%	100%
Titman Tip Tools Ltd	England and Wales	Design, manufacture and sale of tungsten carbide routing tools	0%	100%
Total Carbide Ltd	England and Wales	Design, manufacture and sale of tungsten carbide wear components	0%	100%

All subsidiary undertakings operated primarily in the country of incorporation, except for Hartest Precision Instruments Limited, which also operates through a branch in India established under the Foreign Exchange Resolution Act 1973

Notes to the consolidated financial statements

year ended 31 January 2013 continued

16. Deferred tax

	2013 £m	2012 £m
Deferred tax assets recoverable after more than one year	**0 5**	0 3

The gross movement on the deferred tax asset is as follows

	Notes	2013 £m	2012 £m
At 1 February 2012		**0 3**	0 2
Deferred tax on intangible assets	8a	**0.1**	0 1
Origination and reversal of other timing differences	8a	**0.1**	–
At 31 January 2013		**0.5**	0 3
Depreciation in excess of capital allowances		**(0.2)**	0 1
Taxation losses		**0.7**	0 3
Short term timing differences		**0.4**	0 4
Deferred tax on separately identifiable intangible assets		**(0.4)**	(0 5)
Undiscounted asset for deferred taxation		**0 5**	0 3

Deferred taxation assets have only been recognised for subsidiaries with a past history of profitable trends where there is persuasive and reliable evidence in the form of management accounts and financial projections that taxable profits are anticipated to arise in the year to 31 January 2013 Deferred taxation assets amounting to £0 4m (2012 £0 2m) have not been provided in respect of unutilised income tax losses that can be carried forward against future taxable income as there is currently insufficient evidence that these assets will be recovered

No deferred tax liabilities have been provided in respect of the unremitted earnings of the overseas subsidiaries The amount of such unremitted earnings is estimated to be a retained profit of £2 1m (2012 £2 2m)

17. Inventories

	2013 £m	2012 £m
Raw materials	**3 6**	5 1
Work in progress	**1.0**	1 4
Finished goods and goods for resale	**3 2**	3 0
	7 8	9 5

In the ordinary course of business, the Group makes provision for slow-moving, excess and obsolete inventory as appropriate

Inventory is stated after charging impairments of £0 4m (2012 £0 1m) which are included within operating profit

The amount of inventory recognised as an expense within the cost of sales amounted to £34 8m (2012 £37 5m)

18 Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**9 3**	10 9
Less provision for impairment	**(0.7)**	(0 5)
Trade receivables – net	**8 6**	10 4
Corporation tax receivable	**0 3**	–
Other receivables	**0 1**	0 2
Prepayments	**1 0**	1 3
	10.0	11 9

The fair values of trade and other receivables are considered to be as stated above
Trade receivables can be analysed as follows

	2013 £m	2012 £m
Not past due	**7.2**	7 6
Past due but not impaired	**1.4**	2 8
Past due and impaired	**0 7**	0 5
	9 3	10 9

The ageing of trade receivables classed as past due but not impaired is as follows

	2013 £m	2012 £m
Up to one month past due	**0.6**	2 1
Over one month past due	**0 8**	0 7
	1.4	2 8

Trade receivables are normally due within 30 to 90 days and do not bear any effective interest rate Some trade receivables are covered by credit insurance There is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers

Trade receivable days are 56 days (2012 56 days)

Trade receivables of £0 7m (2012 £0 5m) are considered potentially impaired The specifically impaired receivables relate to a wide variety of individual customers Provisions for impairment are management's best estimates based on prior experience and an assessment of the current economic environment

Notes to the consolidated financial statements

year ended 31 January 2013 continued

18. Trade and other receivables continued
Ageing of impaired receivables

	2013 £m	2012 £m
Between one month and two months past due	0 2	0 1
Over two months past due	0 5	0 4
	0 7	0 5

Movements on the provision for impairment of trade receivables are as follows

	2013 £m	2012 £m
At 1 February 2012	0 5	0 4
Increase in provision for receivables impairment	0.2	0 1
At 31 January 2013	0 7	0 5

