Parex Limited
(formerly Tecroc Products Limited)

Report and Financial Statements

31 December 2010

Directors
M A Shorrock
F Herbaut
G De La Roche Aymon

Secretary
A Cogbill

Auditors
Ernst & Young LLP
No 1 Colmore Square
Birmingham B4 6HQ

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Holly Lane Industrial Estate
Atherstone
Warwickshire CV9 2RN

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The loss for the year, after taxation, amounted to £345,212 (2009 – profit of £690,507) The directors do not recommend the payment of a dividend (2009 dividend payment of £1 per 'A' Ordinary share)

The results for the year reflect the acquisition of the trade and assets of the company's subsidiary Easipoint Marketing Limited on 1 June 2010, details of which are set out below Subsequent to the acquisition, Easipoint Marketing Limited paid a dividend of £2,500,000 which together with an associated write down in the company's residual investment in Easipoint of £3,380,000 has been reflected in the company's profit and loss account

Eliminating the impact of the one off entries associated with this reorganisation, shows the company made an underlying profit after tax for the year of £534,788 (2009 profit £390,507)

Principal activity and review of the business

The company's principal activities during the year were that of the manufacture and supply of specialist chemicals and mortars primarily for the construction industry and the highways market No significant changes are foreseen

The directors consider that the result for the year under review is satisfactory

On 8 April 2010 the company changed its name to Parex Limited

On 1st June 2010 as part of a group reorganisation the Company entered into an Asset Sale and Purchase Agreement to acquire the trade and certain assets of Easipoint Marketing Limited as a going concern for cash consideration of £2,500,000 The acquisition has given rise to purchased goodwill of £2,385,237

Directors

The directors who served the company during the year were as follows

M A Shorrock
F Herbaut
G De La Roche Aymon

Going concern

The financial statements have been prepared on a going concern basis The Directors have concluded that this is an appropriate basis as the Company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the Company will continue to be cash generative and profitable

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Directors' report

Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

By order of the Board

A. Cogbill 20th September 2011

A Cogbill
Secretary

Statement of directors' responsibilities

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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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,
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Parex Limited (formerly Tecroc Limited)

We have audited the financial statements of Parex Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of Parex Limited (formerly Tecroc Limited)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Andrew Merrick (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Birmingham

20 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	*2010* £	*2009* £
Turnover			
Ongoing		7,067,803	7,353,103
Acquisition		1,191,729	-
	2	8,259,532	7,353,103
Cost of sales	3	(4,901,427)	(4,495,171)
Gross Profit			
Ongoing		2,763,679	2,857,932
Acquisition		594,426	-
		3,358,105	2,857,932
Administrative expenses	3	(2,437,625)	(2,251,822)
Operating Profit			
Ongoing		708,540	606,110
Acquisition		211,940	-
	4	920,480	606,110
Interest receivable and similar income	7	8,752	19,503
Interest payable and similar charge	8	(130,232)	(155,288)
Income from shares in group companies		2,500,000	300,000
Amounts written off investments		(3,380,000)	-
Loss/(profit) on ordinary activities before taxation		(81,000)	770,325
Taxation	9	(264,212)	(79,818)
(Loss)/profit for the financial year	20	(345,212)	690,507

All amounts relate to continuing activities Acquisition relates to Easipoint Marketing Ltd acquired 1st June 2010

Statement of total recognised gains and losses

for the year ended 31 December 2010

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £345,212 in the year ended 31 December 2010 (2009 – profit of £690,507)

Balance sheet

at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Intangible assets	11	2,418,185	136,000
Tangible assets	12	797,513	723,346
Investments	13	829,184	4,109,184
		4,044,882	4,968,530
Current assets			
Stocks	14	742,654	601,382
Debtors	15	2,770,475	1,382,184
Cash at bank and in hand		574,564	1,406,741
		4,087,693	3,390,307
Creditors amounts falling due within one year	16	(1,577,811)	(1 460 997)
Net current assets		2 509,882	1,929,310
Total assets less current liabilities		6,554 764	6,897,840
Creditors amounts falling due after more than one year	17	(3,307,519)	(3,337,756)
Provisions for liabilities	18	(64,173)	(31,800)
Net Profit		3 183,072	3 528,284
Capital and reserves			
Called up share capital	19	318,750	318,750
Share premium account	20	26,250	26,250
Profit and loss account	20	2,838,072	3,183,284
Shareholders' funds	20	3,183,072	3,528,284

MarkShorrock 20th September 2011

MA Shorrock
Director

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis The Directors have concluded that this is an appropriate basis as the Company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the Company will continue to be cash generative and profitable

Group financial statements

The financial statements presented are the individual company financial statements of Parex Limited The company has taken advantage of the exemption in Companies Act 2006 from preparation of group financial statements since the company is a wholly owned subsidiary of Materis Parent SARL established under the law of an EU Member State which prepares group financial statements that include the financial statements of the company

Statement of cash flows

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements

Intangible fixed assets

The accounting policy for the treatment of intangible assets owned by the company reflects the current market positions Each asset has been assessed separately by the directors resulting in the following amortisation rates

