

Icon Warne Limited

**Directors' report and financial
statements**

Registered number 00043117

30 September 2005



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Company information

Directors	R Gogerty M Harris
Secretary	M Harris
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Lloyds TSB Bank plc Colmore Row Birmingham West Midlands B3 3SD
Registered office	Victoria Works Thrumpton Lane Retford Nottinghamshire DN22 6HH
Registered number	00043117

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2005.

Principal activities

The company's principal activity during the year continued to be the manufacture and distribution of rubber products.

Business review

The profit for the year after taxation amounted to £1,266,000 (2004: £2,140,000).

Dividends

The directors propose a dividend of £nil (2004: £4,184,000).

Research and development

During the year, the company maintained its strong emphasis on research and development. Activities consisted of its own technical personnel working with established and potential customers to improve existing products and develop new ones.

Directors and directors' interests

The directors who held office during the year were as follows:

R Gogerty
A Sunter - resigned 12 March 2005
M Harris - appointed 12 March 2005

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The directors' interests in the shares of the ultimate parent undertaking Icon Polymer Group Limited are shown in the directors' report of that company.

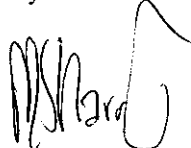
Statutory dispensation

The company has in force, under Section 379A of the Companies Act 1985, an election dispensing with the laying of financial statements and reports before the company in General Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually.

Auditors

The company has dispensed with the requirement to re-appoint auditors annually under s386 of the Companies Act 1985 and therefore KPMG LLP will continue in office.

By order of the board



M Harris
Secretary

Registered office:

Victoria Works
Thrumpton Lane
Retford
Nottinghamshire
DN22 6HH

Dated: 25 April 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St Nicholas House
Park Row
Nottingham
NG1 6FQ
United Kingdom

Independent auditors' report to the members of Icon Warne Limited

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants
Registered Auditor

Dated: *25 April, 2006*

Profit and loss account
for the year ended 30 September 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover	2	3,692	6,712
Cost of sales		(1,439)	(1,755)
Gross profit		<u>2,253</u>	<u>4,957</u>
Distribution costs		(75)	(9)
Administrative expenses		(663)	(1,910)
Operating profit	3	<u>1,515</u>	<u>3,038</u>
Interest receivable and similar income	6	<u>6</u>	<u>10</u>
Profit on ordinary activities before taxation		<u>1,521</u>	<u>3,048</u>
Tax on profit on ordinary activities	7	(255)	(908)
Profit on ordinary activities after taxation		<u>1,266</u>	<u>2,140</u>
Dividends	8	-	(4,184)
Retained profit/(accumulated loss) transferred to reserves	15	<u><u>1,266</u></u>	<u><u>(2,044)</u></u>

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

Balance sheet
as at 30 September 2005

	Note	2005 £000	2004 £000
Fixed assets			
Tangible assets	9	224	271
Current assets			
Stocks	10	-	4
Debtors	11	7,136	10,237
Cash at bank and in hand		727	274
		<u>7,863</u>	<u>10,515</u>
Creditors: amounts falling due within one year	12	<u>(603)</u>	<u>(4,563)</u>
Net current assets		<u>7,260</u>	<u>5,952</u>
Total assets less current liabilities		<u>7,484</u>	<u>6,223</u>
Provisions for liabilities and charges	13	<u>(436)</u>	<u>(441)</u>
Net assets		<u><u>7,048</u></u>	<u><u>5,782</u></u>
Capital and reserves			
Called up share capital	14	307	307
Share premium account	15	2,594	2,594
Profit and loss account	15	<u>4,147</u>	<u>2,881</u>
Shareholders' funds			
Equity		6,776	5,510
Non-equity		<u>272</u>	<u>272</u>
	16	<u><u>7,048</u></u>	<u><u>5,782</u></u>

These financial statements were approved by the board of directors on 25 April 2006 and were signed on its behalf by:



R Gogerty
Director



M Harris
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Turnover

Turnover comprises sales in the ordinary course of business to customers for goods supplied and services provided, exclusive of value added tax.

Research and development

Expenditure on research and development is written off as incurred.

Fixed assets and depreciation

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

Plant and equipment - 4 to 10 years

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials, consumables and goods for resale	Purchase cost on a first-in, first-out basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated sales price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred taxation'.

Pensions

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

Notes (continued)

2 Turnover

Turnover represents the sale of goods and services, excluding value added tax, and is attributable to one continuing activity, the manufacture and distribution of rubber products.