The carrying amounts of trade and other receivables are denominated in the following currencies

	2013 £m	2012 £m
Sterling	6.4	7 8
US Dollar	1.9	1 5
Euro	0.6	0 8
Indian Rupee	1.0	1 6
Other	0.1	0 2
	10.0	11 9

19. Trade and other payables

	2013 £m	2012 £m
Trade payables	6.1	6 0
Other payables	1 0	0 7
Accruals and deferred income	2 2	2 5
	9 3	9 2

The fair value of trade payables has not been disclosed as, due to their short-term nature, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value

Trade payable days are 50 days (2012 51 days)

20. Borrowings

	2013 £m	2012 £m
Bank overdrafts and invoice discounting facilities	**0.6**	2 6
Obligations under finance leases and hire purchase contracts	**1 1**	1 0
Bank loans	**4 5**	1 6
	6.2	5 2
Short-term borrowings	**0.6**	2 6
Current portion of long-term borrowing	**0 4**	1 3
Long-term borrowings	**5 2**	1 3
	6.2	5 2
Analysis of repayments		
Bank overdrafts and invoice discounting facilities		
Within one year	**0 6**	2 6
Finance leases and hire purchase contracts		
Within one year	**0 4**	0 4
In two to five years	**0.7**	0 6
	1.1	1 0
Bank loans		
Within one year	**–**	0 9
In two to five years	**4.5**	0 7
	4.5	1 6
	6 2	5 2

Bank overdrafts and invoice discounting facilities of £0 6m (2012 £2 6m) and bank loans of £4 5m (2012 £1 6m) are secured by debentures and fixed charges over certain of the assets of the Group Balances have been offset where appropriate

Bank overdrafts and invoice discounting facilities of £0 6m (2012 £2 6m) attract interest at 2 0% to 2 2% over base rate

Bank loans attract interest at 2 6% to 4 35% over LIBOR plus an additional regulatory cost rate

Finance leases and hire purchase contracts of £1 1m attract interest at 2 2% to 3 65% over base rates

Notes to the consolidated financial statements

year ended 31 January 2013 continued

21. Provisions

	2013 £m	2012 £m
Non-current	–	07
Current	**1.1**	10
	11	17

	Dilapidation costs £m	Warranty costs £m	Restructuring costs £m	Total £m
At 1 February 2012	05	01	11	17
Reclassified to other payables	–	(01)	–	(01)
Utilised in the year	(03)	–	(02)	(05)
At 31 January 2013	**0.2**	**–**	**0.9**	**1.1**
Anticipated utilisation				
Within one year	02	–	09	11

The dilapidation costs relate to redecoration, maintenance and reinstatement costs required to meet the terms of property leases held by the Group and are quantified by reference to third party reports

The warranty provision represents management's best estimate of the Group's liability for the cost of any replacement product required under normal terms and conditions of sale, the quantification of which is based on past experience

The restructuring costs relate principally to redundancy and other costs of streamlining the Group based on detailed plans that have been communicated to the affected parties

22. Share capital and reserves

Share capital

	2013 £m	2012 £m
Authorised		
200,000,000 (2012 200,000,000) ordinary shares of 5p each	**10.0**	100
Allotted, called up and fully paid		
119,526,265 (2012 119,296,987) ordinary shares of 5p each	**6.0**	60

The Group issued 229,278 scrip dividend shares on 13 August 2012 for a consideration of 20 9p per share

Of the allotted, called up and fully paid share capital, 15,075,650 shares (2012 12,693,000 shares) are held by the Elektron Technology 2012 Employee Benefit Trust ('EBT') and are treated as treasury shares Excluding these shares, the issued share capital at 31 January 2013 was 104,450,615 (2012 106,603,987)

During the year the EBT purchased 2,382,650 shares at a price of 20p

22 Share capital and reserves continued
Shares held by the EBT include 12,471,000 shares (2012 12,693,000 shares) jointly owned with employees participating in the Joint Share Ownership Plan ('JSOP') Employee interests in the JSOP reduced by 222,000 during the year as a result of employees leaving the Group