Goodwill	–	over 5 years
Know-how	–	over 4 years

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Tangible fixed assets

Depreciation is provided to write of the cost, less the estimated residual values of all tangible fixed assets, over their expected useful lives It is calculated at the following rates

Motor vehicles	–	25% per annum straight line
Equipment	–	25% per annum reducing balance
Plant factory equipment	–	10% per annum reducing balance

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

Investments

All fixed assets are initially recorded at cost and provision for impairment made where required

The carrying values of all fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks are valued at the lower of the cost and net realisable value Cost is based on the cost of purchase on a first in, first out basis Net realisable value is based on estimated selling price less additional costs to completion and disposal

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates Any differences are taken to the profit and loss account

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account

Lease payments are analysed between capital and interest components The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding The capital part reduces the amounts payable to the lessor All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Pensions

Contributions made by the company to the employees' personal pension plans are charge to the profit and loss account in the year in which they become payable

Research and development

Research and development expenditure is written off as incurred

Notes to the financial statements

at 31 December 2010

2. Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

The proportion of turnover that is attributed to markets outside of the United Kingdom is 3 6% (2009 – 6 6%)

3 Cost of sales and operating expenses

	2010	*2009*
	£	*£*
Cost of sales		
Ongoing	(4,304,124)	(4,495,171)
Acquisition	(597,303)	-
Cost of sales	(4,901,427)	(4,495,171)
Administrative expenses		
Ongoing	(2,055,139)	(2,251,822)
Acquisition	(382,486)	-
Administrative expenses	(2,437,625)	(2,251,822)

4. Operating Profit

This is stated after charging/(crediting)

	2010	*2009*
	£	*£*
Auditors' remuneration – audit services	18,159	15,500
Amortisation of goodwill	103,052	34,000
Depreciation of tangible fixed assets	198 736	168,894
Profit on disposal of tangible fixed assets	(3,529)	(5,778)
Operating lease charges – plant and machinery	17,931	17,431
– land and buildings	144,044	115,680

5. Directors' remuneration

	2010	*2009*
	£	*£*
Aggregate remuneration, pension contributions and amounts receivable under long term incentive schemes	141,856	154,400

Notes to the financial statements

at 31 December 2010

6. Staff costs

	2010	2009
	£	£
Wages and salaries	1,694,485	1,538,016
Social security costs	165,314	155,898
Pension costs	100,311	130,281
	1,960,110	1,824,195

The monthly average number of employees during the year was as follows

	No	No
Administrative	13	10
Production	22	22
Sales	19	11
Research and development	4	4
	58	47

7. Interest receivable and similar income

	2010	2009
	£	£
Bank interest receivable	3,553	19,503
Group interest receivable	5,199	-

8. Interest payable and similar charges

	2010	2009
	£	£
Hire purchase contracts	13,655	12,141
Bank interest payable	2,119	367
Group interest payable	114,458	142,780
	130,232	155,288

Notes to the financial statements

at 31 December 2010

9. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows

	2010 £	2009 £
Current tax		
UK corporation tax based on the 28% for the year	226,205	112,480
Adjustment in respect of previous periods	5,634	(562)
Total current tax (note 9(b))	231,839	111,918
Deferred tax		
Origination and reversal of timing differences (note 18)	32,373	(30,813)
Prior year adjustment	-	(1,287)
Tax on (loss)/profit on ordinary activities	264,212	79,818

(b) Factors affecting the current tax 28% for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of [ ]% (2009 – 28%) The differences are explained below

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	(81,000)	770,325
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	(22,680)	215,691
Effects of		
Expenses not deductible for tax purposes	278,112	(81,204)
Capital allowances (excess)/ arrears of depreciation	645	(6,127)
Other timing differences	3,480	5,346
Adjustment in respect of previous periods	5,634	(562)
Utilisation of losses transferred with acquisition	(33,340)	(21,226)
Other	(12)	–
Current tax for the year (note 9(a))	231,839	111,918

10 Dividends

	2010 £	2009 £
'A' Ordinary shares of £1 each		
Paid £1 per share	2,500,000	300 000

Notes to the financial statements

at 31 December 2010

11. Intangible fixed assets

	Purchased goodwill	*Other intangible fixed assets*	*Total*
	£	£	£
Cost			
At 1 January 2010	211,000	176,033	387,033
Additions (note 13)	2,385,237	-	2,385,237
At 31 December 2010	2,596,237	176,033	2,772,270
Amortisation			
At 1 January 2010	75,000	176,033	251,033
Provided during the year	103,052	-	103,052
At 31 December 2010	178,052	176,033	354,085
Net book value			
At 31 December 2010	2,418,185	-	2,418,185
At 1 January 2010	136,000	–	136,000

Goodwill arising on the acquisition of the trade of Parex Limited (now EIFS Limited) and Easipoint Marketing Limited is being amortised evenly over the directors' estimate of its useful economic life of 15 years

12. Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2010	1,489,267
Additions	264,790
Acquisition of business (Pave)	40,960
Disposals	(57 684)
At 31 December 2010	1 737,333
Depreciation	
At 1 January 2010	765,921
Provided for the year	198,736
Disposals	(24,837)
At 31 December 2010	939,820
Net book value	
At 31 December 2010	797,513
At 1 January 2010	723,346