	2005 £000	2004 £000
<i>An analysis of turnover by geographical market is given below:</i>		
United Kingdom	3,692	6,712

3 Operating profit

	2005 £000	2004 £000
<i>This is stated after charging</i>		
Depreciation	69	77
Auditors' remuneration - audit	27	14
Reorganisation costs	79	-

4 Remuneration of directors

	2005 £000	2004 £000
Directors' emoluments	250	235
Company contributions to money purchase pension schemes	26	20
	2005 Number	2004 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	£000	£000
<i>The amounts paid in respect of the highest paid director are as follows:</i>		
Emoluments	168	129

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2005 Number of employees	2004 Number of employees
Administration	3	2
Manufacturing	16	17
Sales and distribution	2	-
	21	19

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	422	453
Social security costs	55	50
Other pension costs	23	26
	<hr/> 500 <hr/>	<hr/> 529 <hr/>

6 Interest receivable and similar income

	2005 £000	2004 £000
Bank interest	6	10
	<hr/>	<hr/>

7 Tax on profit on ordinary activities

	2005 £000	2004 £000
<i>UK corporation tax:</i>		
Current tax on income for the period	296	923
Over provision of tax in respect of prior periods	(36)	(50)
Under provision of group relief in respect of prior period	-	40
	<hr/>	<hr/>
Total current tax	260	913
Deferred taxation (note 13)	(5)	(5)
	<hr/> 255 <hr/>	<hr/> 908 <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2004: lower) than the standard rate of corporation in the UK at 30% (2004: 30%). The differences are explained below:

	2005 £000	2004 £000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	1,521	3,048
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	456	914
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	4
Depreciation for the year in excess of capital allowances	5	5
Group relief	(567)	-
Capital gain transferred from group company	403	-
Other	(1)	-
Adjustments to tax charge in respect of previous years	(36)	(10)
	<hr/>	<hr/>
Total current tax charge	260	913
	<hr/>	<hr/>

Notes (continued)

8 Dividends

	2005 £000	2004 £000
Ordinary dividends proposed	-	4,184

9 Tangible fixed assets

	Plant and equipment £000
<i>Cost:</i>	
At 1 October 2004	1,369
Additions	22
	<hr/>
At 30 September 2005	1,391
	<hr/>
<i>Accumulated depreciation</i>	
At 1 October 2004	1,098
Charge for year	69
	<hr/>
At 30 September 2005	1,167
	<hr/>
<i>Net book value</i>	
At 30 September 2005	224
	<hr/>
At 30 September 2004	271
	<hr/>

10 Stocks

	2005 £000	2004 £000
Finished goods and goods for resale	-	4

11 Debtors

	2005 £000	2004 £000
Trade debtors	387	-
Amounts owed by group undertakings	6,744	10,235
Prepayments and accrued income	5	2
	<hr/>	<hr/>
	7,136	10,237
	<hr/>	<hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Corporation tax	68	335
Amounts owed to group undertakings	351	4,184
Accruals and deferred income	184	44
	<u>603</u>	<u>4,563</u>

13 Provisions for liabilities and charges

	Deferred taxation £000
At 1 October 2004	441
Credit in the year	(5)
	<u>436</u>
At 30 September 2005	<u>436</u>

The amounts provided for deferred taxation are set out below:

	2005 £000	2004 £000
Accelerated capital allowances	21	26
Other timing differences	415	415
	<u>436</u>	<u>441</u>

14 Called up share capital

	2005 £000	2004 £000
Authorised		
3,556,944 ordinary shares of 5p each	178	178
340,191 non-cumulative preference shares of 80p each	272	272
	<u>450</u>	<u>450</u>
Allotted, called up and fully paid		
700,416 ordinary shares of 5p each	35	35
340,191 non-cumulative preference shares of 80p each	272	272
	<u>307</u>	<u>307</u>

Preference shares do not usually carry a right to vote, except on matters affecting their class rights. On a winding up the preference shares rank above the ordinary shares for the full amount of their paid up capital in addition to a further 20p per share.

Notes (continued)

15 Share premium account and reserves

	Share Premium Account £000	Profit and loss account £000
At 1 October 2004	2,594	2,881
Profit for the year	-	1,266
	<hr/>	<hr/>
At 30 September 2005	2,594	4,147
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
Profit for the financial year	1,266	2,140
Dividends	-	(4,184)
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds	1,266	(2,044)
Opening shareholders' funds	5,782	7,826
	<hr/>	<hr/>
Closing shareholders' funds	7,048	5,782
	<hr/>	<hr/>

17 Pension commitments

The company contributes to a defined contribution pension scheme for its directors and employees. The assets are held separately from those of the company in an independently administered fund. Contributions in respect of the scheme amounted to £23,000 (2004: £26,000). Outstanding contributions at the year end were £nil (2004: £nil).

18 Contingent liabilities

The company has given a cross guarantee to HM Customs & Excise in relation to the group VAT registration, with the potential liability being £40,000 (2004: £130,000).

There is a fixed and floating charge over various of the company's assets in respect of loans taken out by its ultimate parent undertaking, with the potential liability at 30 September 2005 being £19,345,000 (2004: £12,731,000).

19 Related party disclosures

The company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities that are part of the group.

20 Ultimate parent undertaking

The company's immediate parent undertaking is Icon Warne Holdings Limited.

The company's ultimate parent undertaking and controlling party is Icon Polymer Group Limited, and copies of its financial statements can be obtained from Icon Polymer Limited, Retford, Nottinghamshire, England, DN22 6HH.