The middle market price of the ordinary shares at 31 January 2013 was 17 25p per share and the range during the year was 16p per share to 24 25p per share

Share options
Elektron Technology plc Executive Share Option Scheme

Year of grant	Exercise period	Option price	**2013 '000**	2012 '000
2004	2007-2014	15 81p	**550**	550

During the year no options lapsed as a result of employees leaving the Group In accordance with the transitional provisions, IFRS2 'Share Based Payments' has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005

Elektron Technology plc Company Share Option Plan ('CSOP')

Year of grant	Exercise period	Option price	**2013 '000**	2012 '000
2011	2014-2021	38 00p	**546**	780
2011	2014-2021	37 00p	**81**	81
2012	2015-2022	25 00p	**680**	780
2013	2015-2022	17 00p	**600**	–

The weighted average exercise price of all options under the CSOP is 26 71p

During the year 334,000 share options lapsed as a result of employees leaving the Group

Options in the form of stock appreciation rights over 780,000 shares were granted in 2012 for employees outside the UK The exercise period is 2015-2022 and the exercise price is 25 00p

Share-based payments including awards under the CSOP and the JSOP are valued using an independent probability valuation model and take account of performance criteria (if any) The significant inputs into the model for awards during the year were

- Risk-free interest rate – yield on zero coupon UK Government bonds at date of grant of 0 4%,
- Weighted average contractual life – three years,
- Weighted average share price – 17p,
- Strike price – 17p,
- Volatility of share price – 30%, and
- Forfeiture rate – 20%

The Group recognised a charge of £0 2m in the year (2012 less than £0 1m)

Notes to the consolidated financial statements

year ended 31 January 2013 continued

22. Share capital and reserves continued
Reserves
The nature of the reserves shown in the consolidated balance sheet and consolidated statement of changes in equity is as follows

Share premium
Amount subscribed for share capital in excess of nominal value

Merger reserve
Amount arising on an acquisition in prior years satisfied substantially by the issue of share capital and thereby eligible for merger relief under the provisions of Section 612 of the Companies Act 2006

Capital redemption reserve
The cumulative nominal value of own shares acquired by the Company

Own shares
The value of the Company's shares held by the Elektron Technology 2012 Employee Benefit Trust

Translation reserves
Gains and losses arising on retranslating the net assets of overseas operations into Sterling of £0 2m (2012 less than £0 1m)

Other reserves
A reserve arising from the application of IFRS2 'Share-based Payments' of £0 3m (2012 £0 1m)

Retained earnings
Cumulative gains and losses recognised in the consolidated statement of comprehensive income not included above

23 Capital commitments
Expenditure sanctioned but not contracted for amounted to £1 3m (2012 £0 8m), and expenditure contracted but not provided for in the financial statements amounted to £0 2m (2012 £0 2m)

24. Operating lease commitments
At 31 January 2013 the Group had total commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Minimum lease payments				
Expiring within one year	**0.4**	–	**0.1**	0 1
Expiring between two and five years	**2 6**	2 3	**0 3**	0 5
Expiring after five years	**1.9**	4 1	**–**	–
	4.9	6 4	**0.4**	0 6

25. Retirement benefit schemes
The Group operates a Group Personal Pension Plan (which is a defined contribution scheme) for all qualifying employees The assets of the schemes are held separately from those of the Group in funds under the control of the trustees

Contributions to the Group Personal Pension Plan and to other personal pension plans are charged to the statement of comprehensive income as they become payable The pension cost charge for the year was £0 4m (2012 £0 5m) and outstanding contributions at the year end amounted to £0 1m (2012 £0 1m)

26 Financial assets and liabilities

(i) Financial instruments

The Group's financial instruments comprise borrowings, cash and cash equivalents and various items such as trade receivables and payables that arise directly from its operations The main purpose of these instruments is to raise finance for operations The Group has not entered into derivatives transactions nor does it trade in financial instruments as a matter of policy The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk The Board's policy on each is described in Note 1 and has not changed since 2012 Operations are financed through working capital management and short-term flexibility is achieved by revolving credit and invoice discounting facilities