Notes to the financial statements

at 31 December 2010

12. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes an amount of £310,843(2009 – £194,477) in respect of assets held under hire purchase contracts The related depreciation charge on these assets for the year was £89,910 (2009 – £76,047)

13. Investments

	2009
	£
Cost	
At 1 January 2010 and 31 December 2010	4,209,184
Provision	
At 1 January 2010	-
Provided for the year	3,380,000
At 31 December 2010	3,380,000
Net book value	
At 31 December 2010	829,184
At 1 January 2010	4,209,184

Details of the investments in which the group and the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows

Company name	*Country of registration*	*Holding*	*Proportion of voting rights and shares held*	*Principal activities*
Easipoint Marketing Limited	United Kingdom	Ordinary Shares	100%	Dormant

As part of a group reorganisation on 1 June 2010 the Company entered into an Asset Sale and Purchase Agreement to acquire the entire legal and beneficial ownership in the assets and the business of Easipoint Marketing Limited (Pave & Land Div) as a going concern for cash consideration of £2,500,000

Net assets at date of acquisition

	£
Tangible fixed assets	86,165
Stock	69,260
Prepayments & Accruals	(40,662)
Goodwill arising on acquisition (note 11)	2,385,237
	2,500,000
Discharged by	
Cash consideration	2,500,000

Notes to the financial statements

at 31 December 2010

14. Stocks

	2010 £	*2009* £
Raw materials	520,033	601,382
Finished Goods	222,621	-
	742,654	601,382

The replacement cost of stock is not materially different from the amounts stated in the financial statements

15 Debtors

	2010 £	*2009* £
Trade debtors	1,662,016	1,095,487
Amounts owed by group undertakings	1,000,000	76,798
Other debtors	73,798	33,971
Corporate tax	34,661	175,928
	2,770,475	1,382,184

All amounts shown under debtors fall due for payment within one year

16. Creditors: amounts falling due within one year

	2010 £	*2009* £
Trade creditors	955,362	866,845
Other taxation and social security	234,521	155,058
Obligations under finance lease and hire purchase contracts	95 406	72,007
Other creditors	292 522	367,087
	1,577,811	1,460,997

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

	2010 £	*2009* £
Obligations under hire purchase contracts	97,671	37,756
Amounts owed to group undertakings	3,209,848	3,300,000
	3 307,519	3,337,756

Notes to the financial statements

at 31 December 2010

17. Creditors: amounts falling due after more than one year (continued)

Maturity of debt

	Hire purchase contracts	
	2010	*2009*
	£	£
In one year or less, or on demand	95,406	72,007
In more than one year but not more than two years	69,198	28,957
In more than two years but not more than five years	28,473	8,799
	97,671	37,756

The amounts owed to group companies shown above represents an intercompany loan, repayable in April 2013 which bears interest at LIBOR rate plus a spread of 2 5%

18. Provisions for liabilities

	Deferred taxation
	£
At 1 January 2010	31,800
Charge to profit and loss	32,373
At 31 December 2010	64,173

Deferred taxation

	2010	*2009*
	£	£
Accelerated capital allowances	75,545	73,500
Sundry timing differences	(11,372)	(8,300)
Losses transferred with acquisition now recognised	-	(33,400)
	64,173	31,800

19. Issued share capital

		2010		*2009*
Allotted, called up and fully paid	*No*	£	*No*	£
'A' Ordinary shares of £1 each	300,000	300,000	300,000	300,000
'B' Ordinary shares of 25p each	18,750	18,750	18,750	18,750
		318,750	318,750	318,750

Notes to the financial statements

at 31 December 2010

20. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Share premium account*	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*	*£*
At 1 January 2009	318,750	26,250	2,792,777	3,137,777
Profit for the year	–	–	690,507	690,507
Dividend paid	–	–	(300,000)	(300,000)
At 1 January 2010	318,750	26,250	3,183,284	3,528,284
Loss for the year	-	-	(345,212)	(345,212)
At 31 December 2010	318,750	26,250	2,838,072	3,183,072

21. Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension charge amounted to £100,311 (2009 – £130,281) Outstanding contributions amounting to £7,119 (2009 – £6,690) were payable to the fund and are included in creditors

22. Other financial commitments

The company had annual commitments under non-cancellable operating leases as set out below

		2010		*2009*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	144,000	17,931	-	17,472
After five years	-	-	115,680	–

23. Related party transactions

The company is a wholly owned subsidiary of Materis Parent Sarl, whose consolidated accounts are publically available As a result the company has taken advantage of the exemptions permitted under FRS 8 not to disclose transactions with other wholly owned subsidiaries of the Group

24. Ultimate parent undertaking and controlling party

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Materis Parent Sarl, a company incorporated in Luxembourg The company's immediate parent undertaking is Parex Lanko a company incorporated in France

Materis Parent Sarl is the parent undertaking of the largest and smallest group of undertakings of which the company is a member and for which group statements are drawn up Copies of these group financial statements can be obtained from 2, rue St Zithe, L-1050 Luxembourg