Treasury matters are dealt with on a Group basis and are approved by the Board At 31 January 2013 gross gearing on net assets was 43 4% (2012 32 8%)

(ii) Financial assets excluding receivables due within one year

Details of trade and other receivables are provided in Note 17 The only other current financial asset held is cash and cash equivalents The balances as at 31 January are detailed below

	2013 £m	2012 £m
Sterling accounts	–	0 4
US Dollar accounts	**0.3**	0 2
Indian Rupees	**0.1**	–
Euro accounts	**0 4**	0 1
Hong Kong Dollar accounts	**0 1**	0 1
Chinese Yuan	**0 3**	–
	1.2	0 8

(iii) Financial liabilities excluding non-debt current liabilities

The only financial liabilities of the Group which are subject to interest charges are bank loans, invoice discounting facilities, overdrafts and obligations under finance leases and hire purchase contracts All borrowings attract interest at variable rates At 31 January the interest rate profile of the Group's financial liabilities was as follows

	2013 £m	2012 £m
Floating rate financial liabilities	**6.2**	5 2

(iv) Maturity

The maturity profile is shown in Note 20

(v) Fair value of financial assets and liabilities

IFRS7 'Financial instruments' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy

- Quoted prices (unadjusted) in active markets (Level 1),
- Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2), and
- Inputs for the asset or liability that are not based on observable market data (Level 3)

There were no applicable assets or liabilities at 31 January 2013 (2012 nil)

(vi) Committed undrawn borrowing facilities

At the year end the Group had committed undrawn facilities of £5 9m (2012 £2 8m) which related to revolving credit, invoice discounting, leasing and overdraft facilities repayable on demand in the event of any breaches in the covenants given by the Group

Notes to the consolidated financial statements

year ended 31 January 2013 continued

26. Financial assets and liabilities continued
(vii) Currency risk
The Group has transactional currency exposure arising from normal trading activity Such exposure arises from sales and purchases in currencies other than Sterling The Group does not trade in derivatives or make speculative hedges

At 31 January 2013 the Group had no commitments under non-cancellable forward contracts (2012 £nil)

The Group's currency exposure, being those transactional exposures that give rise to net currency gains and losses recognised in the statement of comprehensive income, was as follows

	Assets		Liabilities	
	2013 £m	2012 £m	**2013 £m**	2012 £m
US Dollar	**2 3**	2 0	**3.3**	0 3
Euro	**1.2**	0 9	**0.3**	0 9
Indian Rupee	**1.1**	2 1	**0 2**	0 5
	4.6	5 0	**3.8**	1 7

(viii) Sensitivity analysis
For the year ended 31 January 2013 it is estimated that, for a 10% exchange rate movement, the Group's Sterling-reported profit before tax would have changed by
- £0 1m (2012 £0 2m) for the US Dollar
- £0 1m (2012 less than £0 1m) for the Euro
- £0 1m (2012 £0 1m) for the Indian Rupee

Sensitivity to other currencies and interest rates are not considered to be material in the context of the 2013 results

(ix) Categories of financial instruments

Financial assets	**2013 £m**	2012 £m
Cash and bank balances	**1.2**	0 8
Loans and receivables	**10 0**	11 9
	11 2	12 7

Financial liabilities	**2013 £m**	2012 £m
Other financial liabilities at amortised cost		
Trade and other payables	**7 1**	6 7
Current tax payable	**–**	0 2
	7.1	6 9

27. Related party transactions
(a) Transactions between Group companies, which are related parties, have been eliminated on consolidation and have therefore not been disclosed

(b) The Group occupies a number of leasehold properties with annual rentals of £0 6m (2012 £0 6m), the landlord of which is part of Panther Securities Plc, a significant shareholder in Elektron Technology plc Elektron Technology plc, the Company, has also given rental guarantees to Panther Securities Plc as described in Note 12 to the parent company financial statements

Parent company balance sheet

as at 31 January 2013

	Notes	**2013 £m**	2012 £m
Fixed assets			
Tangible assets	3	**1.4**	0.9
Investments in subsidiary undertakings	4	**2.4**	15.5
		3.8	16.4
Current assets			
Debtors	5	**21.7**	8.4
Creditors: amounts falling due within one year	6	**(7.8)**	(9.7)
Net current assets/(liabilities)		**13.9**	(1.3)
Total assets less current liabilities		**17.7**	15.1
Creditors: amounts falling due after more than one year	7	**(2.4)**	(1.0)
Provisions for liabilities	9	**(0.1)**	(0.1)
Net assets		**15.2**	14.0
Capital and reserves			
Called-up share capital	10	**6.0**	6.0
Share premium	10	**5.4**	5.4
Merger reserve	10	**1.1**	1.1
Capital redemption reserve	10	**0.2**	0.2
Other reserves	10	**0.1**	0.1
Profit and loss account	10	**2.4**	1.2
Shareholders' funds		**15.2**	14.0

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2013 and were signed on its behalf by

Keith Daley
Director

Noah Franklin
Director

N.F.H. Franklin

Notes to the parent company financial statements

year ended 31 January 2013

1. Accounting policies

Basis of preparation

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

The principal accounting policies of the Company are set out below Except as stated below, the following accounting policies have remained unchanged from the previous year and continue to be the most appropriate

The Company has taken advantage of the exemption of FRS8 'Related Party Disclosure' not to show transactions with companies in the Group headed by Elektron Technology plc which are publicly available

The Company has taken advantage of the exemption in paragraph 2d of FRS29 'Financial Instruments Disclosure' and not disclosed information required by that standard, as the Group's consolidated financial statements in which the Company is included, provide equivalent disclosures for the Group under IFRS7 'Financial Disclosure'

Tangible fixed assets

The cost of fixed assets is their purchase cost less depreciation Depreciation is calculated on the cost of each tangible fixed asset individually on a straight-line basis and is designed to write off the cost of the asset, less any residual value over their estimated lives Assets are not depreciated until they are brought into use The estimated useful lives are

- Equipment 3-7 years
- Software 3-7 years
- Motor vehicles 4 years

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

Investments in subsidiary undertakings

Investments are included at cost net of any provision for impairment

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised where it is more likely than not that they will be recovered Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Retirement benefits

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to individual policies in respect of the accounting period

1. Accounting policies continued

Financial instruments

Income and expenditure arising on financial instruments is recognised on an accruals basis and credited or charged to the profit and loss account in the financial period to which it relates

Share-based payments

The Company has applied the requirements of FRS20 'Share-based Payment' In accordance with the transitional provisions, FRS20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005

The Company issues equity-settled share-based payments to certain employees These payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

The fair value of all equity-settled share-based payments is measured using the Black-Scholes option pricing model The expected life used in these models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Cash flow statement

The Company has not presented a separate cash flow statement in accordance with the exemption provided by FRS1 (Revised), as its cash flows are included within the cash flows of the Group, as set out on page 35 of this report

2. Profit for the financial year

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit for the financial year amounted to £1 8m (2012 profit £1 7m)

3 Tangible fixed assets

	Equipment and vehicles £m
Cost	
At 1 February 2012	1 1
Additions	0 7
At 31 January 2013	1 8
Depreciation	
At 1 February 2012	0 2
Charge for the year	0 2
At 31 January 2013	0 4
Net book value	
At 31 January 2013	1 4
At 31 January 2012	0 9

Equipment above includes Group IT project hardware and software costs

Notes to the parent company financial statements

year ended 31 January 2013 continued

4. Investments in subsidiary undertakings

	2013 £m	2012 £m
At 1 February	**15 5**	15 5
Transfer to subsidiary company	**(13.1)**	–
At 31 January	**2.4**	15 5

5. Debtors

	2013 £m	2012 £m
Amounts owed by subsidiary undertakings	**21 5**	8 2
Other debtors	**0 1**	0 1
Prepayments	**0.1**	0 1
	21.7	8 4

6. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Bank loans and overdrafts (Note 8)	**3 7**	3 7
Amounts owed to subsidiary undertakings	**3 3**	5 2
Finance leases (Note 8)	**0.2**	0 1
Trade payables	**0.2**	0 3
Other taxes and social security costs	**0 1**	0 1
Other creditors	**0 1**	0 1
Accruals and deferred income	**0.2**	0 2
	7.8	9 7

7. Creditors: amounts falling due after more than one year

	2013 £m	2012 £m
Bank loans (Note 8)	**2 0**	0 7
Finance leases (Note 8)	**0 4**	0 3
	2.4	1 0

8. Loans and other borrowings

	2013 £m	2012 £m
Bank overdrafts	**3.7**	2 8
Bank loans	**2 0**	1 6
Finance leases	**0 6**	0 4
	6.3	4 8
Maturity of financial liabilities		
In one year or less	**3.9**	3 8
In more than one year, but not more than two years	**0.2**	0 8
In more than two years, but not more than five years	**2.2**	0 2
	6.3	4 8

Bank loans of £2 0m are secured by debentures and fixed charges over certain of the assets of the Company and the Group Bank loans attract interest at 2 6% to 4 35% over LIBOR plus an additional regulatory cost rate

9. Provisions

	Restructuring costs £m
At 1 February 2012 and 31 January 2013	0 1

10 Share capital and reserves

Details of the share capital and reserves are given in Note 22 of the notes to the consolidated financial statements

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
At 1 February 2012	6 0	5 4	1 1	0 2	0 1	1 2	14 0
Profit for the year	–	–	–	–	–	1 8	1 8
Dividends paid on ordinary shares	–	–	–	–	–	(0 6)	(0 6)
At 31 January 2013	**6 0**	**5.4**	**1.1**	**0 2**	**0.1**	**2 4**	**15 2**

Financial statements

Notes to the parent company financial statements

year ended 31 January 2013 continued

11. Capital expenditure commitments and operating lease commitments
Capital expenditure contracted but not provided for in the financial statements amounted to £nil (2012 £nil) The Company had £0 2m annual operating lease commitments for land and buildings at 31 January 2013 (2012 £0 1m)

12. Contingent liabilities
The Company has given certain guarantees in respect of invoice discounting arrangements of certain subsidiary companies up to £0 6m and has guaranteed rental obligations of certain subsidiary companies up to £0 6m

13 Related party transactions
Related party transactions are the same for the Company as for the Group Details can be found in Note 27 of the notes to the consolidated financial statements

Consolidated ten year record

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005** £m	2004 £m
Revenue – continuing operations	**55.7**	63 1	49 2	29 9	35 6	34 9	26 0	22 5	22 7	9 3
– discontinued operations	**0.9**	1 2	0 8	–	–	1 0	0 6	–	0 3	2 6
	56 6	64 3	50 0	29 9	35 6	35 9	26 6	22 5	23 0	11 9
Adjusted operating profit*	**1.6**	4 9	5 1	1 8	1 1	2 1	1 9	1 8	1 7	0 8
(Loss)/profit before taxation	**(1.0)**	2 4	3 3	0 2	(2 3)	2 0	0 5	1 7	2 6	1 6
Total equity	**14 3**	15 8	14 6	8 5	7 9	10 2	8 0	6 6	5 5	3 3
Adjusted earnings per share*	**1 0p**	3 2p	4 1p	1 5p	0 6p	2 5p	1 7p	1 7p	1 5p	1 5p
(Loss)/earnings per share	**(0.6)p**	1 7p	2 9p	0 3p	(2 4p)	2 8p	0 5p	1 6p	2 7p	2 4p
Dividends paid and proposed per share	**nil**	0 83p	0 80p	0 50p	0 46p	0 45p	0 40p	0 35p	0 30p	nil

* Adjusted for goodwill, discontinued operations and non-recurring or special items
** The figures for 2005 and 2004 are presented under UK GAAP

Further information

For further information about Elektron Technology and our businesses, please visit our website at
www.elektron-technology com

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